

VIEWPOINTS OF FOREIGN INVESTORS  
ON THE DEVELOPMENT OF THE INVESTMENT  
CLIMATE IN LATVIA: ADMINISTRATIVE BURDEN EDITION

# FICIL SENTIMENT INDEX



# 2023

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# ABOUT THE AUTHOR

**P**rofessor **Arnis Sauka** is Director of the Centre for Sustainable Business at the Stockholm School of Economics in Riga and the Head of the Council at Vidzeme University of Applied Sciences. Arnis has a Ph.D. from the University of Siegen (Germany) and has been a Visiting Scholar at Jönköping International Business School (Sweden) and University College London (U.K.).



His academic research findings have appeared in journals such as *Strategic Entrepreneurship Journal*, *Journal of Business Ethics*, *International Small Business Journal*, *Journal of Comparative Economics* as well as books published by *Springer*, *Routledge*, *Edward Elgar*, *IGI Global*, *Blackwell*, and *Peter Lang*. Arnis is extensively involved in applied research, including studies contracted by the OECD, and various industry associations and NGOs. He is a co-author of the Shadow Economy Index for the Baltic Countries.

# FOREWORD

In recent years, the foreign investors have faced numerous challenges that significantly affected businesses in Latvia. Russia's war on Ukraine has reshaped the geopolitical landscape in our region. Businesses have experienced rising energy prices, interest rates, leading to inflation, disruptions across the supply chains and altogether higher business costs.

This time marks a sequence of priorities with shared understanding that without fostering real economic development that stems from greater innovation, productivity and development of high added-value products and services, Latvia's long-term goals cannot be met. We are glad to see the Prime Minister's recognition of the pivotal role investors play in achieving sustainable economic growth and look forward to witnessing visible steps to further this goal.



Investors continue to highlight the vital steps required to achieve economic transformation. This includes reduction of the shadow economy, enhancing the skills of the labour force, achieving energy independence and moving towards EU Green Deal goals, improving public sector efficiency, and advancing digital transformation as critical for Latvia. Realising these goals is impossible without strong political commitment, consensus on priority areas, adequate funding, and the implementation of good governance practices in the public sector.

The foreign investors consistently point to the high administrative burden in Latvia, as a barrier to further investment. The Prime Minister is committed to reduce the administrative burden, exemplified by recent efforts to streamline bureaucracy in the real estate development. Nevertheless, the reduction of the administrative burdens must be a broader initiative, encompassing the following business areas - employment and labour market, judicial system, tax administration, receiving state aid, and the public procurement procedures.

In view of the current economic situation in Latvia, the potential austerity measures should not compromise on investments that are foundational for the future economic growth, such as workforce skills development, bureaucracy reduction, innovation, and advancement of the data-driven economy. It is also an excellent moment to reassess priorities and strategize effectively. Thus, the foreign investors are calling the government to find a balance in terms of austerity and investment measures.

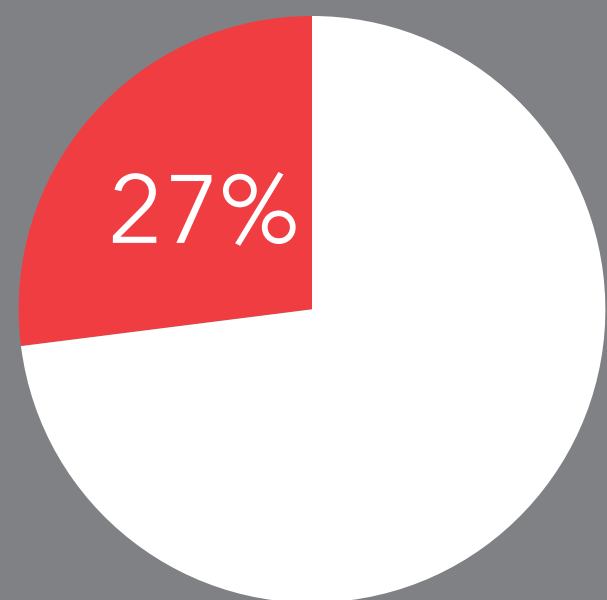
In an era characterised by uncertainty and geopolitical tensions, we must focus on actions that will address the most persistent challenges and contribute to the future. I hope that this year's Foreign Investors' Council in Latvia Sentiment Index will support the government in this important mission!

**Zlata Elksniņa - Zaščirinska**  
FICIL Chairperson of the Board

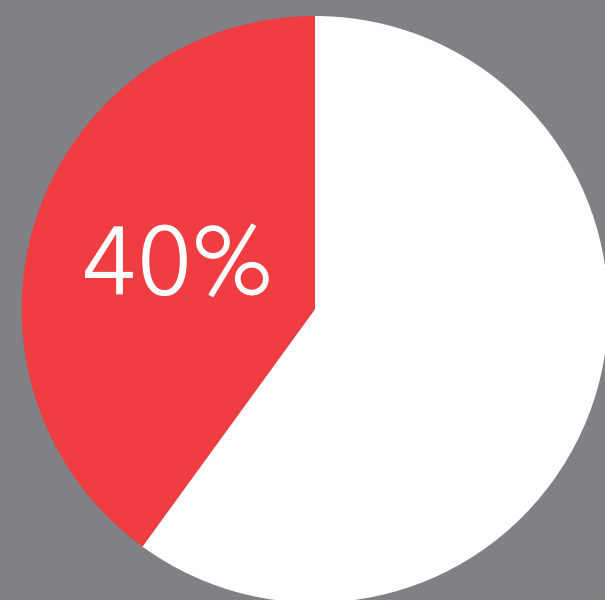
THE NUMBER OF COMPANIES  
ABOVE 145K EUR TURNOVER  
AND 50% FOREIGN CAPITAL  
(MAJORITY)

# 3235

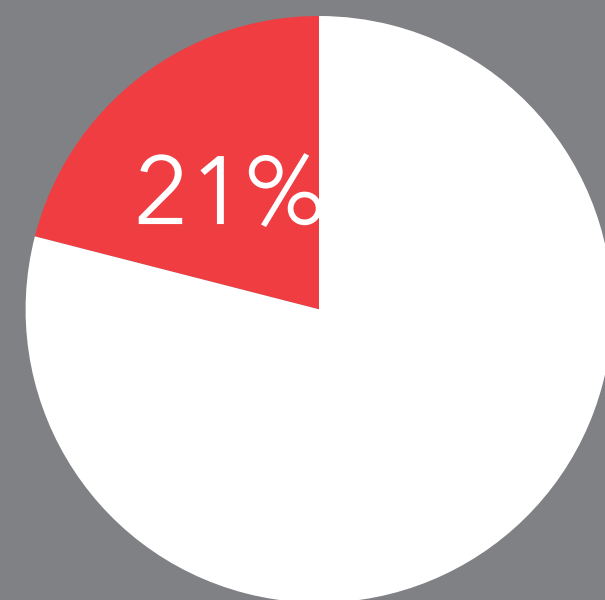
OR 1/9 OF TOTAL NUMBER OF COMPANIES IN LATVIA



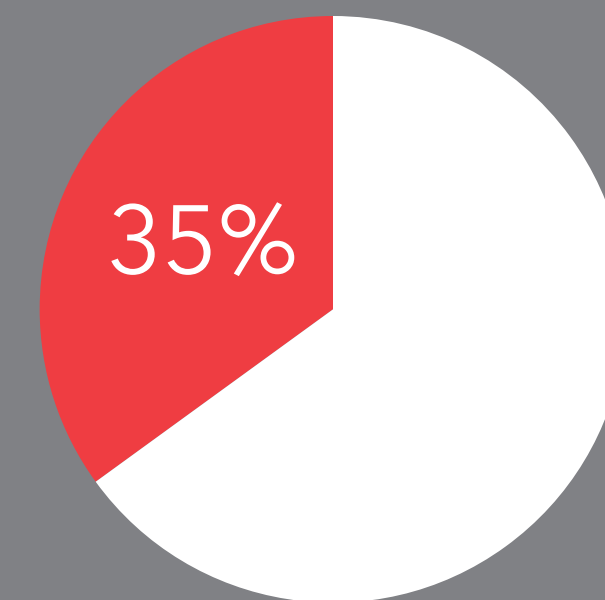
OF TOTAL SOCIAL  
TAX



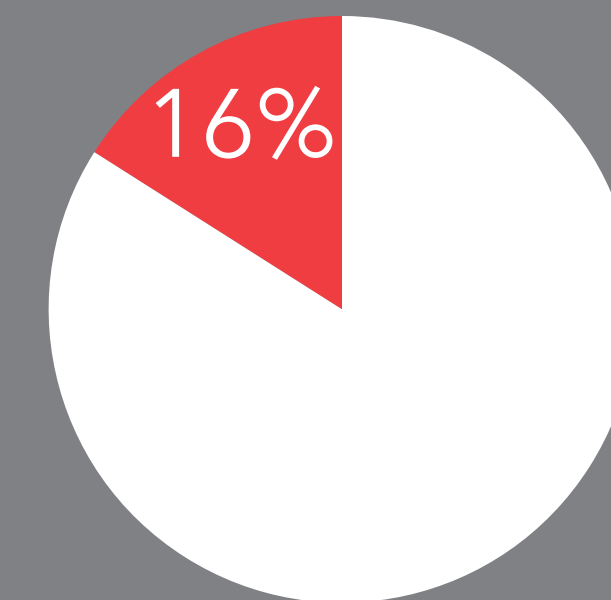
OF TOTAL TAXES  
PAID



OF TOTAL  
WORKFORCE



OF TOTAL  
TURNOVER



OF TOTAL  
PROFIT

# INTRODUCTION

The FICIL Sentiment Index was established in 2015 by the Foreign Investors' Council in Latvia (FICIL), in cooperation with the Stockholm School of Economics in Riga (SSE Riga).

This is the ninth FICIL Sentiment Index report, following the eight reports written in 2015, 2016, 2017, 2018, 2019, 2020, 2021, and 2022. The key aim of the Index is to foster evidence-based policy decisions and promote a favourable investment climate in Latvia, in particular considering the focus on the administrative burden.

As in previous studies, this report draws on a survey: mini case studies of foreign investors in Latvia. From February 2024 to early March 2024, we interviewed 66 senior executives representing companies that are key investors in Latvia.

Altogether, these companies (including their subsidiaries) contribute to 24% of total tax revenue and employ 26% of the workforce of companies with a turnover above 145 000 EUR and 50% foreign capital (data from Lursoft, 2022).

## FOCUS OF THIS YEARS STUDY:



How do investors evaluate government's efforts and current policy initiatives aimed at improving the investment climate in Latvia looking at a 12 month perspective?



Public sector efficiency and cooperation: investors evaluation and priorities?



Investor assessment of the economic competitiveness of Latvia: the main drivers of the economy compared to other Baltic states?

## AREAS HIGHLIGHTED IN THIS STUDY:



Investment climate in Latvia



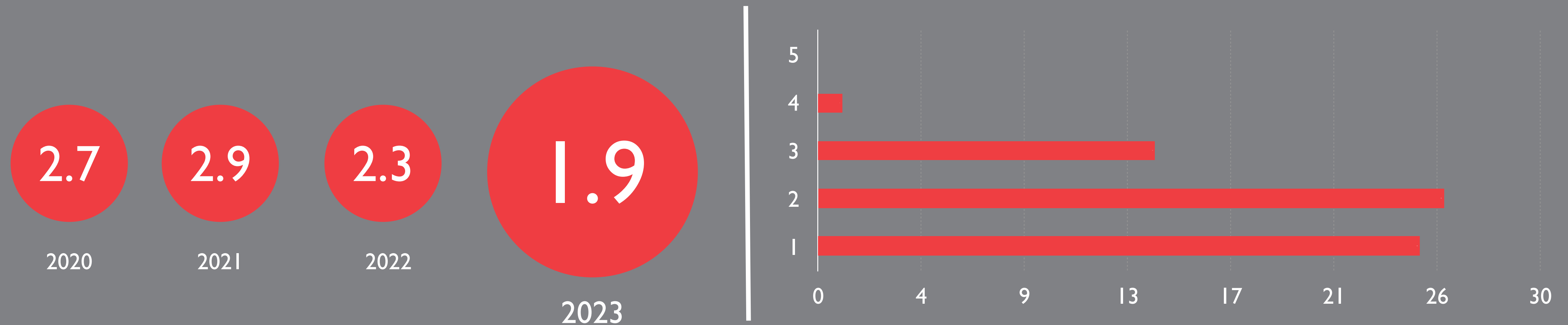
Administrative burden in Latvia





# KEY RESULTS

# HAS THE INVESTMENT ATTRACTIVENESS OF LATVIA IMPROVED OVER THE PAST 12 MONTHS?



SCALE 1-5, WHERE '1' - INVESTMENT ATTRACTIVENESS HAS NOT IMPROVED AT ALL, '3' - THERE HAVE BEEN SOME POSITIVE IMPROVEMENTS, '5' - INVESTMENT ATTRACTIVENESS HAS IMPROVED SIGNIFICANTLY.

# WHAT ARE THE KEY FACTORS THAT HAVE POSITIVELY AND NEGATIVELY AFFECTED THE INVESTMENT ATTRACTIVENESS OF LATVIA OVER THIS PERIOD?

KEY FACTORS POSITIVELY AFFECTING THE INVESTMENT ATTRACTIVENESS OF LATVIA



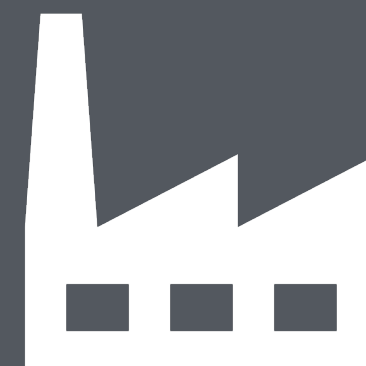
ABILITY TO EXPORT



TAX RATES



QUALITY OF INFRASTRUCTURE



AVAILABILITY OF LOCAL SKILLED LABOUR



# WHAT ARE THE KEY FACTORS THAT HAVE POSITIVELY AND NEGATIVELY AFFECTED THE INVESTMENT ATTRACTIVENESS OF LATVIA OVER THIS PERIOD?

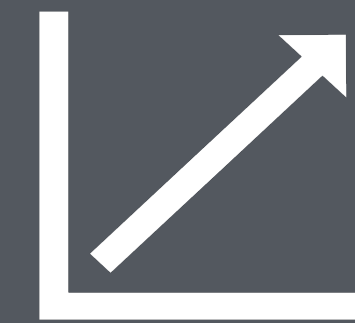
## KEY FACTORS NEGATIVELY AFFECTING THE INVESTMENT ATTRACTIVENESS OF LATVIA



GEOPOLITICS



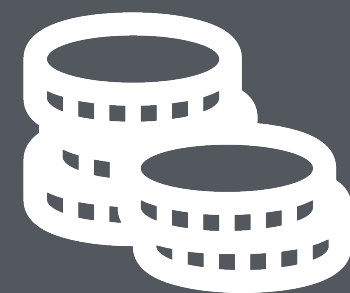
DOMESTIC MARKET SIZE



AVAILABILITY OF LOCAL SKILLED LABOUR



LABOUR AND OTHER COSTS



LEGAL AND REGULATORY ENVIRONMENT



QUALITY OF POLICIES





We want to see real changes in the government, not just words and plans.

TRANSPORTATION AND STORAGE



Can see many scandals involving municipalities – corruption, not using funds effectively etc. This negatively affects investment attraction. Municipality and investment attraction question is closely connected to investment attraction.

PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES



Populist decisions of the government and parliament seriously undermine investment climate, which is a big problem coupled with increasing geopolitical uncertainty.

FINANCIAL AND INSURANCE ACTIVITIES



The country is not providing our company with any new good attractive possibilities to invest more.

MANUFACTURING



Work of the Climate and Energy Ministry has been bad. The lack of competition safeguards provided by local Competition Council has hurt our investment calculations. The positive is the attitude of the new government and their approach of trying to deal with state and municipality companies, although activities of Latvenergo has been a pain point for several industries.

ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY



Geopolitics impacts possibilities to attract foreign investment capital. This impacts overall macroeconomic situation. Labour costs are further growing, which limits the capacity to expand business, due to rising business costs.

INFORMATION AND COMMUNICATION



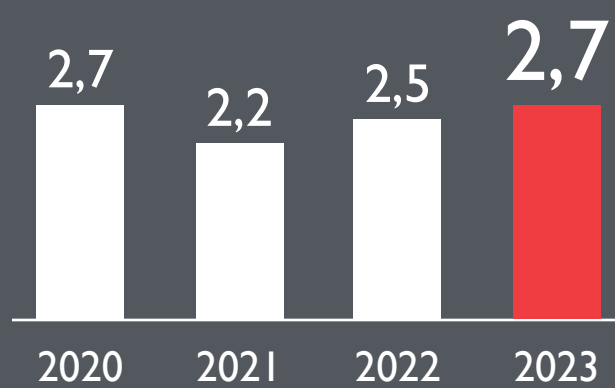
Generally, we are losing advantages versus Lithuania and Estonia dramatically.

TRANSPORTATION AND STORAGE

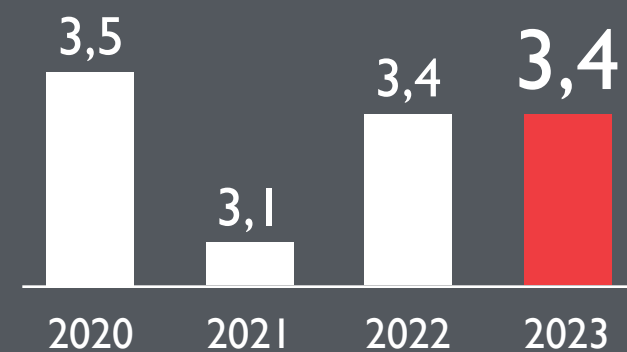
# FOREIGN INVESTORS' ASSESSMENT OF THE POTENTIAL DRIVERS OF ECONOMIC COMPETITIVENESS OF LATVIA



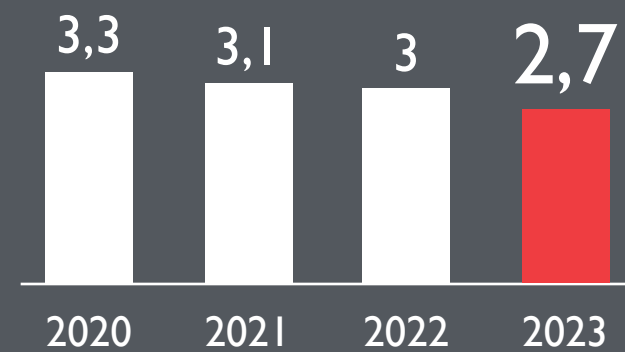
AVAILABILITY OF LABOUR ('HANDS')



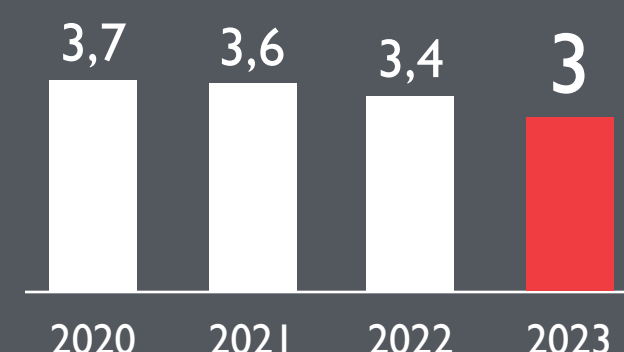
AVAILABILITY OF LABOUR AT MANAGEMENT LEVEL



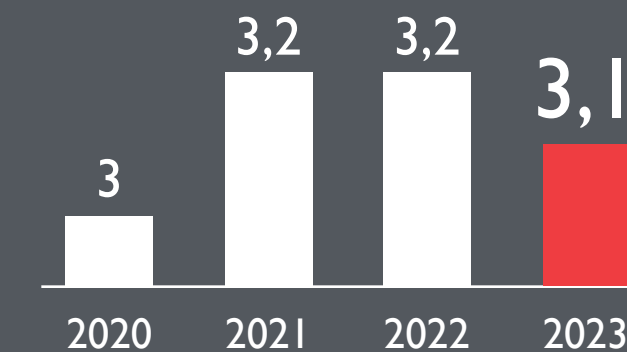
INFRASTRUCTURE



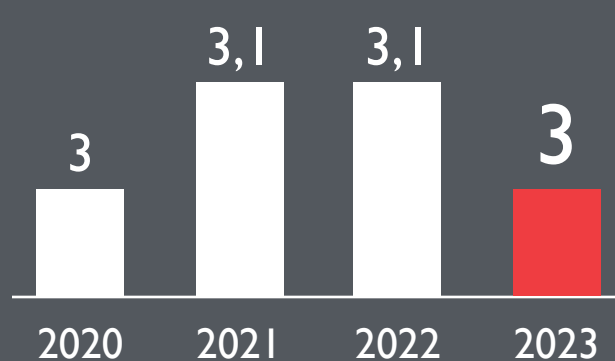
ATTITUDE TOWARDS FOREIGN INVESTORS



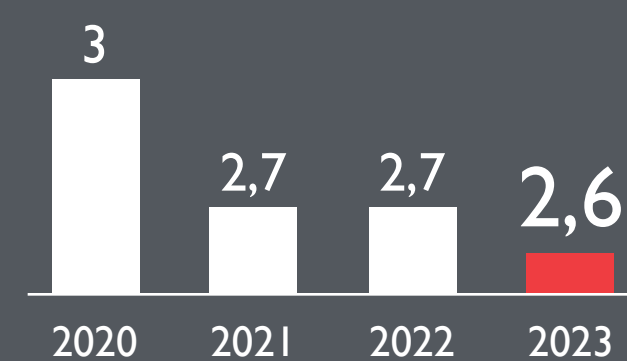
LEGAL SYSTEM



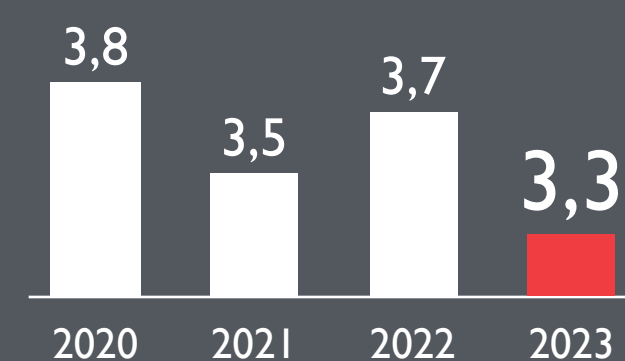
SOCIAL SECURITY



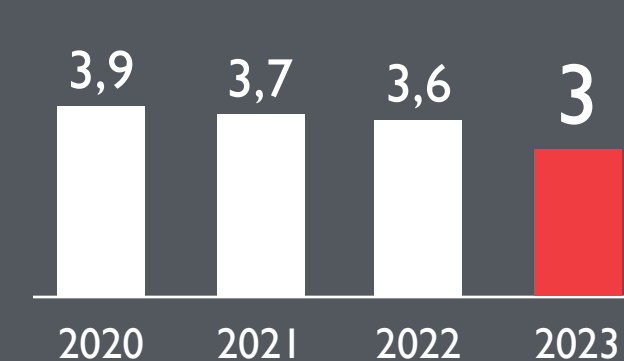
HEALTH SYSTEM



STANDARD OF LIVING IN LATVIA



DEFENCE

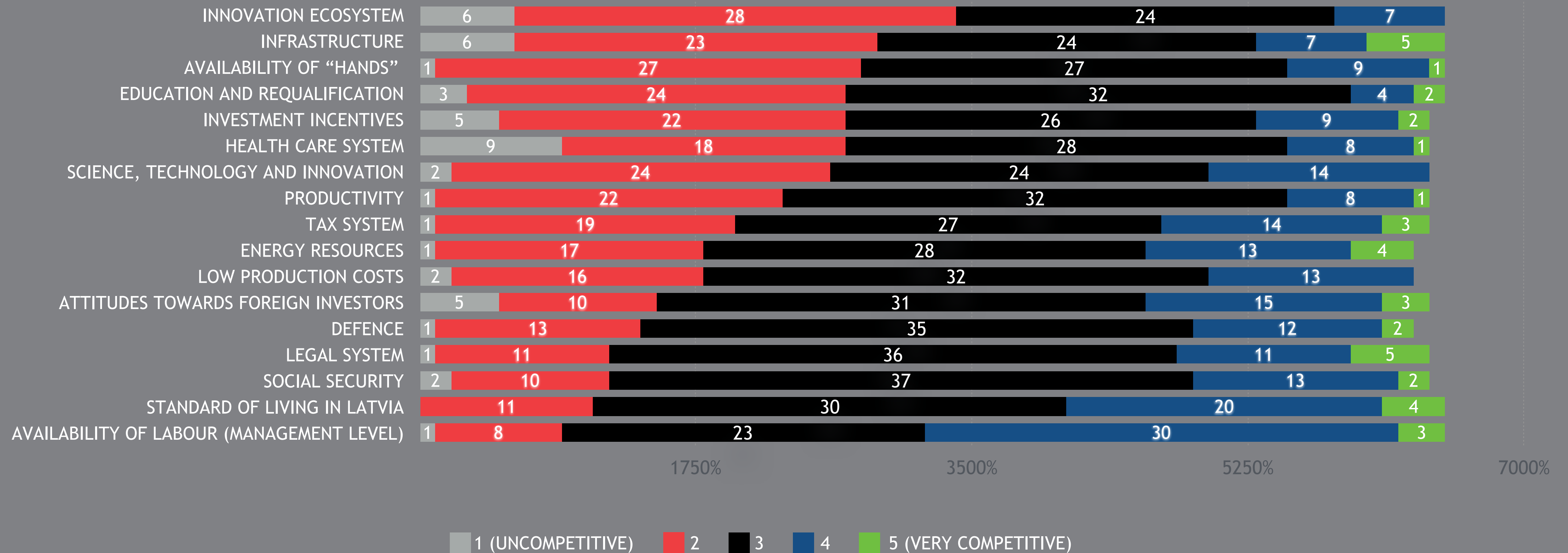


INNOVATION ECOSYSTEM - COOPERATION BETWEEN GOVERNMENT AND BUSINESS



SCALE 1-5, WHERE '1' - REPRESENTS LOW COMPETITIVENESS AND, '5' - REPRESENTS HIGH COMPETITIVENESS

# FOREIGN INVESTORS' ASSESSMENT OF THE POTENTIAL DRIVERS OF ECONOMIC COMPETITIVENESS OF LATVIA, COMPARED TO OTHER BALTIC STATES

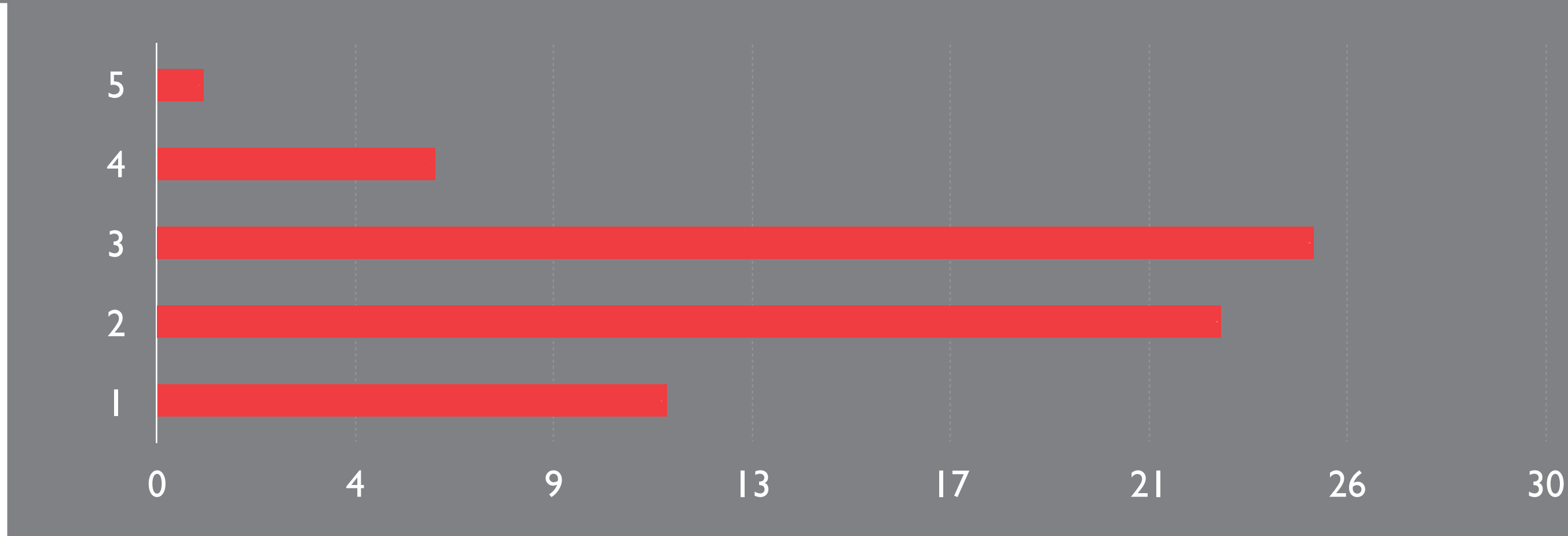




# FOREIGN INVESTORS' ASSESSMENT OF POLICY MAKERS' EFFORTS TO IMPROVE THE INVESTMENT CLIMATE OVER THE PAST 12 MONTHS



2023



SCALE 1-5, WHERE '1'- FAIL, '3'- AVERAGE' AND '5'- EXCELLENT

# PUBLIC SECTOR INSTITUTIONS WITH WHOM FOREIGN INVESTORS IN LATVIA HAVE HAD THE MOST SUCCESSFUL AND THE LEAST SUCCESSFUL COOPERATION

## MOST SUCCESSFUL COOPERATION

MINISTRY OF ECONOMICS

STATE REVENUE SERVICE

INVESTMENT AND DEVELOPMENT AGENCY OF LATVIA

RIGA MUNICIPALITY (AND ASSOCIATED INSTITUTIONS)

BANK OF LATVIA

COMPETITION COUNCIL

MINISTRY OF FINANCE

## LEAST SUCCESSFUL COOPERATION

STATE REVENUE SERVICE

RIGA MUNICIPALITY (AND ASSOCIATED INSTITUTIONS)

MINISTRY OF CLIMATE AND ENERGY

MINISTRY OF ECONOMICS

OFFICE OF CITIZENSHIP AND MIGRATION AFFAIRS COUNCIL

MINISTRY OF FINANCE

MINISTRY OF TRANSPORT



Ministry of Finance and Competition council who appear to have been lobbied or influenced without taking a broader, industry level view of a particular issue

FINANCIAL AND INSURANCE ACTIVITIES



SRS – Not very happy with what they're communicating. Tax changes that have been made – the changes themselves not very incentive driven

PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES



Ministry of Economics being not interested in securing quality advice

PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES



Still quite difficult to work with Riga city council and some other municipalities mostly due to rigid processes and insufficient competence of the employees

INFORMATION AND COMMUNICATION

# SUMMARY OF THE MOST AND LEAST PROGRESS OBSERVED IN THE POLICY AREAS

## MOST PROGRESS

IMPROVING DIGITALISATION OF THE PUBLIC SECTOR

IMPROVING THE WORK AND TRANSPARENCY OF THE STATE REVENUE SERVICE

GOVERNANCE TO COMBAT SHADOW ECONOMY

QUALITY OF LEGISLATION FOR INVESTMENT PROTECTION AND EFFICIENCY OF COURTS

## LEAST PROGRESS

ALL AREAS OF THE HUMAN CAPITAL DEVELOPMENT

MODERNISATION OF THE PUBLIC SECTOR (E.G., PERFORMANCE-BASED BUDGETING)

ENSURING TRANSPARENT AND PREDICTABLE DEVELOPMENT OF THE ENERGY MARKET

CONTRIBUTION TO THE SECTORAL DEVELOPMENT BY THE STATE-OWNED ENTERPRISES

# ASSESSMENT OF PROGRESS IN THE LAST 12 MONTHS IN THE FOLLOWING POLICY AREA:



COMBATTING THE SHADOW ECONOMY

2.5

GOVERNANCE TO COMBAT SHADOW ECONOMY AND TOOLS TO ENFORCE POLICIES

2.5

IMPROVING THE WORK OF AND TRANSPARENCY OF THE SRS

2.1

INSTRUMENTS (CARROTS) TO MOTIVATE “HONEST TAXPAYERS”

SCALE 1-5, WHERE ‘1’ - NO PROGRESS, ‘5’ - SIGNIFICANT PROGRESS



# ASSESSMENT OF THE PROGRESS IN THE LAST 12 MONTHS IN THE FOLLOWING POLICY AREA:



INVESTMENT  
PROTECTION

2.4

EFFICIENCY OF COURTS

2.4

QUALITY OF THE  
LEGISLATION, INCLUDING  
CONSISTENCY OF PUBLIC  
POLICIES

2.2

CONTRIBUTION TO THE  
SECTORAL DEVELOPMENT  
BY THE STATE-OWNED  
COMPANIES

2.1

PUBLIC  
PROCUREMENT  
PROCESS

SCALE 1-5, WHERE '1' - NO PROGRESS, '5' - SIGNIFICANT PROGRESS



# ASSESSMENT OF THE PROGRESS IN THE LAST 12 MONTHS IN THE FOLLOWING POLICY AREA:



FOSTERING GREEN  
ECONOMY

2.5

IMPROVING CLIMATE AND  
ENERGY POLICY

2.3

ENABLING PRIVATE  
SECTOR AS A “GREEN”  
DRIVER

2.1

ENSURING TRANSPARENT AND  
PREDICTABLE DEVELOPMENT  
OF THE ENERGY MARKET

SCALE 1-5, WHERE ‘1’ - NO PROGRESS, ‘5’ - SIGNIFICANT PROGRESS



ASSESSMENT OF THE PROGRESS IN THE LAST 12 MONTHS IN  
THE FOLLOWING POLICY AREA:



HUMAN CAPITAL  
DEVELOPMENT

2.0

COHERENT HUMAN CAPITAL  
DEVELOPMENT POLICY AND  
GOVERNANCE

2.0

UPSKILLING &  
REQUALIFICATION OF  
LABOUR FORCE

1.9

IMPROVING THE AVAILABILITY  
OF WORKFORCE BOOSTING

SCALE 1-5, WHERE '1' - NO PROGRESS, '5' - SIGNIFICANT PROGRESS



# ASSESSMENT OF THE PROGRESS IN THE LAST 12 MONTHS IN THE FOLLOWING POLICY AREA:



PUBLIC SECTOR  
EFFECTIVENESS

2.5

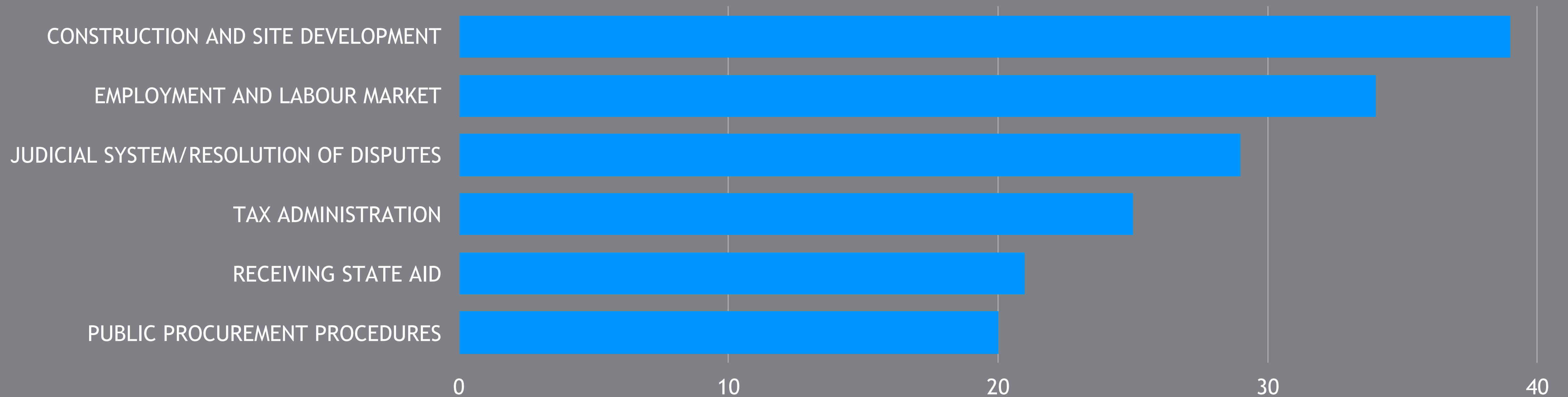
IMPROVING DIGITALISATION  
OF PUBLIC SECTOR

1.9

MODERNISING PUBLIC SECTOR, I.E.  
INCREASING ACCOUNTABILITY AND  
PERFORMANCE-BASED BUDGETING

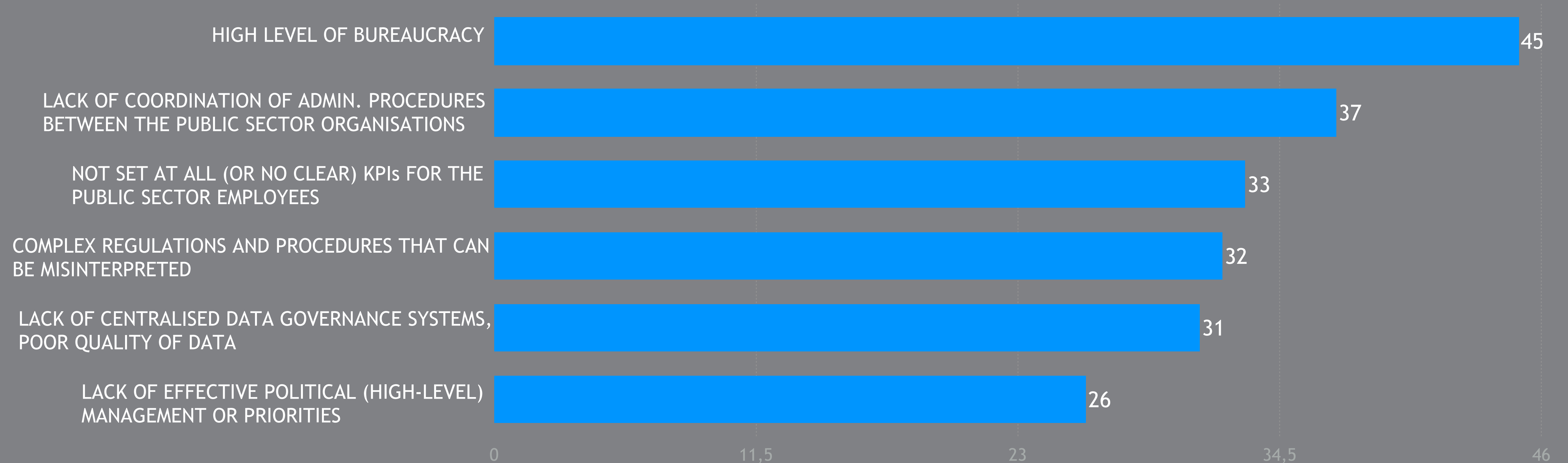
SCALE 1-5, WHERE '1' - NO PROGRESS, '5' - SIGNIFICANT PROGRESS

# AREAS OF BUSINESS WHERE INVESTORS HAVE EXPERIENCED CHALLENGING PUBLIC ADMINISTRATION PROCEDURES



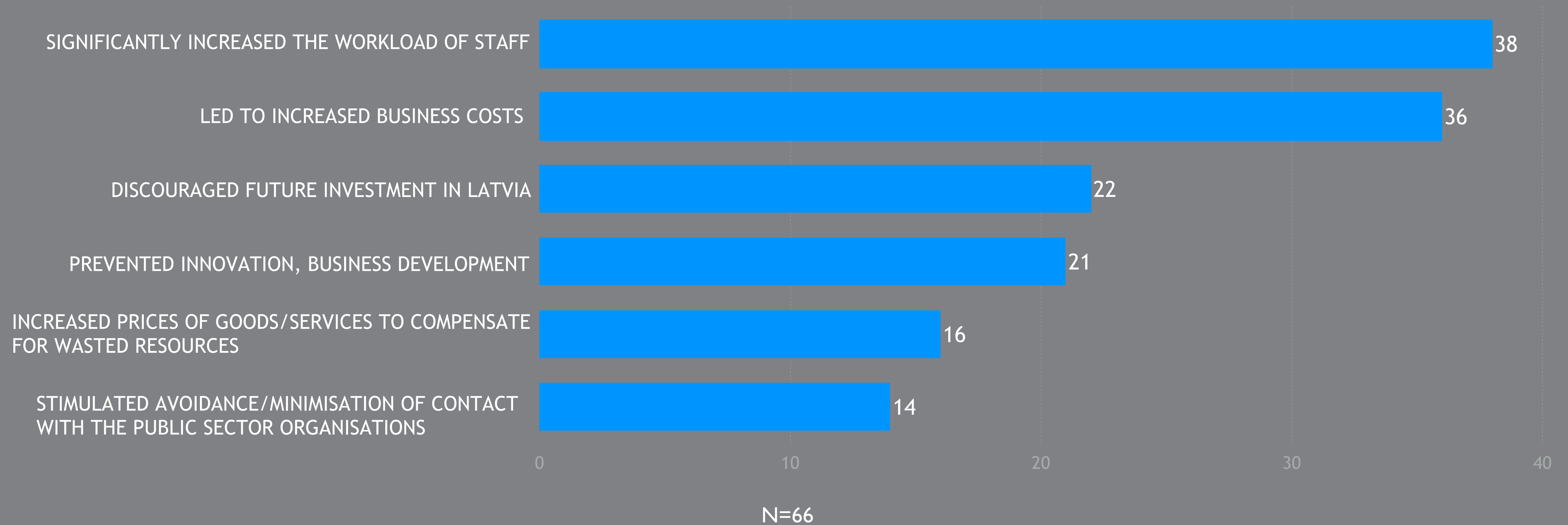
N=66

# INVESTORS' ASSESSMENT OF THE KEY OBSTACLES THAT CREATE INEFFICIENT ADMINISTRATIVE PROCEDURES IN LATVIA



N=66

# IMPACT THAT THE INEFFICIENT PUBLIC ADMINISTRATION PROCEDURES IN LATVIA HAD ON INVESTORS' BUSINESSES





Favouritism in the market, especially towards state-owned companies, which bring higher costs and lost revenues for other market participants.

Information and communication



Our, as legal services provider, main challenge is proper budgeting for the clients in cases where public sector/ public administration involvement is required, as often actions of public sector and, consequently, staff workload, cannot be predicted with reasonable certainty.

Professional, scientific and technical activities



Reporting requirements due to complex legislation and duplication of effort, long court procedures with high risk of delayed sanctions, unethical business practices in public procurement.

Information and communication



We rarely take part in public procurements due to high level of bureaucracy.

Wholesale and retail trade; repair of motor vehicles and motorcycles



All these answers are related - if you drag something out - more resources, higher prices, labour. We are not yet there with discouraged investment, but it is an uphill battle with investment. We are only in Latvia because of diversification. But we could diversify the portfolio somewhere else.

Real estate activities



We strongly feel the impact of discouragement of future investment in LV from our clients. Sometimes we are working together with LIAA when you have potential companies that want to locate in LV. Selling LV to potential investors, a lot of cases investors choose LT or PL instead.

Professional, scientific and technical activities



Compared to Lithuania, the procedure of purchase of real estate is long-lasting and quite complicated for foreign investors. For our company, it took almost two weeks to receive pre-emptive rights decision after submission of executed sale-purchase contract to the municipality. Following such long-lasting procedure, the most common way to pay for purchase of real estate is payment via escrow account, which requires additional efforts for foreign investors to deal with banks.

Human health and social work activities



Interpretation and implementation of EU-wide regulation (e.g. financial sector regulation) is in many cases unnecessarily strict in Latvia compared to neighbouring and other EU countries. Example: Unnecessary strict and unusual (compared to the neighbouring countries) interpretation of AML law by the State Revenue Service as to whether an entity engaged in issuing loans (within investment projects) to the members of the group of companies qualify as an obliged entity.

Financial and insurance activities



Administration of bank accounts. It is partially due to public administration's set regulations that affect the private sector. Certain amount has to be deposited after which have to wait several weeks to for the AML to be processed. Have seen that persons who are Latvian citizens but not residents have had issues with opening bank account, let alone businesses. It is very difficult to get things done even for an individual.

Real estate activities

# INVESTORS' SOLUTIONS TO REDUCE ADMINISTRATIVE BURDEN IN LATVIA

REDUCE THE BUREAUCRATIC APPARATUS TO INCREASE EFFICIENCY

FOSTER CENTRALISATION OF ADMINISTRATIVE PROCEDURES TO ENSURE EFFECTIVE COORDINATION OF ADMINISTRATIVE PROCESSES

IMPROVE COMMUNICATION/ENGAGEMENT BETWEEN THE POLICYMAKERS AND INVESTORS/ENTREPRENEURS. THIS WOULD IMPROVE THE QUALITY OF POLICIES, ADMIN PROCESSES AND A BUSINESS CLIMATE, DUE TO GREATER TRANSPARENCY, BETTER COMMUNICATION BETWEEN THE STAKEHOLDERS

Less layers, less municipalities; Develop growth/development related KPIs; Political course and strategy needs to be implemented further into institutions & work of enforcement institutions is not aligned with political priorities.

Manufacturing

KPI driven public services with real accountability; Common backoffice for public institutions; Common data network and database.

Wholesale and retail trade; repair of motor vehicles and motorcycles

More dialogue; national priorities and strategy; interest more young people to stay and grow in Latvia.

Human health and social work activities

Clear ownership of a particular issue by a single ministry; Clear, relevant and challenging KPIs; A cultural and mindset change is required to move to a more collaborative/partnership/problem solving approach. This is a huge change!

Financial and insurance activities

# INVESTORS' SOLUTIONS TO REDUCE ADMINISTRATIVE BURDEN IN LATVIA

FOSTER DIGITALISATION AND A BETTER EXCHANGE OF DATA BETWEEN THE PUBLIC SECTOR INSTITUTIONS

FORMULATE A CLEAR STRATEGY FOR THE COUNTRY AND FOR INSTITUTIONS TO ENSURE ALIGNMENT BETWEEN PRIORITIES/ POLICIES AND A BETTER USE OF RESOURCES

DEVELOP RESULT-ORIENTED KPI FOR THE PUBLIC SECTOR INSTITUTIONS TO IMPROVE ACCOUNTABILITY

Developed a system how public sector could communicate with private sector faster and not so complicated; banks to overview account opening policies for reputable non residents.

Other service activities

Revise functions of the public sector, decide what to keep as state function and what to delegate/liquidate; revise policies and radically simplify, including taxation - simple rules, no exceptions; establish trust in goodwill and prosecute those who violate the law.

Information and communication

Efficient digitalization and standardization of certain processes (public procurement); Provision of unified centralized data base for institutions to carry on their duties.

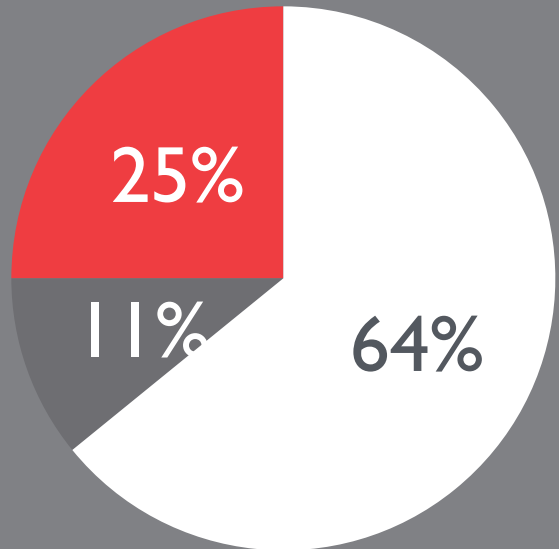
Information and communication

Data based decision making; public sector should generate data and make it available; more efficient courts.

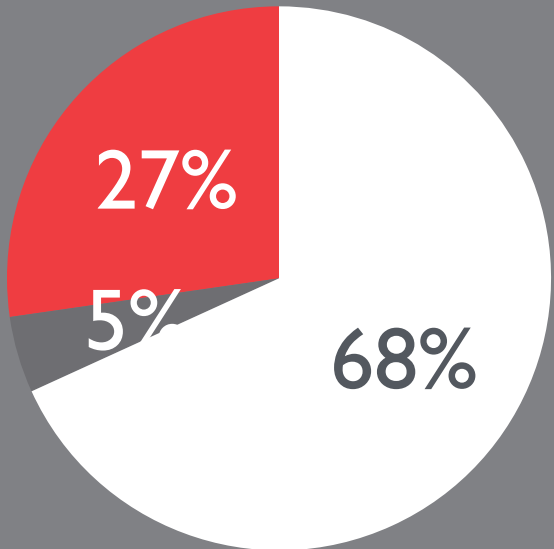
Financial and insurance activities



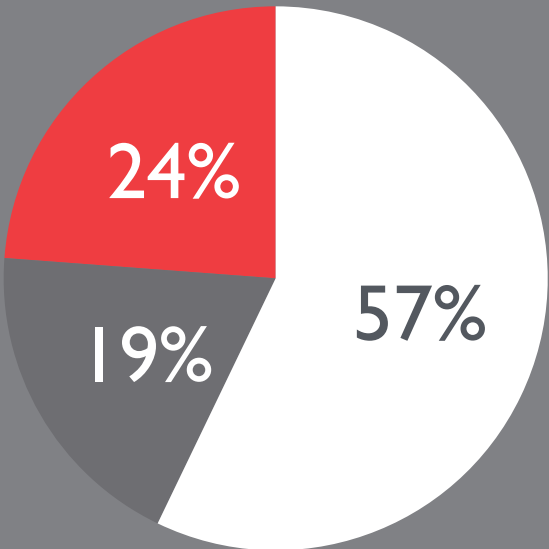
# FURTHER INVESTMENT PLANS



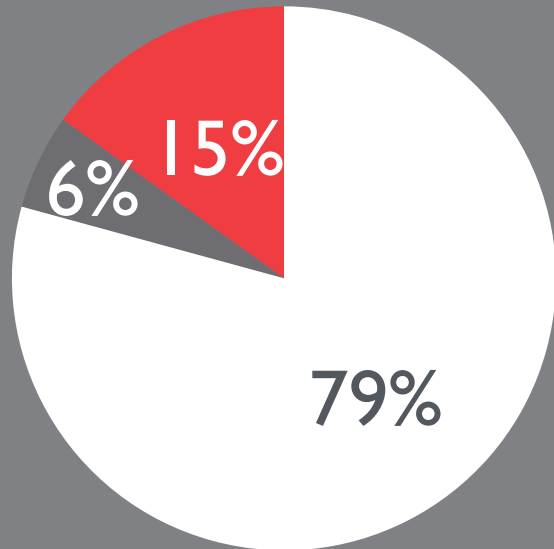
2019 (N=47)



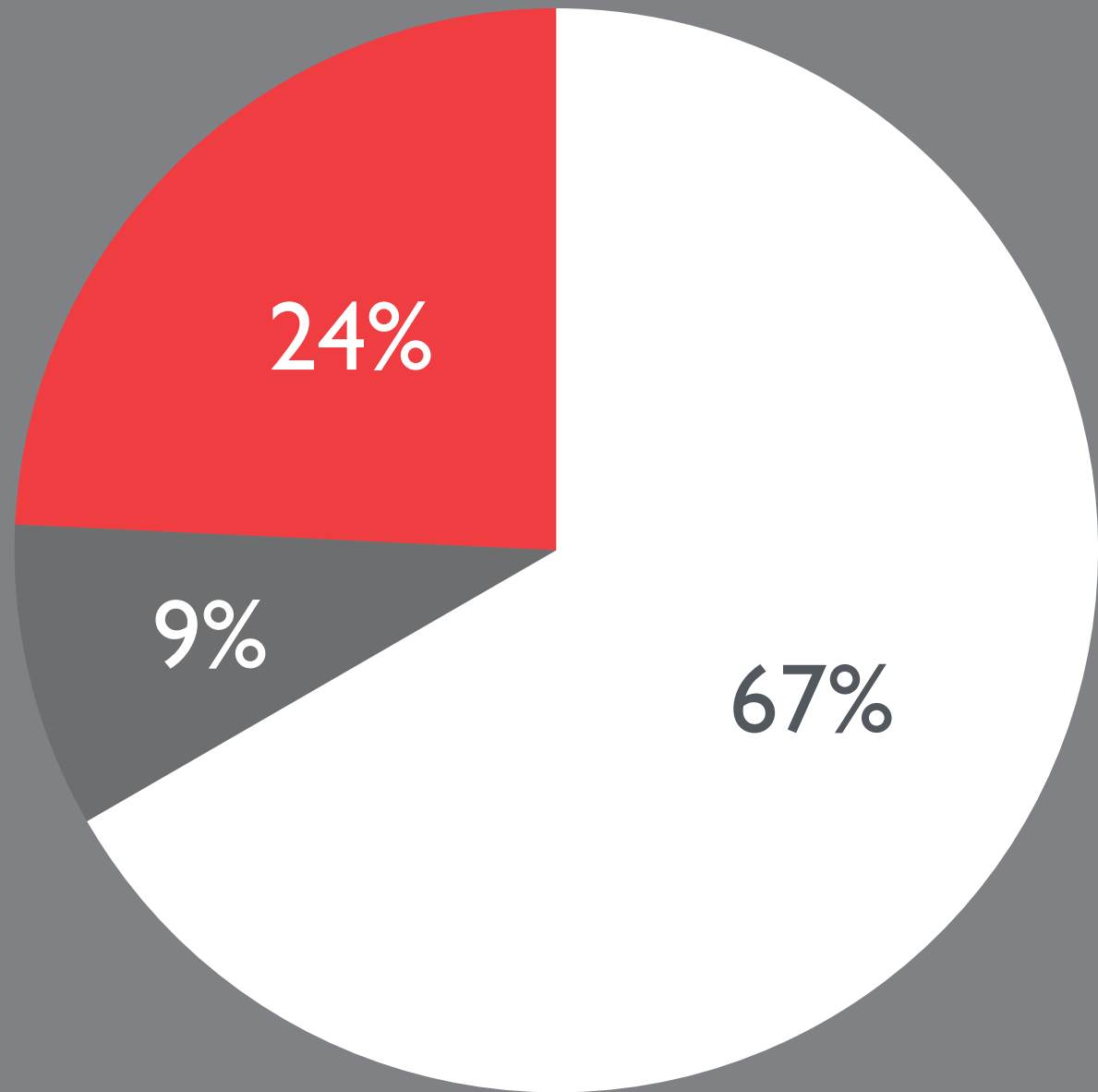
2020 (N=44)



2021 (N=53)



2022 (N=55)



2023 (N=66)



YES, WE PLAN TO INCREASE INVESTMENT



NO, WE DO NOT PLAN TO INCREASE INVESTMENT



NOT DECIDED, DEPENDS ON CIRCUMSTANCES OR NO NEED



# YES, WE PLAN TO INCREASE INVESTMENT



Yes- currently we have approved FDI of around 178 million. Together we plan to invest around 700 million in the next 2-3 years.

ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY



Yes, about 2 million euros each year, provided that the investment climate does not deteriorate further.

FINANCIAL AND INSURANCE ACTIVITIES



Yes, we do and we will, for at least 6 years. Resource availability and opportunity to export to other markets are really good in Latvia.

CONSTRUCTION



Yes, if there will be no resistance from municipalities and if further EU co-financing will be available; overall it is still difficult to achieve required returns from investments made in Latvia.

MANUFACTURING



We are considering to invest further, 100-200 million euros over the next 10 years. Market size and negative demography is the main hindrance.

REAL ESTATE ACTIVITIES



## NO, WE DO NOT PLAN TO INCREASE INVESTMENT



No, we will invest more in Lithuania (LT) and Estonia (EE). LT has a bigger market and closer to southern part of Europe, where biggest part of goods are coming in for the Baltics. EE because of less hierarchy and higher work effectiveness.

TRANSPORTATION AND STORAGE



No. We are focusing more on the Lithuanian market, as we are getting bigger returns and the market is bigger. Latvia is Riga, which is for the retail sector does not provide growth opportunities outside Riga.

ACCOMMODATION AND FOOD SERVICE ACTIVITIES



No, only business as usual investments. Geopolitics need to be clearer.

PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES



Not in current situation (challenging for industry). Maybe in the future.

MANUFACTURING



No – no access to new funding from international sources.

REAL ESTATE ACTIVITIES



## NOT DECIDED, DEPENDS ON CIRCUMSTANCES OR NO NEED



Currently on hold due to geopolitical and demographic reasons.

INFORMATION AND COMMUNICATION



Willing to but depends on upcoming tenders and approach.

TRANSPORTATION AND STORAGE



Under consideration.

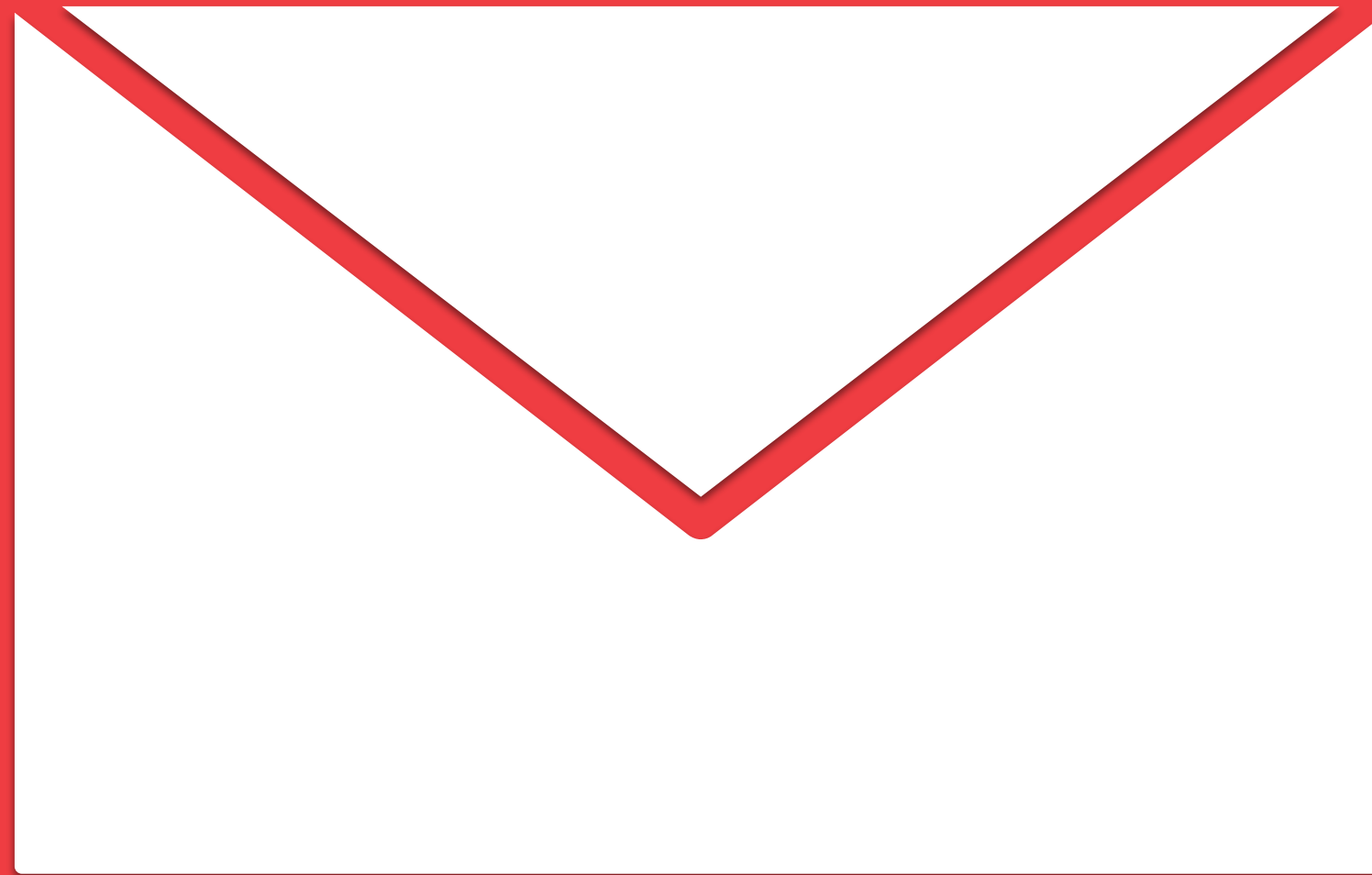
WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES



Increasing investment depends on the investment climate here. There are certain blockers such as environmental permits, fair competition from state-run companies, and clear strategy/policy from policymakers and legislators. If all these are sufficiently managed by the state, it is possible to increase investment. If those do not improve then investment may either not reach Latvia or take significantly more time before approving certain investments.

ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY

MS. PRIME MINISTER,  
YOU'VE GOT MAIL!





Change the mindset: entrepreneurs are economy drivers and treat well, but work with high penalties and strong control mechanisms towards companies not following legal requirements of the country.

Wholesale and retail trade; repair of motor vehicles and motorcycles

Be strong and consistent in defining and executing vision for Latvia. Build around your team's competence and reputation and you will have enormous power!

Financial and insurance activities

Invest in innovation and technology and prioritize education and skills development for emerging industries.

Information and communication

Define 2-3 strategic priorities and implement changes fully. As potential strategic priorities we need to overinvest both financial and human resources: - Education: From kindergarten to Universities by allocating best resources to establish programs, hire best talents and pay salaries that are 50% above average or more, consolidate schools and resources. It would allow build strong foundation for everything else. -Security (Physical and Cyber). By strengthening military forces with technology as we have limited number of people. -People health and wellness. It should start with preventive activities (e.g. sport at school and after with more towards team sports, Preventive health care checks for all people to identify issues early) and allocate more money towards people screening, doctors vs. building new hospitals and buildings that don't heal. Build clear security net if something happens we have your back (similar to Scandinavia)

Wholesale and retail trade; repair of motor vehicles and motorcycles-

You should look into the future and see the vision, and the strategy, and spend less time thinking about the small, unimportant details. You should be like a captain of the ship - you have to see the horizon!

Transportation and storage



Stabilise the economy and work more with the business sector, please open up a dialogue. Create a more positive investment climate. You need to work smart in geopolitics to create a sense of security for everyone

Human health and social work activities

Dear prime minister, Do you see that banking sector could facilitate reputable non-residents onboarding? This would attract foreign investors and develop local economy

Other service activities

Dear Ms. Silīņa, if there was one thing that could put Latvia's economy into the next gear, that should be completion of Rail Baltica project. Just imagine the new "catchment area" of Rīga—with all our business, culture and education opportunities and the largest airport in the Baltics in RIX—after fast trains connect it to (at least) Pärnu and Panevežys, preferably also Kaunas. Extra 400 thousand people would be able to commute to Rīga almost as fast as to the capitals of their respective countries. Rīga could finally become the true centre and capital of the Baltics! And since Rīga and Pierīga together make up 2/3 of Latvia's GDP, getting access to all that additional human capital and potential "clients" for our services and infrastructure will undoubtedly propel our economy to new heights. Despite much scepticism, Rail Baltica is a game changer. Especially so for Rīga and Latvia. Please make every effort you can, and which your position allows, to make it happen.

Real estate activities



Trust inspires people and gives them freedom to dream - let's make Latvia the country where your dreams come true. Fair treatment of all and a levelled playground could provide a new social contract - but we all have to be brave enough to dare. So, dare to lead and challenge! Need to allow businesses to be involved in the creation of the future of country. Also allow them to participate in the realisation of this dream

Information and communication

Understand what we would like to achieve, how to measure it. And do not think in 4-year periods. Focus on a clear goal.

Construction

Good luck, wishing the Prime Minister luck!

Real estate activities

SUPPORT START-UP ECONOMY - BIG TIME!  
That is the main differentiation between LV with EE and LT

Real estate activities

Have stronger ambitions, and be braver, especially in green energy development. Do not just fill out the minimum of required goals but have broader, bigger ambitions. You have interest from investors and we could become a country that exports sustainable, green energy

Electricity, gas, steam and air conditioning supply





We wish Evika Silina to concentrate on human resource issues, given a lack of labour force in Latvia. This is the basis for the economy. The government should focus on specific industries that are prioritised. Every municipality has some funding, which is fragmented and as a result there is a lack of achievement. There is a politisation of the municipalities. They have a big impact on the local economy and this disrupts the economy. Plus, municipalities create more administrative challenges, more paperwork. Local companies should focus on big projects to ensure efficiency, therefore larger public procurement projects for local companies are welcomed.

Transportation and storage

Can You, Ms. Prime Minister for once get Your act together and think in more than a 4-year cycle! Constant compromises and not being able to act on meaningful reforms in many fields (ex. education, school network, SRS, state and municipality-owned companies inefficiencies, EU funds, Rail Baltica, Latvian Post, Passenger Railways) will only drag LV further in distance compared to other Baltic countries.

Financial and insurance activities

Focus on discipline and productivity in public sector - if government said attract investors than not to allow ministries disfigure picture and act irresponsibly! Implementation of heritability principle in positive way - when existing government decide to move to certain strategic goal, the same goal must be taken to next government at least in two generations!

Electricity, gas, steam and air conditioning supply

# COMPANIES THAT TOOK PART IN THE STUDY



Foreign Investors' Council in Latvia (FICIL) is a non-governmental organisation that brings together the largest foreign companies in Latvia, the foreign chambers of commerce and the Stockholm School of Economics in Riga.

FICIL actively searches for and proposes solutions to improve and develop the business and investment environment in the country in cooperation with the Government of Latvia.

Full FICIL Sentiment Index report available at

[www.ficil.lv](http://www.ficil.lv)

