



FOREIGN INVESTORS  
COUNCIL IN LATVIA

# FICIL

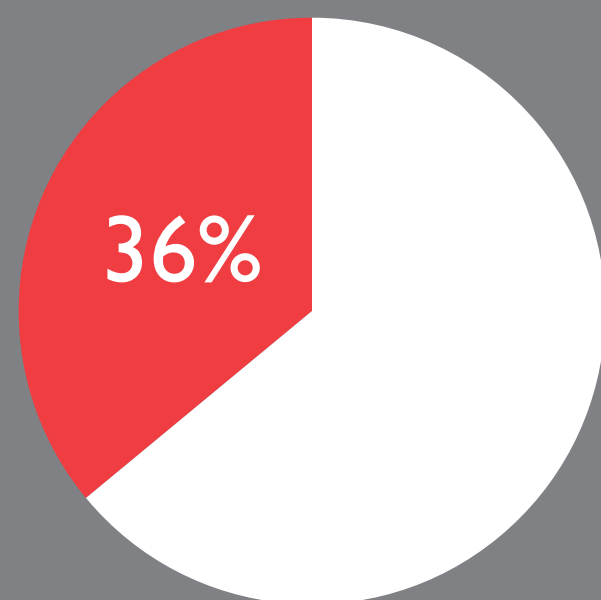
## SENTIMENT INDEX 2017

DEVELOPMENT OF THE INVESTMENT CLIMATE IN LATVIA:  
THE VIEWPOINTS OF FOREIGN INVESTORS

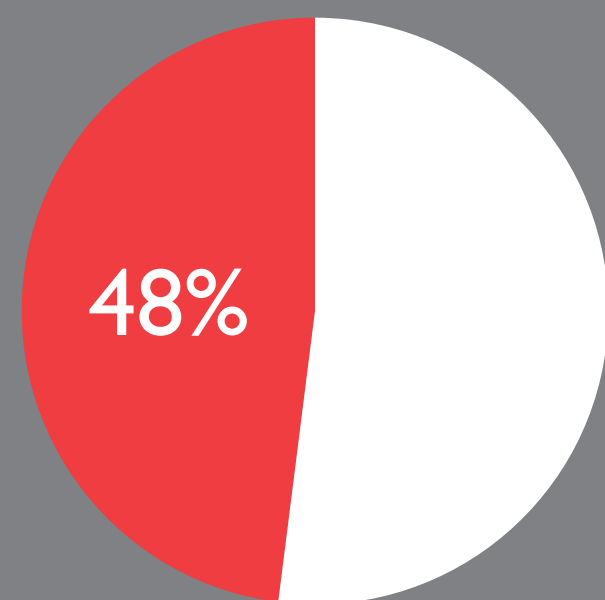
THE NUMBER OF  
COMPANIES ABOVE  
145K EUR TURNOVER  
AND 50% FOREIGN  
CAPITAL (MAJORITY)

# 4423

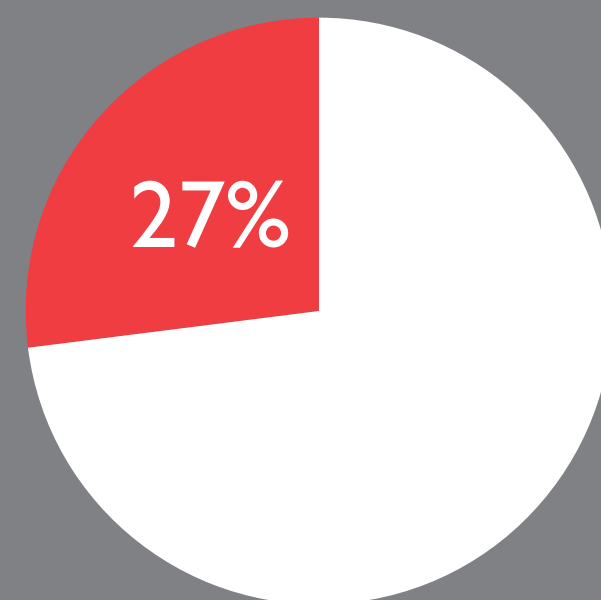
OR **1/5** OF TOTAL NUMBER OF COMPANIES IN LATVIA



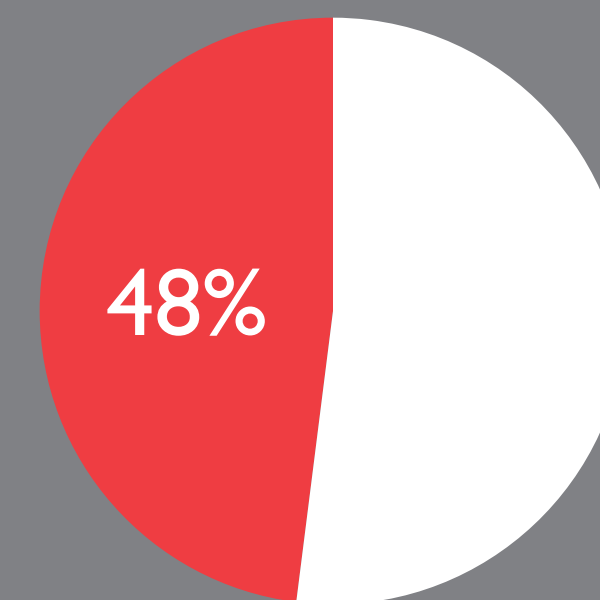
OF TOTAL SOCIAL TAX



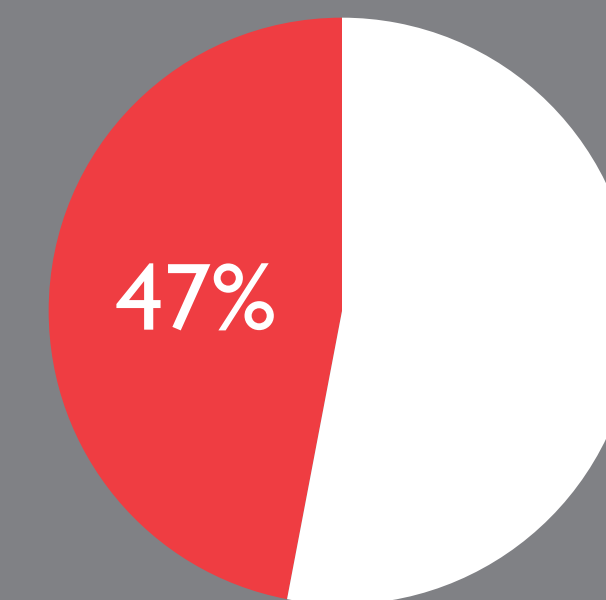
OF TOTAL TAXES PAID



OF TOTAL WORKFORCE

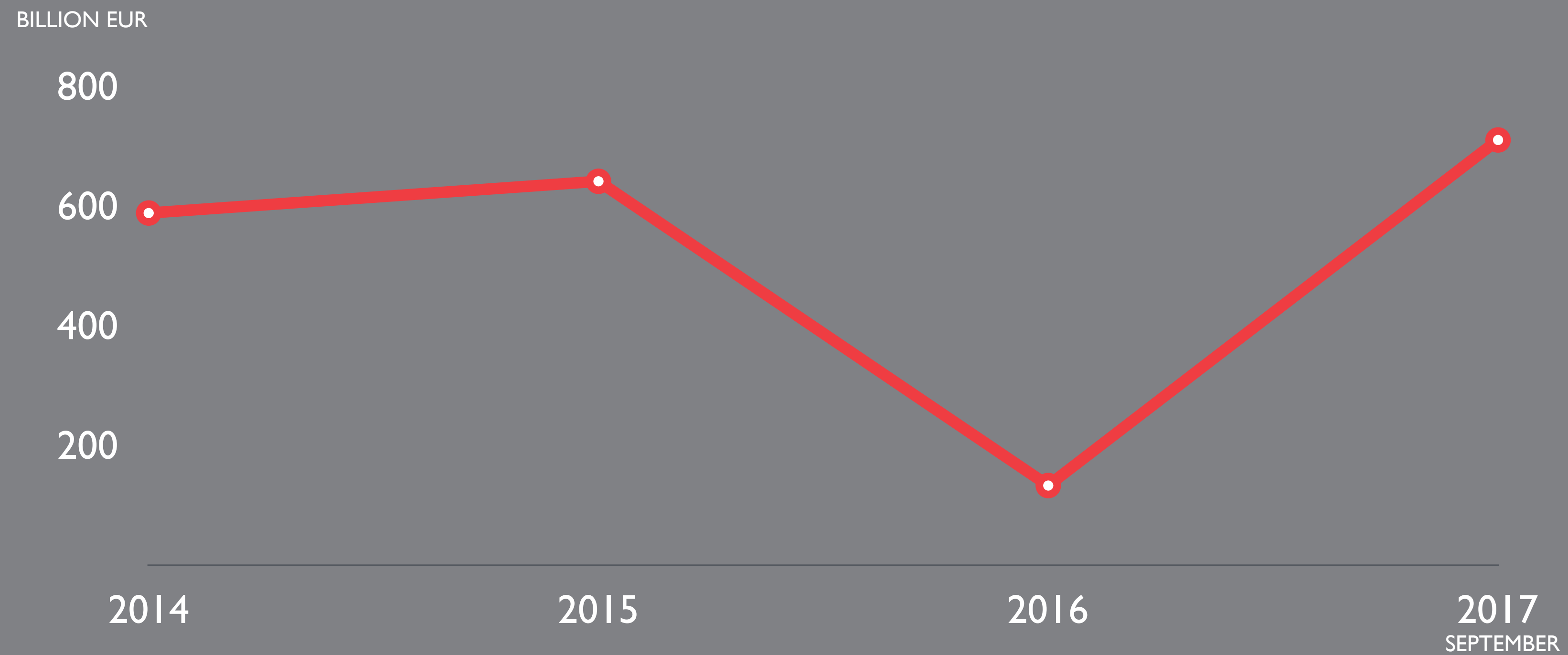


OF TOTAL TURNOVER



OF TOTAL PROFIT

# INFLOW OF FOREIGN DIRECT INVESTMENT IN LATVIA



## JOINT EFFORT OF



FOREIGN INVESTORS  
COUNCIL IN LATVIA



## THANK YOU

MEMBERS OF THE FOREIGN  
INVESTORS' COUNCIL IN LATVIA  
BRITISH EMBASSY RIGA  
ALL THE INTERVIEWERS  
COMPANIES THAT TOOK PART IN  
THE INTERVIEWS.

## SPECIAL THANKS TO



ZLATA ELKSNĪŅA  
ZAŠČIRINSKA  
CHAIRPERSON OF THE FICIL  
BOARD, PWC



GUNTARS KROLS  
VICE CHAIR OF THE FICIL  
BOARD, EY



MARTA JAKSONA  
DIRECTOR OF FICIL



ĒRIKS AJAUSKS  
PROJECT DIRECTOR, FICIL



ELVA EGLĪTE  
FICIL



FIRST ESTABLISHED IN 2015 TO  
FOSTER MORE EVIDENCE-BASED  
POLICY DECISIONS IN PROMOTING  
A FAVOURABLE INVESTMENT  
CLIMATE IN LATVIA

## FOCUS OF 2017 STUDY:



DO INVESTORS SEE PROGRESS WITH REGARDS TO  
POLICY INITIATIVES TO MEET THE MAIN CHALLENGES  
AS IDENTIFIED IN 2015 AND 2016 STUDIES?



HOW INVESTORS EVALUATE GOVERNMENT'S  
EFFORTS AND CURRENT POLICY INITIATIVES AIMED  
TO IMPROVE INVESTMENT CLIMATE IN LATVIA?



HOW INVESTORS REACT TO KEY CHALLENGES AS  
BROUGHT BY THE EXTERNAL ENVIRONMENT IN LATVIA?



# METHODOLOGY



42 MINI CASE STUDIES WITH KEY  
FOREIGN INVESTORS IN LATVIA,  
MAINLY FICIL MEMBERS IN 2017

GUIDELINES  
DESIGNED BY



ARNIS SAUKA  
STOCKHOLM SCHOOL OF  
ECONOMICS IN RIGA

WITH SUPPORT OF FICIL



ZLATA ELKSNIŅA  
ZAŠČIRINSKĀ  
CHAIRPERSON OF THE FICIL  
BOARD, PWC



GUNTARS KROLS  
VICE CHAIR OF THE FICIL  
BOARD, EY



COMPANIES THAT TOOK PART IN THE STUDY:



ALTOGETHER, THESE



COMPANIES (INCLUDING  
THEIR SUBSIDIARIES)  
CONTRIBUTE TO

11%



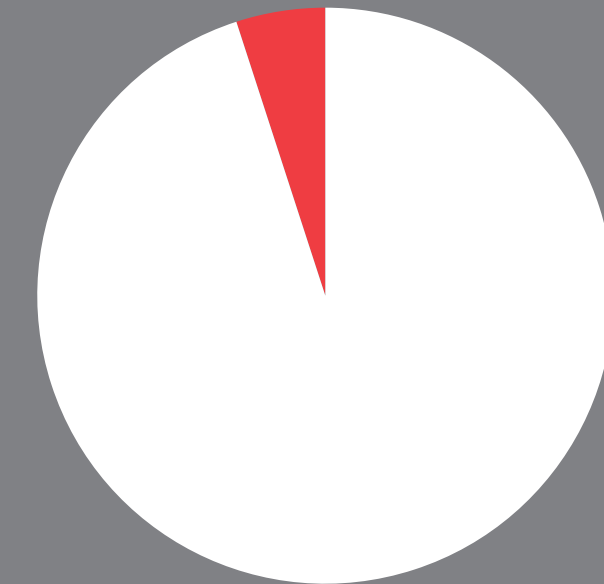
OF TOTAL TAX  
REVENUE

17%



OF TOTAL  
PROFIT

5%



OF TOTAL  
WORKFORCE\*

\*OF COMPANIES ABOVE 145000EUR TURNOVER AND 50% FOREIGN CAPITAL, SOURCE: FIRMAS.LV



# FICIL SENTIMENT INDEX

FOREIGN INVESTORS' IN LATVIA ASSESSMENT OF THE POTENTIAL  
DRIVERS OF ECONOMIC COMPETITIVENESS OF LATVIA.



AVAILABILITY  
OF LABOUR



EFFICIENCY OF  
LABOUR



DEMAND FOR  
PRODUCTS AND  
SERVICES



ATTITUDE TOWARDS  
FOREIGN INVESTORS



QUALITY OF  
BUSINESS  
LEGISLATION



QUALITY OF  
EDUCATION  
AND SCIENCE



QUALITY OF  
HEALTH AND  
SOCIAL SECURITY



HARD  
INFRASTRUCTURE



SOFT  
INFRASTRUCTURE



DEMOGRAPHY

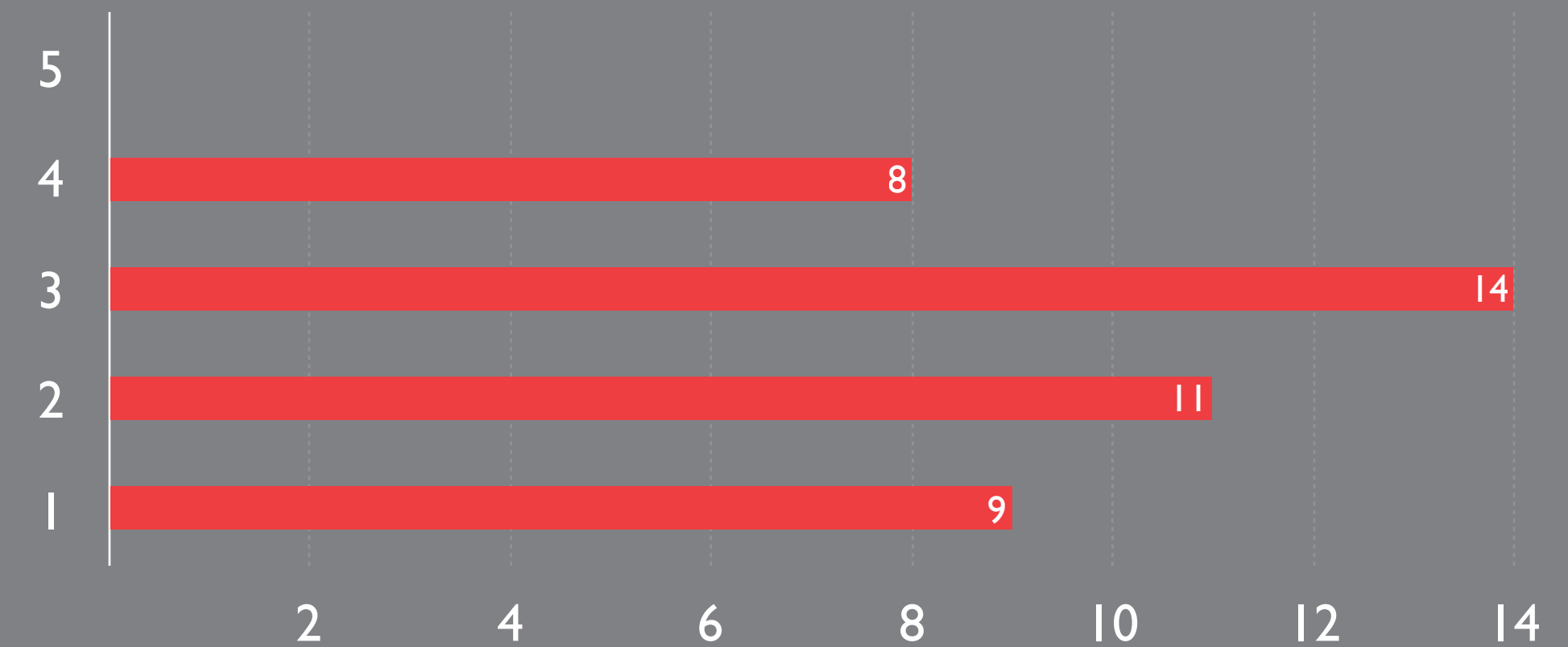
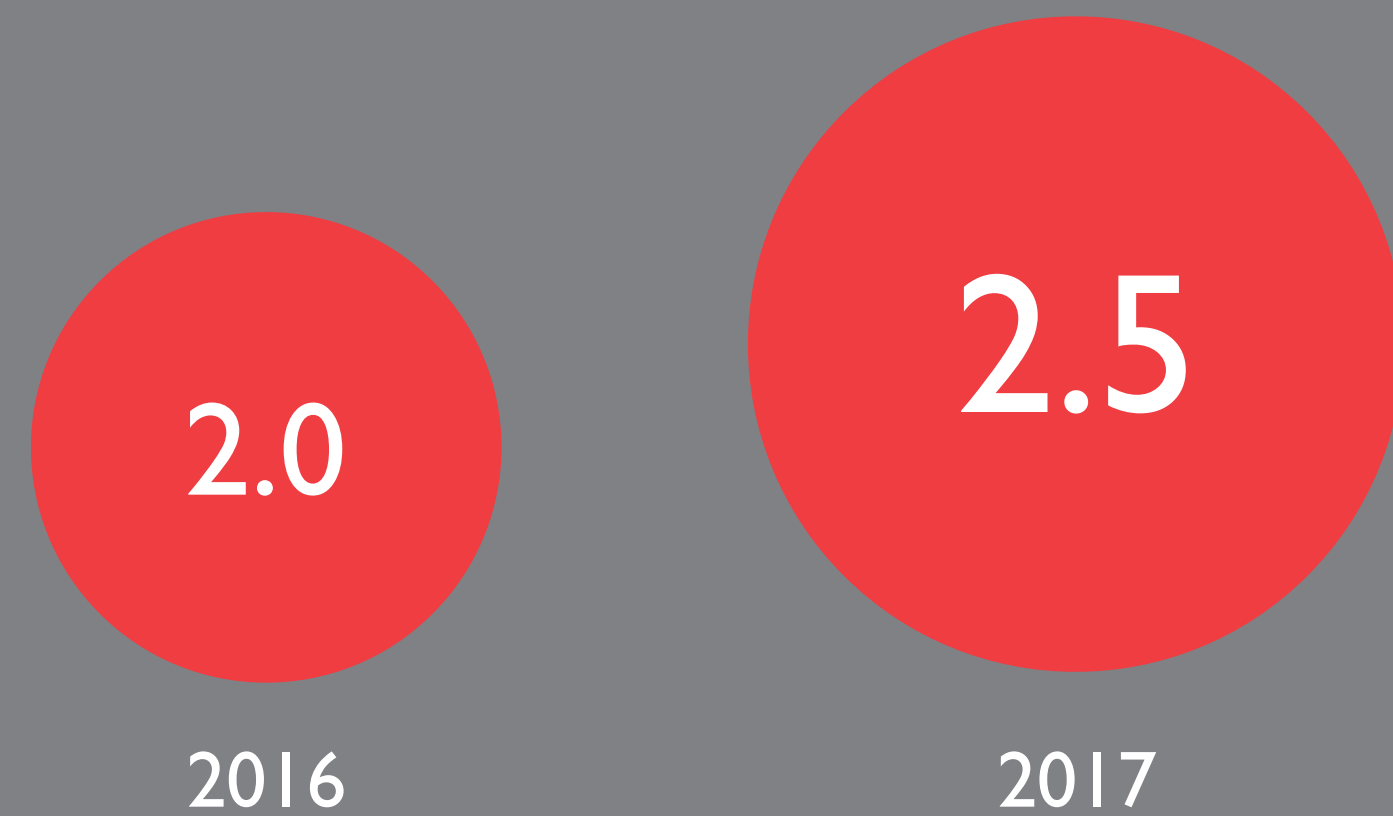


STANDARD OF  
LIVING IN LATVIA



# KEY RESULTS

## HAS THE INVESTMENT ATTRACTIVENESS OF LATVIA IMPROVED DURING 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.





UNCERTAINTY AND STRANGE  
DECISIONS OF THE GOVERNMENT  
REMAIN. THE SAME PROBLEMS REMAIN  
WITH THE LABOUR MARKET.

- MANUFACTURING COMPANY



NO - BECAUSE OF DEMOGRAPHY AND  
AVAILABILITY (OR UNAVAILABILITY) OF LABOUR.

- PROFESSIONAL ASSURANCE AND ADVISORY SERVICES COMPANY



THE ECONOMY IS GROWING, BANKS ARE GIVING  
OUT LOANS, AND INVESTMENT ATTRACTIVENESS  
IS INCREASING. I DON'T HAVE VERY RELIABLE  
DATA, BUT MY FEELING IS THAT IT'S MUCH  
BETTER THAN 10 YEARS AGO.

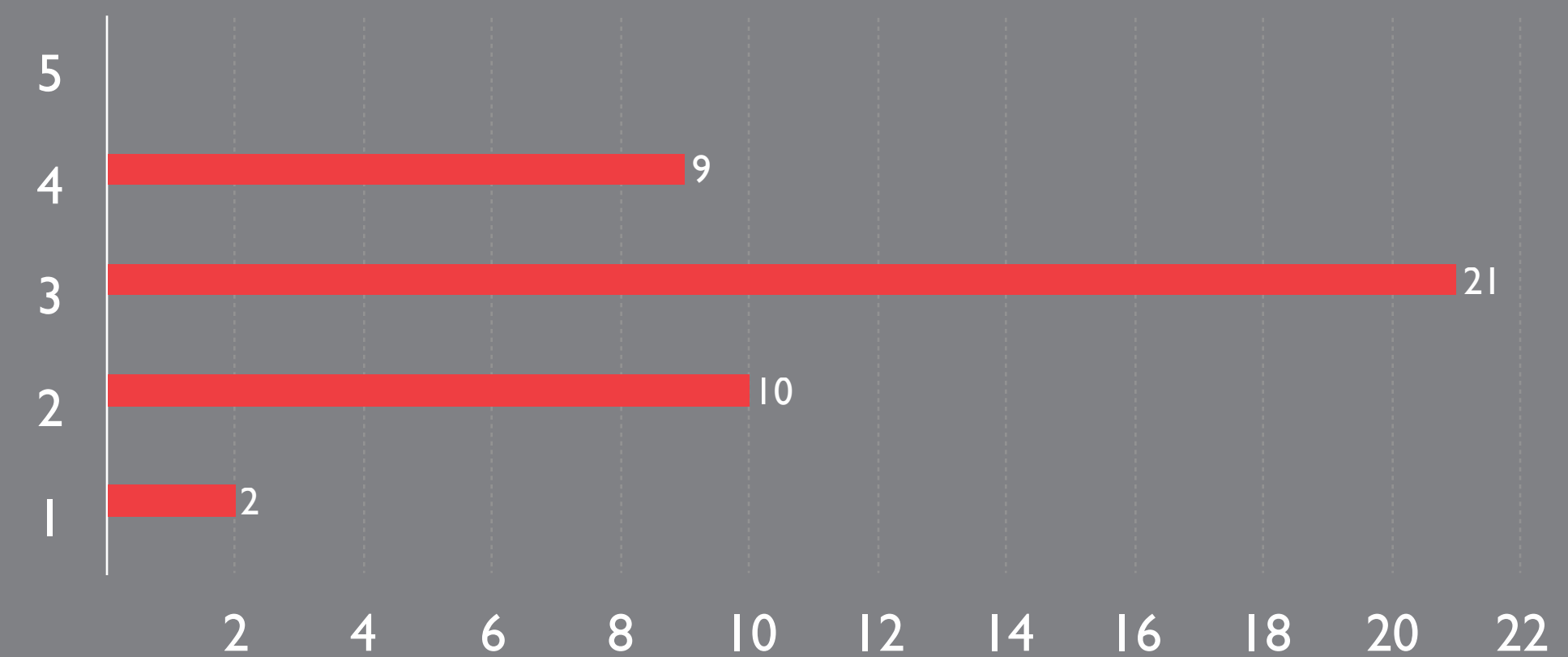
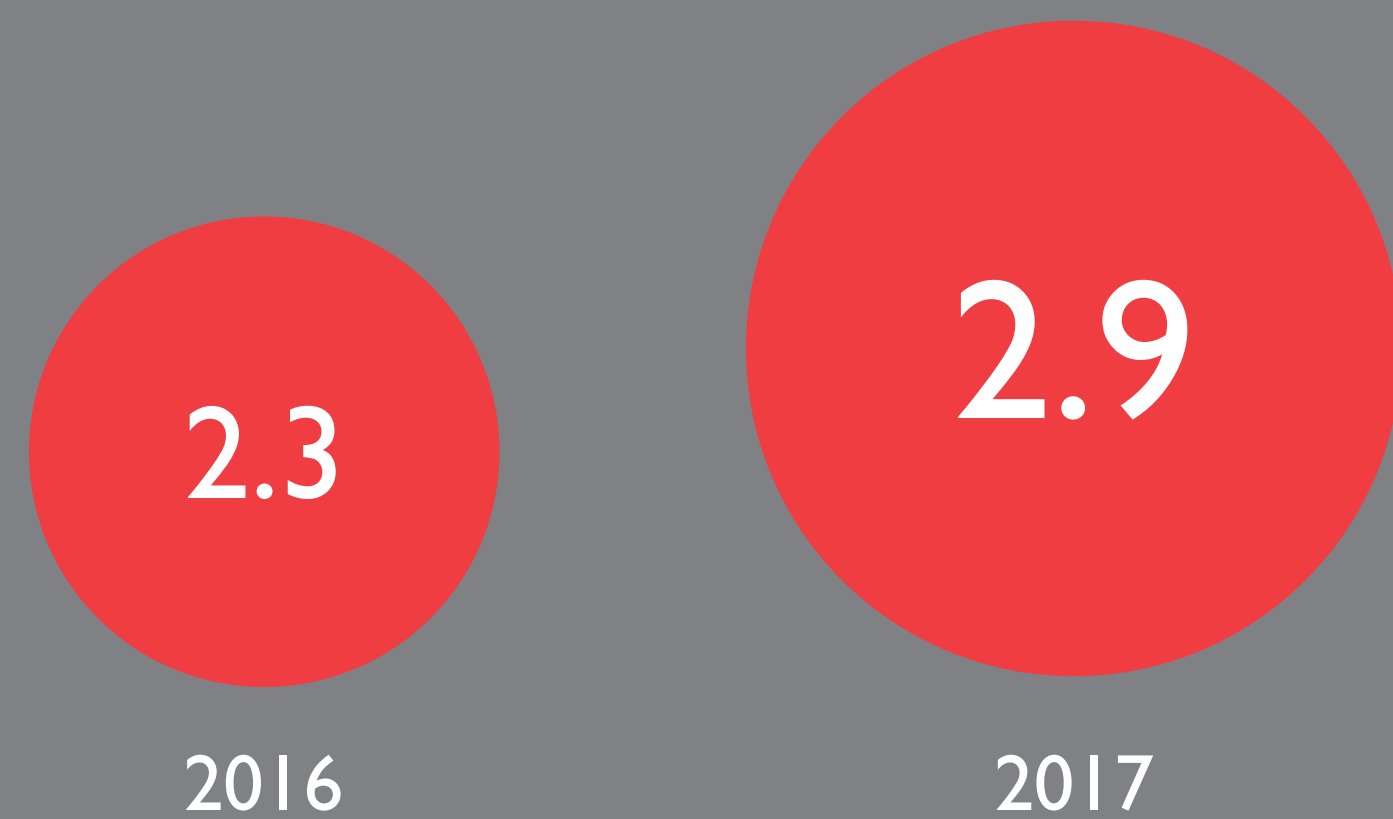
- REAL ESTATE COMPANY



FOREIGN INVESTORS  
COUNCIL IN LATVIA

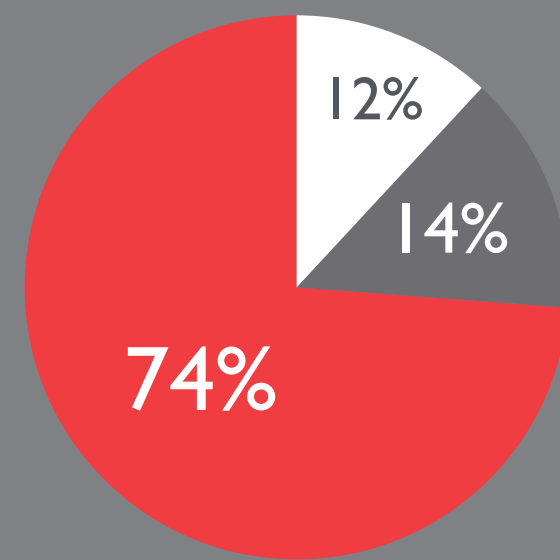


## FOREIGN INVESTORS' ASSESSMENT OF POLICY MAKERS' EFFORTS TO IMPROVE THE INVESTMENT CLIMATE OVER THE PAST YEAR: 2016 AND 2017 STUDIES

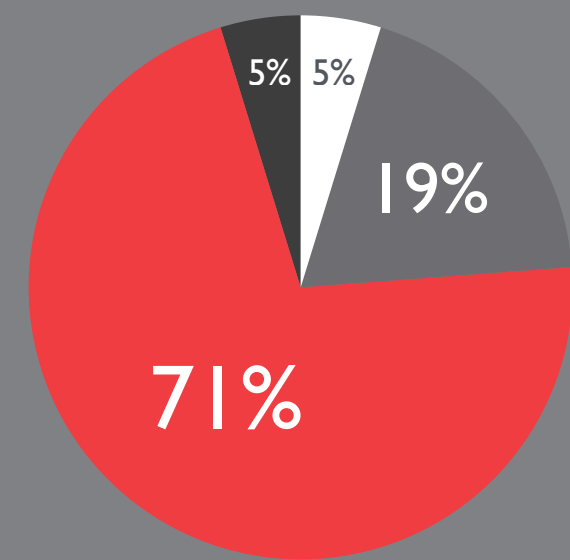


SCALE 1 TO 5, WHERE '1'- FAIL, '3'- AVERAGE' AND '5'- EXCELLENT

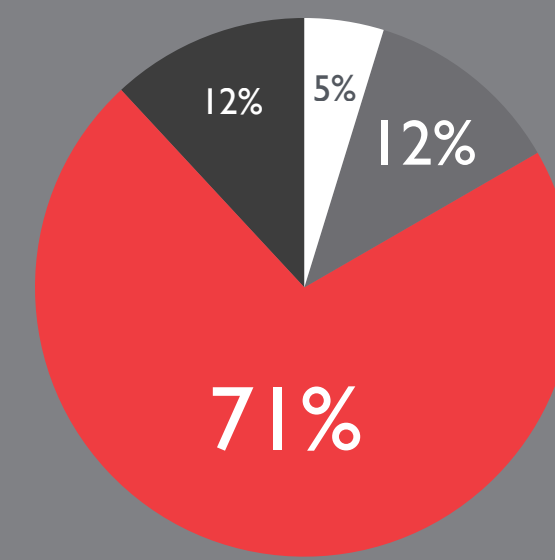
# FOREIGN INVESTORS' ASSESSMENT OF THE PROGRESS OVER THE PAST 12 MONTHS WITH REGARDS TO THE KEY AREAS OF CONCERN AS IDENTIFIED IN THE 2015 AND 2016 STUDIES: FINDINGS FROM 2017



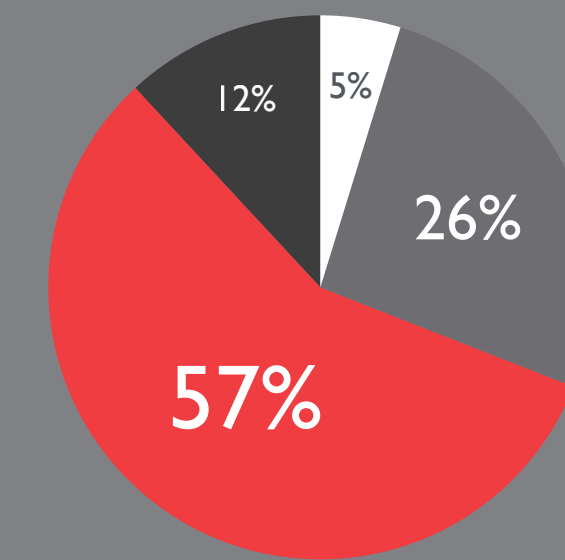
DEMOGRAPHY



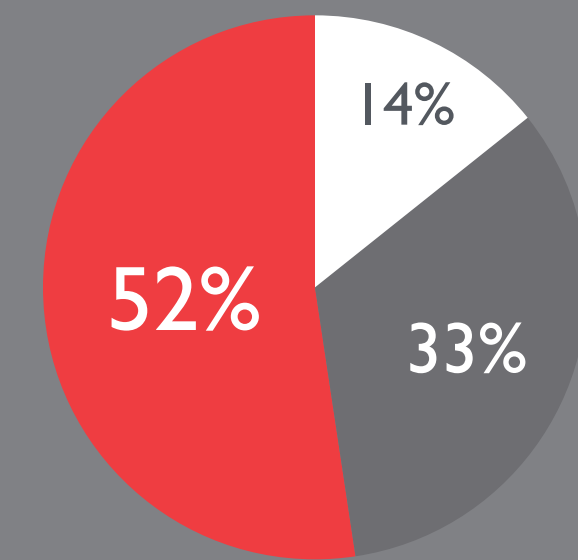
ACCESS TO LABOUR



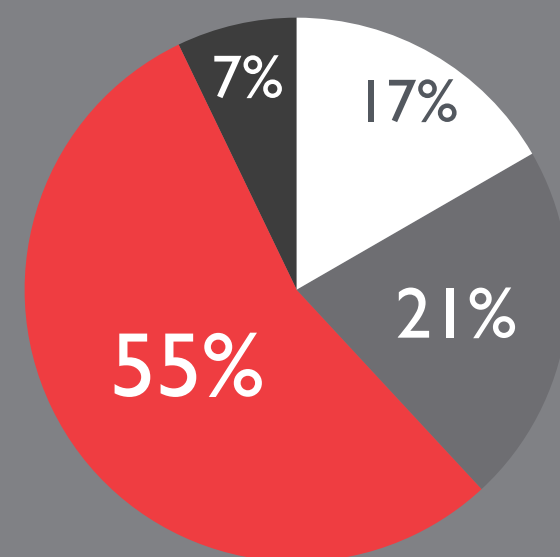
THE HEALTHCARE  
SYSTEM IN LATVIA



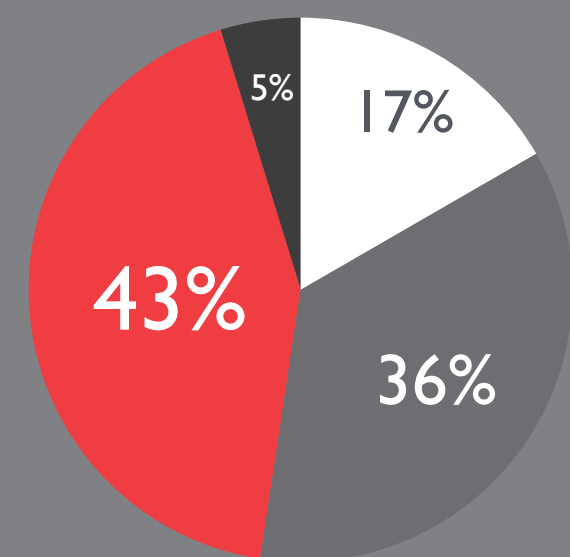
COURT SYSTEM IN LATVIA



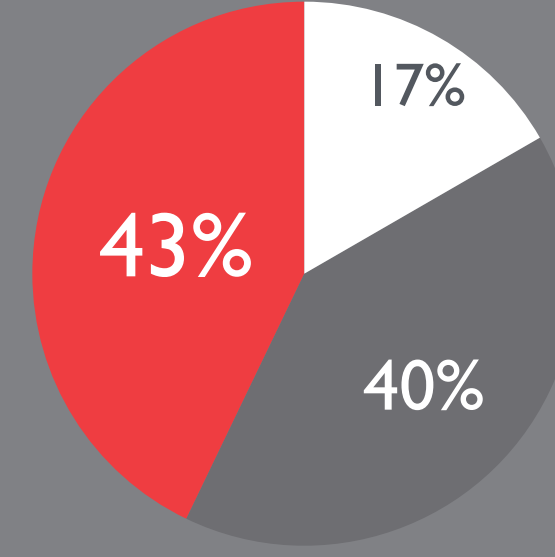
UNCERTAINTY



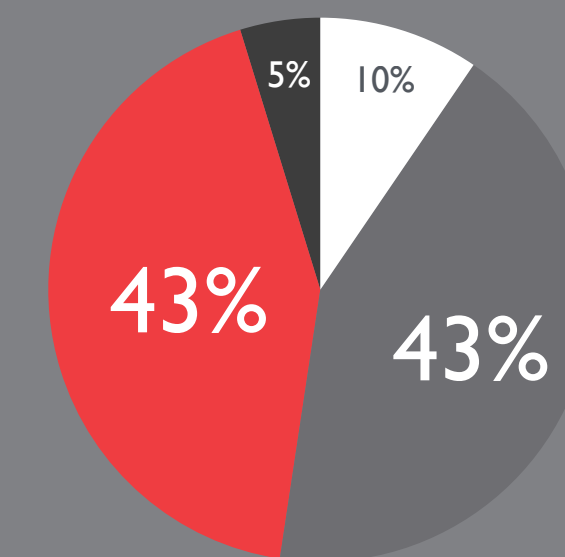
QUALITY OF THE  
BUSINESS LEGISLATION



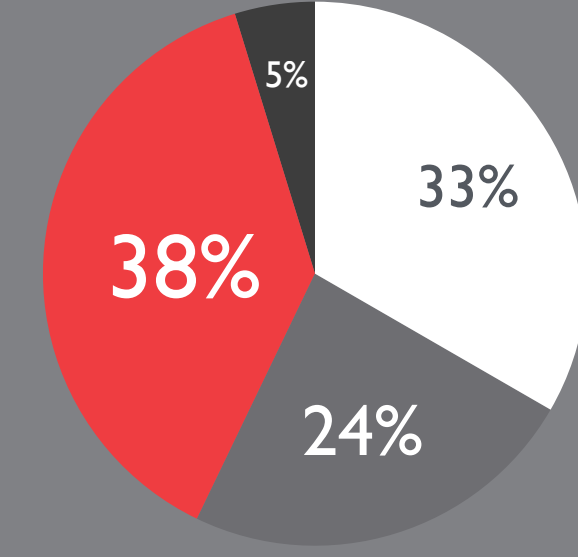
UNETHICAL / ILLEGAL  
BEHAVIOUR BY ENTREPRENEURS,  
UNFAIR COMPETITION



QUALITY OF THE  
TAX SYSTEM



LEVEL OF EDUCATION  
AND SCIENCE

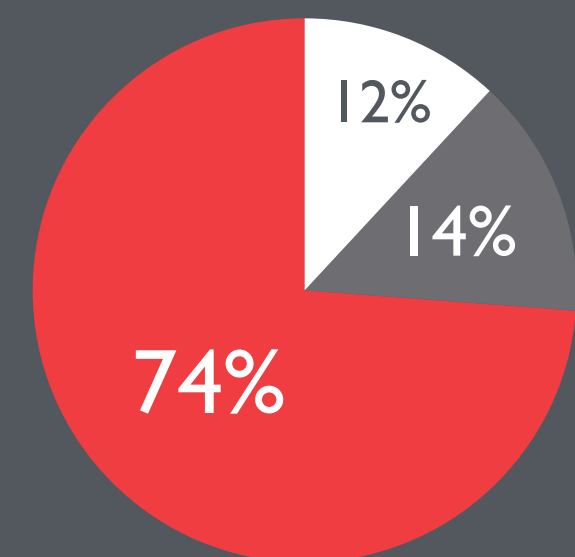


SUPPORT FROM THE GOVERNMENT  
AND COMMUNICATION WITH THE  
POLICY MAKERS

YES
  NO
  PARTLY
  N/A



## DEMOGRAPHY



YES
NO
PARTLY
N/A

“ THIS IS A MOST CHALLENGING TOPIC, NOT ONLY FOR PEOPLE WHO DO BUSINESS IN LATVIA, BUT ALSO FOR THE WHOLE OF LATVIA. IT'S OBVIOUS THAT THERE IS A NEGATIVE TREND IN DEMOGRAPHY. ”

- WHOLESALE AND RETAIL COMPANY

“ WE DON'T SEE ANY DEVELOPMENTS. EVEN REGRESS. WE NEED TO HAVE A SMART MIGRATION POLICY, BUT THERE ISN'T CURRENTLY ONE. WE HAD A CASE WHERE LITHUANIAN/ESTONIAN STAFF WERE REQUIRED TO HAVE LATVIAN LANGUAGE SKILLS EVEN THOUGH THEY ONLY CAME HERE FOR 2-MONTHS' SEASONAL WORK. ”

- SERVICE COMPANY

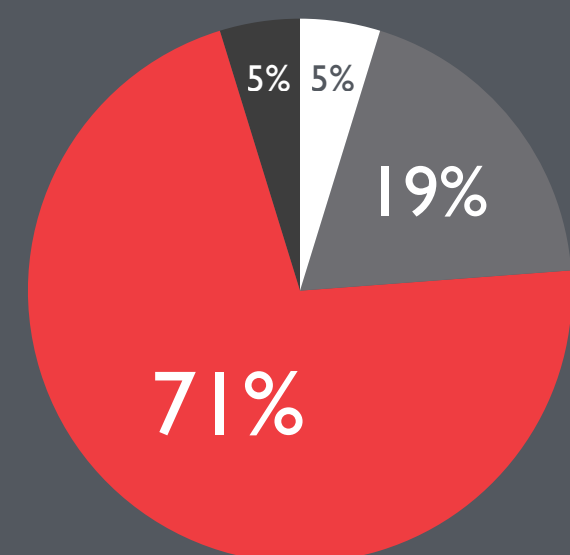
“ I DON'T SEE BIG PROGRESS; EVEN THOUGH THE GOVERNMENT IS ATTEMPTING TO DO SOMETHING TO IMPROVE THE SITUATION, IT DOESN'T LEAD TO REAL RESULTS. ”

- WHOLESALE AND RETAIL COMPANY

“ THERE ARE SOME ACTIONS TAKEN. THE HOUSING PROGRAMME WITH ALTUM IS A GOOD EXAMPLE. ONE CAN SEE THAT THE YOUNG PEOPLE DO WANT FAMILIES AND CHILDREN BUT YOU NEED TO COME UP WITH SMART SOLUTIONS FROM THE GOVERNMENT SIDE. GIVING 100 EUR PER CHILD IS NOT GOOD ENOUGH. ”

- REAL ESTATE COMPANY

## ACCESS TO LABOUR



YES
NO
PARTLY
N/A

“ IT IS GETTING WORSE. WE ARE CURRENTLY PLANNING TO START LOOKING FOR PEOPLE OUTSIDE LATVIA. WE INVEST A LOT IN TRAINING. WE ARE FORCED TO TAKE PEOPLE WITH NO EDUCATION AND NO SKILLS AND THEN TRAIN THEM. TRUCK DRIVERS, FOR EXAMPLE, THESE DAYS ARE VERY DIFFICULT TO GET. ”

- SERVICE COMPANY

“ THE GOVERNMENT COULD DO MORE TO ATTRACT LABOUR FORCE FROM FOREIGN COUNTRIES. ”

- CONSULTANCY AND IT COMPANY

“ THE PRIME MINISTER OF LATVIA HAS SAID THAT WE NEED A LABOUR FORCE AND THERE ARE SOME POLITICAL MOVEMENTS IN THAT DIRECTION. CONSTRUCTION IS ONE OF THE MOST SIGNIFICANT SECTORS WHERE WE NEED A LABOUR FORCE. ”

- CONSULTANCY AND IT COMPANY

“ WE HAVE HAD VACANCIES DURING THE PAST 12 MONTHS AND WE DID FIND PEOPLE. FOR MANUAL WORK AND NIGHT SHIFTS IT IS MORE DIFFICULT. BUT I KNOW COMPANIES IN CATERING ARE REALLY STRUGGLING. ”

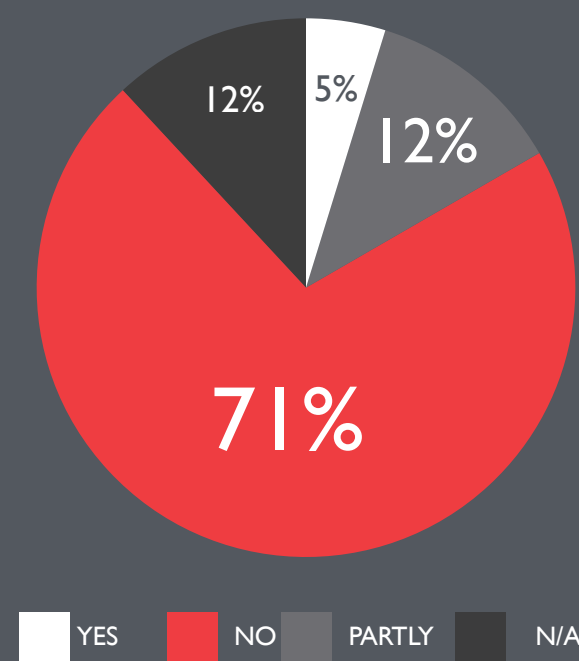
- RETAIL TRADE AND SERVICE COMPANY

“ SITUATION IS BECOMING MORE DIFFICULT OVER TIME. NOT SO AFFECTED YET, DUE TO STRONG BRAND, WORKING ENVIRONMENT AND COMPENSATION LEVEL. ”

- RETAIL TRADE AND SERVICE COMPANY



## THE HEALTHCARE SYSTEM IN LATVIA



“ INSURANCE, SICK LEAVE ETC.; THERE IS NOT ENOUGH CONTROL FROM THE STATE, ALSO THE HEALTH INSPECTORATE IS NOT DOING EVERYTHING IT SHOULD. THE STATE IS TOLERATING INACTION AND ILLEGAL ACTIONS IN THE HEALTH SECTOR AND THAT CREATES PROBLEMS. ”

- RETAIL TRADE AND SERVICE COMPAMNY

“ THERE IS SOME PROGRESS BECAUSE THERE IS SOME LEVEL OF DISCUSSION ABOUT THE RIGHT ISSUES, SUCH AS HOW TO CENTRALISE PROCUREMENT, HOW TO MAKE HOSPITALS MORE TRANSPARENT ETC. BUT THERE IS HUGE INERTIA FROM THE SECTOR AND DOCTORS. THAT IS THE BIGGEST PROBLEM. ”

- PROFESSIONAL ASSURANCE AND ADVISORY SERVICES COMPANY

“ A DOWN-GOING TREND. MEDICAL SERVICES ARE NOT AVAILABLE TO EVERYBODY. WE HAVE HEALTH INSURANCE AS A COMPENSATION BENEFIT. ”

- RETAIL TRADE AND SERVICE COMPAMNY

“ NO POSITIVE CHANGES, ONLY SOME DISCUSSIONS. ”

- MANUFACTURING COMPANY

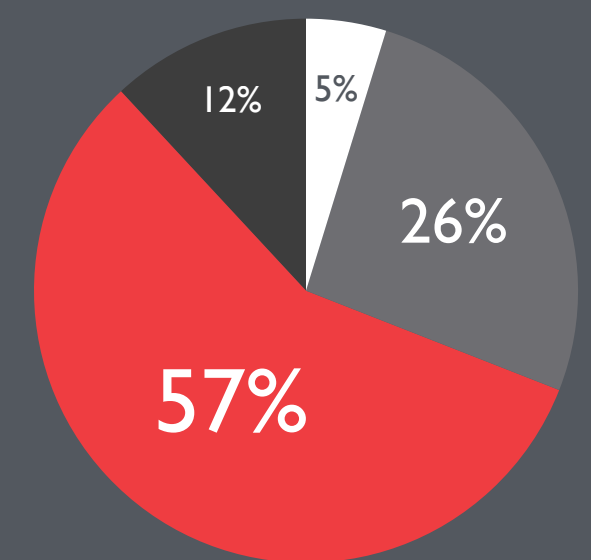
“ THE GOVERNMENT HAS PROMISED PROGRESS AS OF NEXT YEAR. ”

- MANUFACTURING COMPANY

“ I CAN SEE BIG IDEAS ON THE TABLE BUT WE DON'T HAVE ANY REAL ACTIONS TO FIX THE SYSTEM. ”

- WHOLESALE AND RETAIL COMPANY

## COURT SYSTEM IN LATVIA



YES
NO
PARTLY
N/A

“ COURT CASE PROCEDURES ARE LONG, HEAVY AND PAINFUL. SOMETIMES THEY PARALYSE THE EVERYDAY OPERATION OF A COMPANY. THE COURT SYSTEM LACKS HUMAN RESOURCES, TOO. ”

- CONSULTANCY AND IT COMPANY

“ WE HAVE SEVERAL COURT CASES, AND FROM OUR EXPERIENCE IT IS GETTING BETTER. ”

- WHOLESALE AND RETAIL COMPANY

“ VERY SLOW AND INEFFICIENT. ”

- MANUFACTURING  
COMPANY

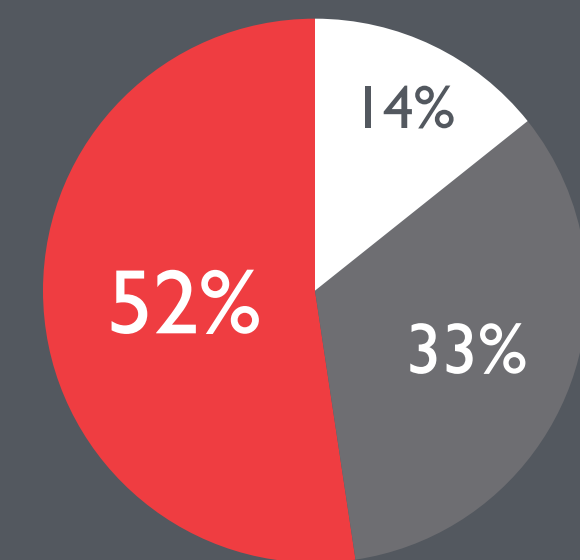
“ NON-EFFICIENT. THEY ARE NOT ABLE TO TAKE ANY DECISIONS. I HAVE HAD AN OPEN CASE FOR 7 YEARS. IT IS NOT NORMAL. ”

- CONSULTANCY AND IT COMPANY

“ THERE ARE SOME CITIZENS IN JAIL, SOME PARLIAMENTARY INQUIRY COMMITTEES, SO THERE MUST BE SOME IMPROVEMENT. ”

- PROFESSIONAL ASSURANCE AND  
ADVISORY SERVICES COMPANY

## UNCERTAINTY



YES
NO
PARTLY
N/A

“ THIS IS A HUGE PROBLEM IN THE CONTEXT OF TAX POLICY AND LEGISLATION. WE THINK THERE IS NO UNCERTAINTY IN POLICY MAKING REGARDING THE BUSINESS ENVIRONMENT. ”

- CONSULTANCY AND IT COMPANY

“ IT IS GETTING WORSE AND WORSE, AND IN PARTICULAR REGARDING THE TAX SYSTEM. ”

- SERVICE COMPANY

“ BECAUSE OF THE TAX REFORM, THE UNCERTAINTY HAS GROWN. ”

- REAL ESTATE COMPANY

“ I AM STILL MISSING CONFIDENCE IN A STRONG LONG-TERM PLAN. THE GOVERNMENT WAS FORCED TO DO SOMETHING AND IT DID, BUT I AM STILL NOT CONFIDENT ABOUT WHAT THEY DID. ”

- RETAIL TRADE AND SERVICE COMPANY

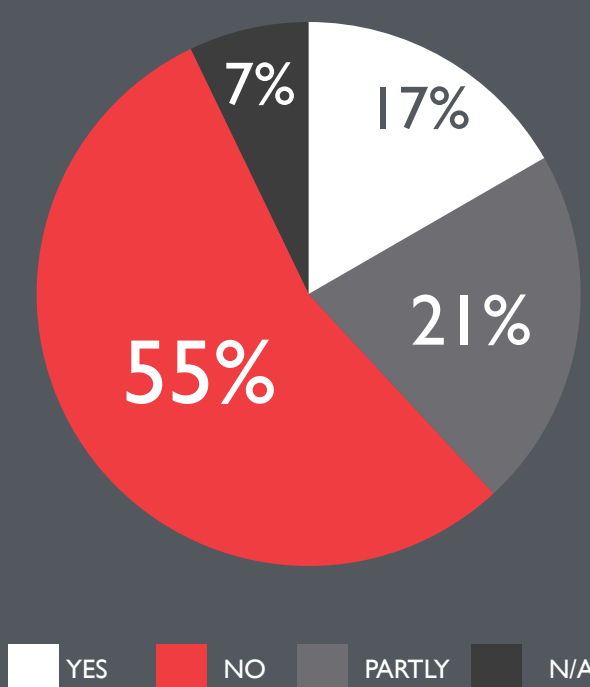
“ WHEN IT COMES TO LEGISLATION – SOMETHING NEW APPEARS ALL THE TIME. NOT EVEN FOR A SINGLE YEAR CAN WE LIVE IN PEACE WITHOUT ANY CHANGES TO THE LEGISLATION. ”

- CONSULTANCY AND IT COMPANY

“ THE SITUATION IS SLIGHTLY IMPROVING – ECONOMY IS DEVELOPING AND HOPEFULLY WILL CONTINUE TO GROW; FROM THAT PERSPECTIVE THERE IS LESS UNCERTAINTY THAN A YEAR AGO. ”

- PROFESSIONAL ASSURANCE AND ADVISORY SERVICES COMPANY

## QUALITY OF BUSINESS LEGISLATION



“ CATASTROPHE! AT THIS TIME THEY SHOULD BE WORKING TOWARDS PREDICTABILITY, MAKING BUSINESSES FEEL SAFE AND SECURE, BUT INSTEAD THE BUSINESS ENVIRONMENT WAS MADE WORSE WITH A TOTALLY DEMOTIVATING TAX SYSTEM. SO, THEY MADE EVERYTHING TWO TIMES WORSE. ”

- MANUFACTURING COMPANY

“ THERE ARE SOME CONSTRUCTION LAWS THAT ARE TOO COMPLICATED. BUT IT'S NOT ABOUT LACKING AMBITION TO IMPROVE THINGS. IT IS MORE ABOUT LEGISLATION OFTEN BEING INTRODUCED BEFORE IT HAS BEEN SUFFICIENTLY DISCUSSED AND CLARIFIED WITH THE STAKEHOLDERS THAT WILL BE MOST AFFECTED BY THE NEW LEGISLATION. NEW INITIATIVES ARE INTRODUCED TOO FAST AND WITHOUT THINKING ABOUT THE CONSEQUENCES. ”

- MANUFACTURING COMPANY

“ THE SYSTEM REGARDING THE CASH REGISTERS WAS CHANGED AND IT WAS A BIG CHANGE REQUIRING AN IMPORTANT INVESTMENT FROM THE COMPANY IN A RELATIVELY SHORT PERIOD OF TIME. ”

- RETAIL TRADE AND SERVICE COMPANY

“ THERE IS NO CONSISTENCY IN THE WORK OF CIVIL SERVANTS, ALTHOUGH THE LAW IS THE SAME. THERE ARE DIFFERENT AND NON-CONSISTENT INTERPRETATIONS OF LEGAL ACTS. THIS CAN BE SEEN IN THE WORK OF THE STATE REVENUE SERVICE WHEN YOU DO YOUR ACCOUNTING AND REPORTS. ”

- CONSULTANCY AND IT COMPANY

“ SO FAR I HAVEN'T HEARD BAD THINGS ABOUT BUSINESS LEGISLATION. I DON'T SEE ANY RESTRICTIONS ON BUSINESS. ”

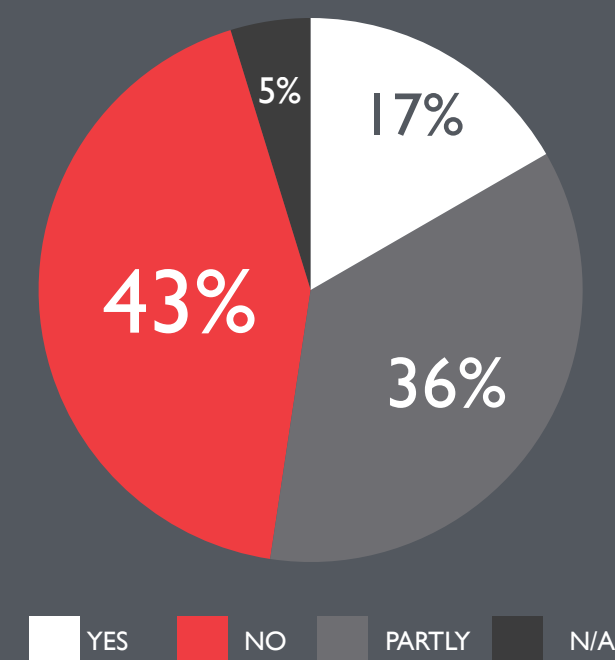
- CONSULTANCY AND IT COMPANY

“ CHANGES IN LEGISLATION ARE OFTEN NOT DONE IN A SYSTEMATIC WAY. YOU REALISE THERE IS A PROBLEM, YOU QUICKLY CHANGE THE LAW AND THINK THAT THIS IS IT. OFTEN THE INDUSTRY IS NOT CONSULTED AND THERE IS NO IMPACT ANALYSIS. ”

- CONSULTANCY AND IT COMPANY



# UNETHICAL / ILLEGAL BEHAVIOUR BY ENTREPRENEURS, UNFAIR COMPETITION



“ THE SHADOW ECONOMY IS ENORMOUS IN LATVIA. YOU DON'T NEED TO BE A GENIUS IN MATHEMATICS TO CALCULATE THAT WE ARE LOSING AT LEAST EUR 400 MILLION IN EXPENSIVE CARS, PARTIES, “BUSINESS TRIPS” ETC. ”

- FINANCE AND  
BANKING COMPANY

“ WE COULD DO MORE TO SECURE OUR MARKET FROM RUSSIA, BELARUS, CHINA. FOR OUR PRODUCTS, WE HAVE CREATED A CE LABEL. BUT IT TAKES 15 MINUTES TO FAKE THIS AND THE FAKE CERTIFICATE WORKS IN THE MARKET AS A VALID LABEL, UNLESS YOU PROVE IT IS OTHERWISE. ”

- MANUFACTURING COMPANY

“ THE TOLERANCE REGARDING UNFAIR COMPETITION AND ILLEGAL ACTION IS VERY HIGH. IF WE TALK ABOUT USING ILLEGAL PRODUCTS, IT IS A HUGE PROBLEM IN LATVIA. ”

- CONSULTANCY AND IT COMPANY

“ THE CONSTRUCTION INDUSTRY DOESN'T WORK IN THE WAY IT SHOULD, AND IT IS EXPOSED IN TERMS OF THE SHADOW ECONOMY. BUT I DON'T THINK THAT IT IS GETTING WORSE. THE GOVERNMENT IS REALLY TRYING TO FIGHT AGAINST THE SHADOW ECONOMY. THE PROGRESS IS THERE, BUT IT IS SLOW. ”

- FINANCE AND  
BANKING COMPANY

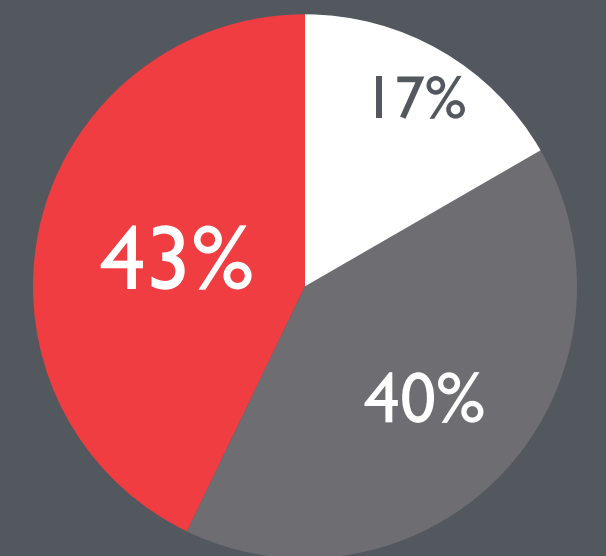
“ THERE ARE POSITIVE SIGNS FROM THE TAX AUTHORITY, THERE ARE IMPROVEMENTS. PEOPLE SEEM TO BE LESS TOLERANT ABOUT ENVELOPE WAGES. ”

- PROFESSIONAL ASSURANCE  
AND ADVISORY SERVICES  
COMPANY

“ THIS HAS GONE IN A GOOD DIRECTION IN OUR SECTOR: THERE ARE FEWER ILLEGAL PRODUCTS ON THE MARKET, THERE IS SOME CONSOLIDATION IN THE SECTOR AS A RESULT AND SOME UNFAIR PLAYERS ARE LEAVING. ”

- RETAIL TRADE AND SERVICE COMPANY

## QUALITY OF THE TAX SYSTEM



☐ YES
 ☒ NO
 ☐ PARTLY
 ☐ N/A

“ NO IMPROVEMENT.WE HAVE A NEW TAX SYSTEM AND NO IDEA ABOUT ITS IMPLEMENTATION THREE MONTHS BEFORE IT TAKES EFFECT. ”

- PROFESSIONAL ASSURANCE AND ADVISORY SERVICES COMPANY

“ THE TAX SYSTEM IS NOT PREDICTABLE AND WE CANNOT MAKE BUSINESS FORECASTING PROPERLY. SINCE 2006,THERE HAVE BEEN REGULAR CHANGES IN TAXES.THE STATE IMPOSES TAXES AND CHANGES TAXES AS THEY WISH. ”

- CONSULTANCY AND IT COMPANY

“ TAX REFORM IS SOMETHING THAT THE GOVERNMENT WANTED TO DO AND THEY DID, SO - CHECK! IT IS DONE AND FROM THAT PERSPECTIVE IT IS GOOD. IT COULD HAVE BEEN DONE BETTER, NO DOUBT, BUT AT LEAST THEY DID IT. ”

- CONSULTANCY AND IT COMPANY

“ 100% CATASTROPHE. WHAT IS COMING IS A DEAD END. ”

- SERVICE COMPANY

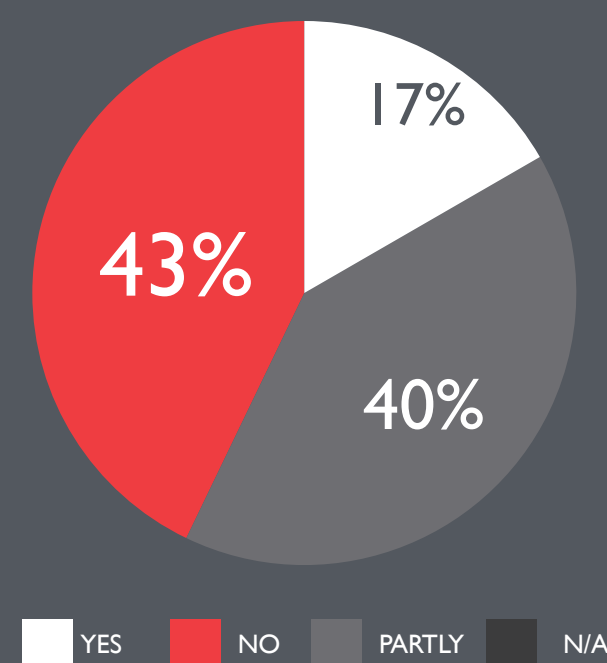
“ THE TAX SYSTEM IS THE BEST RECENT EXAMPLE OF HOW NOT TO DO THINGS. THERE WERE SEVERAL PROPOSALS AND OVERALL THE BEGINNING WAS PROMISING – IT FELT LIKE WE WERE MOVING TOWARDS A SIMPLER, BETTER STRUCTURED TAX SYSTEM. BUT THEN,VERY QUICKLY,WE GOT SOMETHING VERY DIFFERENT. NOW WE HAVE AN ILLUSION OF PROGRESSIVITY.THE BIGGEST WINNER IS THE ELECTORATE. ”

- CONSULTANCY AND IT COMPANY

“ MOSTLY MOVING IN THE RIGHT DIRECTION.WE HAVE TO BE REALISTIC REGARDING WHAT IT COULD ACCOMPLISH.TAX HAS BEEN VASTLY EXAGGERATED BY THE BUSINESS COMMUNITY. LATVIA HAS FOR MANY YEARS HAD AN EXTERNAL LOCUS OF CONTROL. SIMILARLY,THERE HAS BEEN A DRIVE THAT TAXES ARE BAD AND SHOULD BE BLAMED FOR THE FAILURE OF SOME OF THE BUSINESS CASES. PARLIAMENT IMPROVED THE ORIGINAL PROPOSAL, IT IS MORE DIRECTED TOWARDS EQUALITY NOW,AND THAT IS GOOD. ”

- CONSULTANCY AND IT COMPANY

## LEVEL OF EDUCATION AND SCIENCE



“PEOPLE OFTEN DO NOT HAVE SOFT SKILLS IN LATVIA.”

- RETAIL TRADE AND SERVICE COMPANY

“AS FAR AS I AM AWARE, LATVIA HAS A GOOD LEVEL OF EDUCATION SYSTEM AND GOOD UNIVERSITIES.”

- CONSULTANCY AND IT COMPANY

“THE GOOD THING IS THAT THERE IS A VAST IMPROVEMENT IN SECONDARY VOCATIONAL EDUCATION.”

- FINANCE AND BANKING COMPANY

“WHAT WE SEE NOW IS SEGMENTATION, PROFESSORS THAT RUN AROUND 10 UNIVERSITIES AND HEIS. BUT HEIS HAVE TO BE AN EFFICIENT CENTRE FOR SCIENCE. THE QUESTION IS ALSO ABOUT THE METHODS OF TEACHING.”

- CONSULTANCY AND IT COMPANY

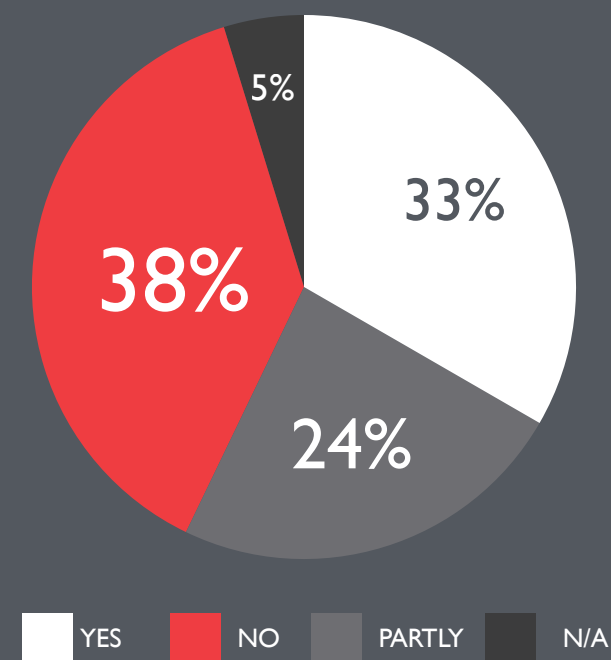
“VARIOUS MINISTERS HAVE BEEN WORKING ON THIS AND FIGHTING FOR IT, BUT THERE ARE NO RESULTS, NO ACHIEVEMENTS. THERE ARE SOME VESTED INTERESTS AS WELL, AND MANY GOOD INITIATIVES HAVE BEEN TORPEDOED. A FEW UNIVERSITIES WANT TO CHANGE BUT THE OTHERS DON'T.”

- REAL ESTATE COMPANY

“THE SYSTEM ITSELF IS GOOD FROM A THEORETICAL PERSPECTIVE, BUT THERE IS NO LINKAGE WITH THE LABOUR MARKET. WE ARE EVEN READY TO INVEST AND PAY FOR STUDIES, BUT IT'S SOMEHOW HARD TO AGREE ON SOMETHING WITH THE HIGHER EDUCATION INSTITUTIONS.”

- SERVICE COMPANY

# SUPPORT FROM THE GOVERNMENT AND COMMUNICATION WITH THE POLICY MAKERS



“ WE HAVE GOOD COMMUNICATION, I CAN'T COMPLAIN. ANY TIME I NEED TO MEET THE MINISTER, I HAVE MET HIM. WE CAN OPENLY DISCUSS ISSUES AND SOLVE PROBLEMS. SO, NO PROBLEM IN THIS RESPECT. ”

- SERVICE COMPANY

“ IT HAS IMPROVED. WE HAVE BEEN HEARD AND WE WERE ABLE TO MAKE SOME CHANGES. WE HAVE VERY GOOD DIALOGUE WITH THE MINISTRY OF ECONOMICS WHICH IS GOOD. ”

- MANUFACTURING COMPANY

“ CENTRAL GOVERNMENT IS VERY GOOD. AT THE MUNICIPALITY LEVEL IT IS TERRIBLE. ”

- REAL ESTATE COMPANY

“ THE GOVERNMENT PRETENDS TO LISTEN. IT TRIES TO EXPLAIN SOMETHING TO THE PERSON ON THE STREET AND THAT IS GOOD. THEY HAVE SOME GOOD INFOGRAPHICS. ”

- CONSULTANCY AND IT COMPANY

“ LATVIANS HAVE THE MENTALITY THAT IF YOU CAME UP WITH A GOOD IDEA IT WILL BE DIFFICULT TO INCENTIVISE THE DECISION MAKERS TO ACT. IN ORDER TO STAY IN POWER, POLITICIANS ARE NOT READY TO TAKE RISKS AND MAKE MISTAKES. IT IS REALLY HARD TO MAKE PROGRESS IF YOU REALLY CANNOT CHALLENGE THE SYSTEM A LITTLE. I THINK IT IS A CULTURAL THING THAT IS NOT IMPROVING MUCH. COMMUNICATION LINES ARE OPEN BUT THE DECISION MAKERS ARE NOT PROGRESSIVE. ”

- CONSULTANCY AND IT COMPANY

“ IT WASN'T VERY BAD BEFORE BUT NOTHING MUCH HAS CHANGED. ”

- FINANCE AND BANKING COMPANY





# FICIL SENTIMENT INDEX

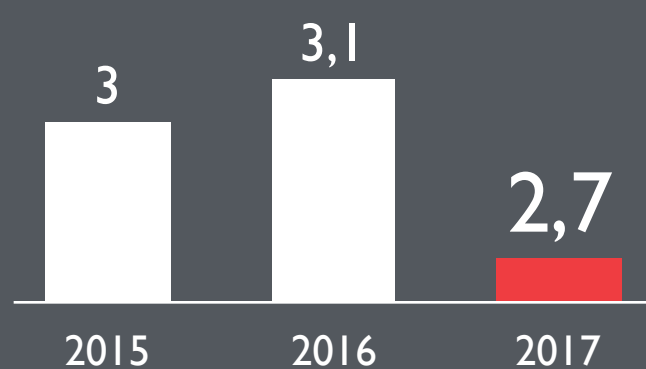
FOREIGN INVESTORS' IN LATVIA ASSESSMENT OF THE POTENTIAL  
DRIVERS OF ECONOMIC COMPETITIVENESS OF LATVIA.

SCALE 1-5, WHERE 1 REPRESENTS ATTITUDE ABOUT LOW COMPETITIVENESS  
AND 5 REPRESENTS ATTITUDE OF VERY HIGH COMPETITIVENESS.

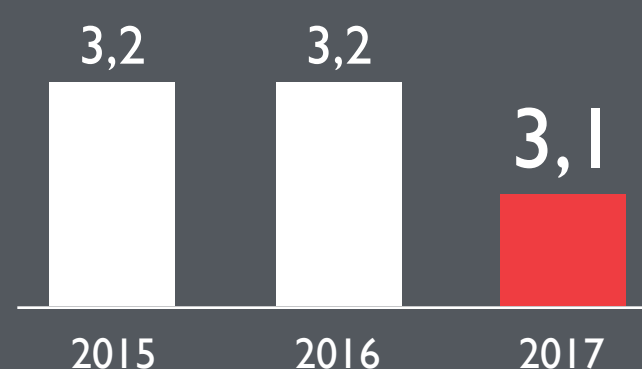




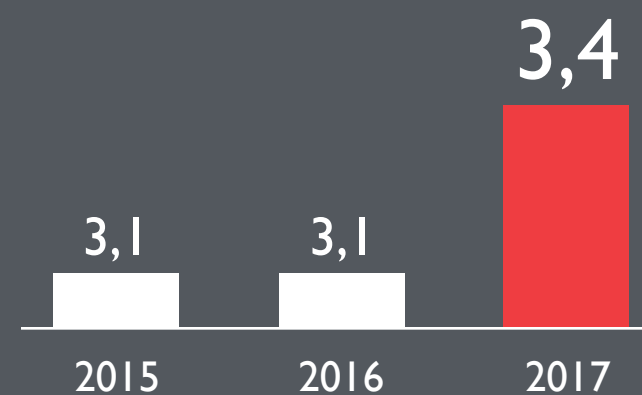
AVAILABILITY  
OF LABOUR



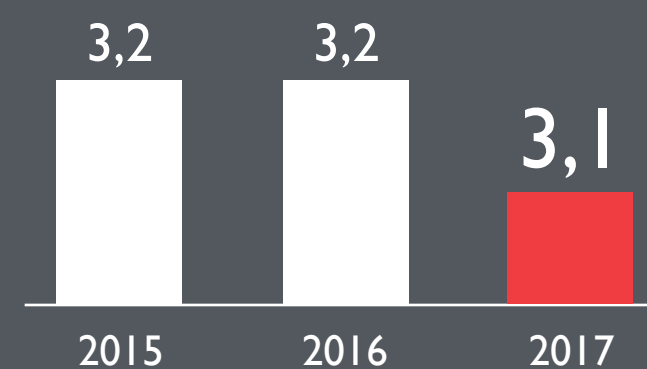
EFFICIENCY  
OF LABOUR



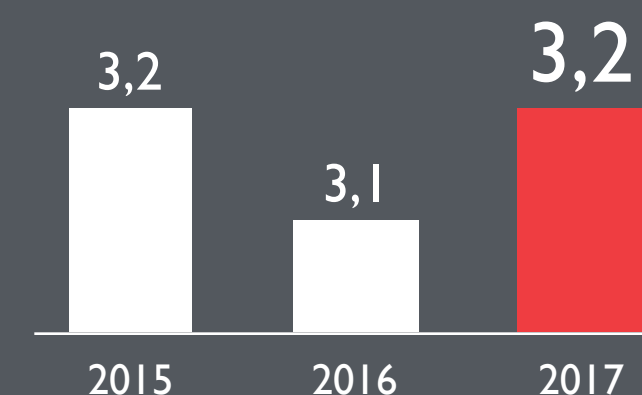
DEMAND FOR  
PRODUCTS AND  
SERVICES



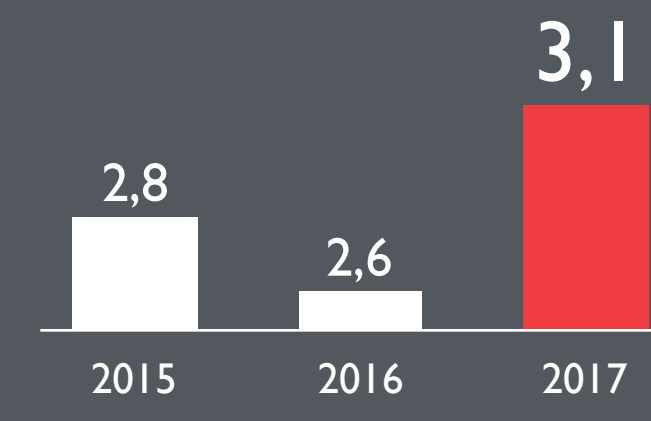
ATTITUDE TOWARDS  
FOREIGN INVESTORS



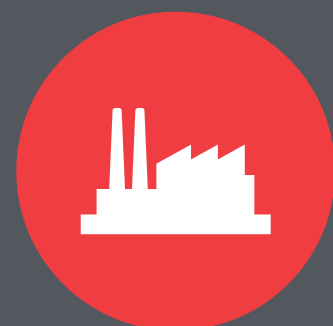
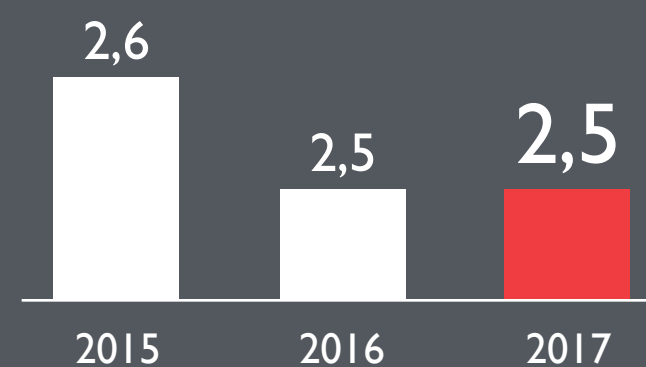
QUALITY OF BUSINESS  
LEGISLATION



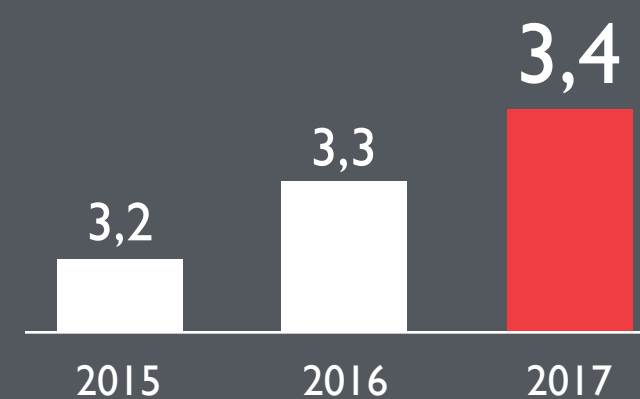
QUALITY OF EDUCATION  
AND SCIENCE



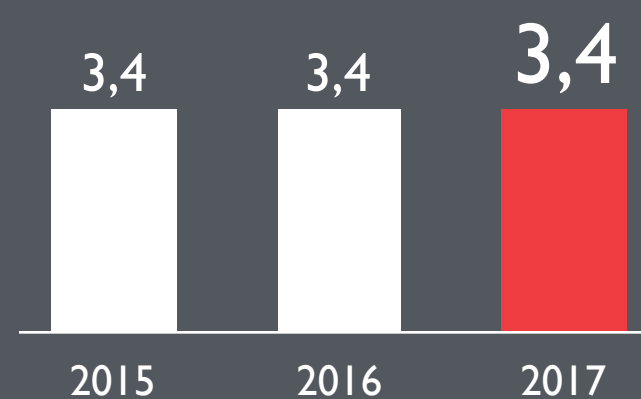
QUALITY OF HEALTH  
AND SOCIAL SECURITY



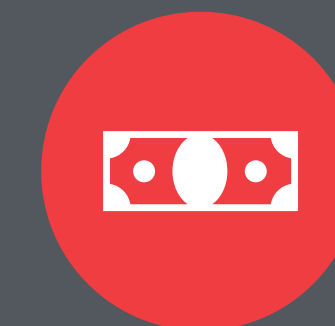
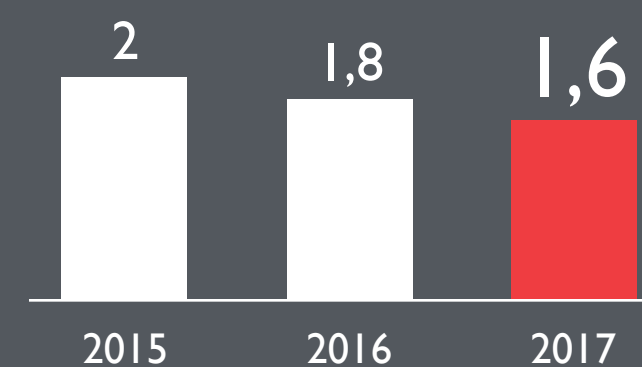
HARD  
INFRASTRUCTURE



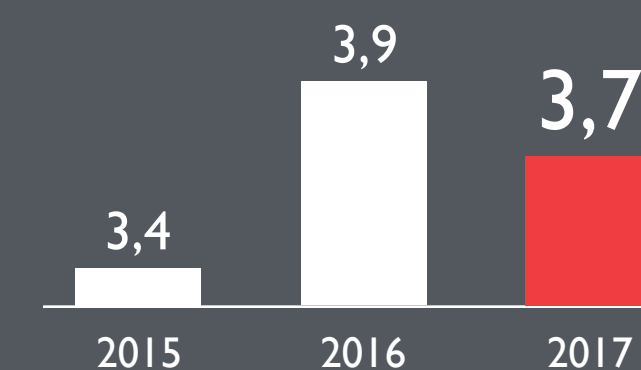
SOFT  
INFRASTRUCTURE



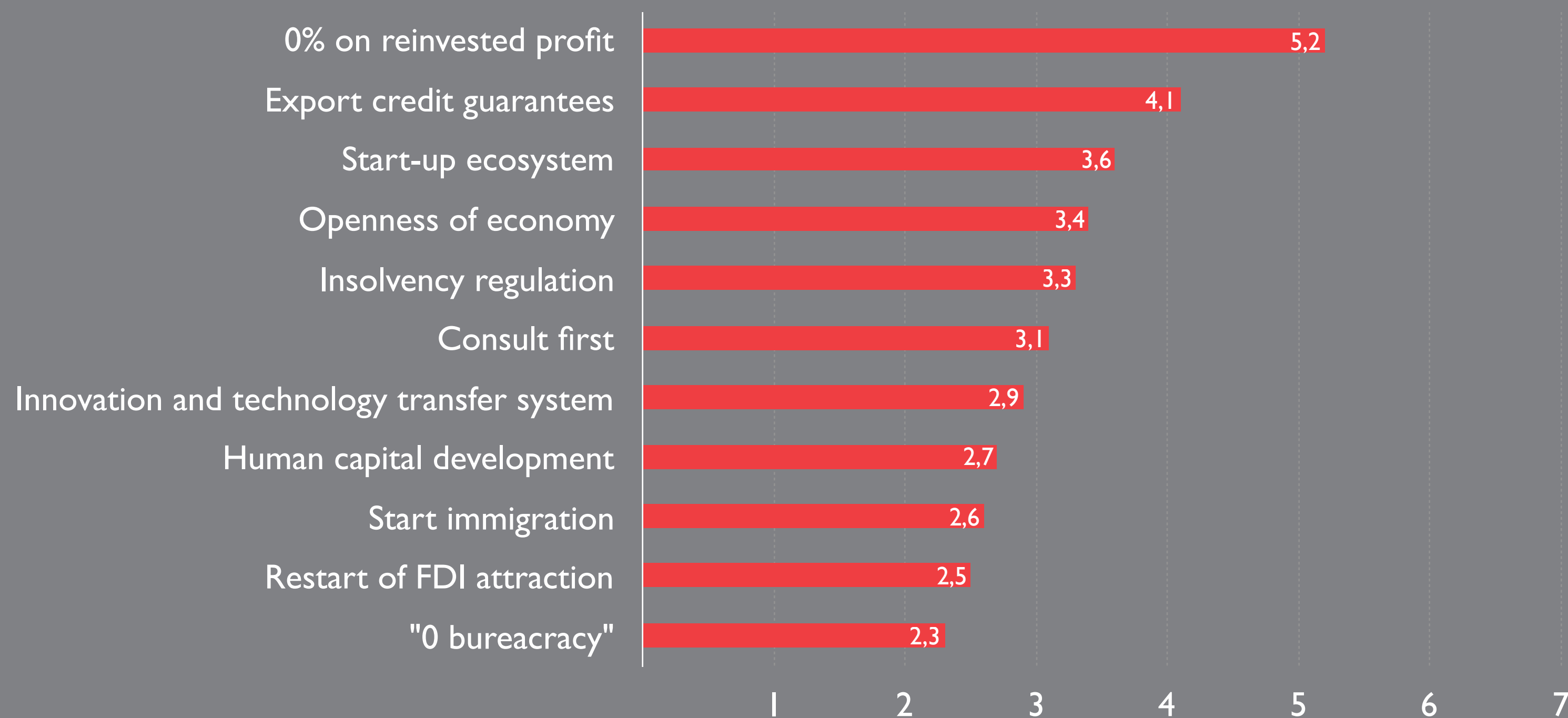
DEMOGRAPHY



STANDARD OF  
LIVING IN LATVIA



## FOREIGN INVESTORS' ASSESSMENT OF SELECTED INITIATIVES BY POLICY MAKERS TO DEVELOP ENTREPRENEURSHIP CLIMATE IN LATVIA AND IMPROVE THE CLIMATE FOR FOREIGN INVESTMENT IN LATVIA



SCALE 1-7 WHERE: '1' - IS VERY INEFFICIENT; '7' - IS VERY EFFICIENT. 2017. N=42.



# LAWS, REGULATIONS AND MINDSETS: WRITTEN RULES VS IMPLEMENTATION

PLEASE SHARE ANY SITUATION FROM YOUR EXPERIENCE OR EXPERIENCE OF SOME OTHER COMPANY WHEN 'ON THE PAPER' EVERYTHING WAS FINE, YET, IT DID NOT REALLY WORK IN THE REAL SITUATION.





# MOSTLY ON SITUATIONS RELATED TO:

- BUREAUCRACY, INCLUDING 'E-SYSTEMS' AND CONSTRUCTION
- UNETHICAL OR ILLEGAL BEHAVIOUR
- COURT SYSTEM
- STATE REVENUE SERVICE
- UNCERTAINTY





“

A LOT OF EXAMPLES OF BUREAUCRACY. TO DO SIMPLE THINGS, YOU NEED AN ENTIRE BOOK. YOU NEED TO CREATE AN ENTIRE PROJECT WITH A PROJECT MANAGER TO ACHIEVE ONLY A SMALL RESULT. OUR OBSERVATION IS THAT ALMOST ANY CLERK IS VERY MUCH AFRAID TO TAKE RESPONSIBILITY. VERY OFTEN THE RESPONSES TO OUR LETTERS CONTAIN MANY REFERENCES TO THE LAWS AND REGULATIONS BUT THEY DO NOT CONTAIN CLEAR ANSWERS ON WHAT THE ACTION FROM OUR SIDE SHOULD BE, OR IS IT A YES OR A NO?! AND THERE IS NO EFFICIENCY. EVERYTHING TAKES TOO MUCH TIME, YOU CANNOT DO THINGS QUICKLY. YOU CAN'T EVEN PUT UP A FENCE WITHOUT AN ENTIRE PROJECT.

- SERVICE COMPANY



I STILL SEE THE NEED FOR THE PUBLIC SECTOR TO BE MORE EFFICIENT REGARDING THE SPENDING OF PUBLIC MONEY. ON PAPER, THEY SHOULD BE, BUT IN REALITY, YOU SEE A LOT OF STRANGE THINGS – PUBLIC PROCUREMENT THAT RESULTS IN VERY STRANGE CHOICES. ALSO, WE KNOW THE CURRENT TERRITORIAL ORGANISATION IS NOT ECONOMICALLY VIABLE, BUT WE KEEP SPENDING MONEY TO MAINTAIN A SYSTEM WE CANNOT AFFORD WITH MANY SCHOOLS, HOSPITALS ETC

- WHOLESALE AND RETAIL COMPANY



IF YOU WANT TO ACHIEVE SOMETHING, YOU NEED TO MAKE SURE THAT YOUR ISSUE OR TOPIC GETS INTO THE GOVERNMENTAL OR SOME SECTORAL PLANNING DOCUMENT: THAT IS THE MOST EFFICIENT WAY. IF NOT, THERE IS NO HOPE THAT ANYTHING WILL HAPPEN. POLITICAL DECISIONS TAKE A VERY LONG TIME.

- FINANCE AND BANKING COMPANY



E-GOVERNANCE – IT SHOULD WORK BUT IT DOESN'T. IN PRINCIPLE, INFORMATION IS AVAILABLE ON E-LATVIJA BUT YOU CANNOT FIND A THING! IT IS ALL OVER THE PLACE, VERY HARD TO FIND WHAT YOU NEED. AND THEN IN PARALLEL YOU HAVE PLENTY OF OTHER PLATFORMS – E-SKOLA, E-KLASE, E-RIGA ETC. THIS IS GOOD EVIDENCE THAT ONE OF THE PROBLEMS LATVIA HAS WITH BIG PROJECT MANAGEMENT – NO CAPACITY. BUT THAT SHOULD BE DEALT WITH! FOR EXAMPLE, WHY NOT INTRODUCE A MINISTER FOR IT ISSUES THAT WOULD TAKE CARE OF GETTING THE E-GOVERNANCE RIGHT, MAKING SURE WE HAVE THE RIGHT APPROACH TO IT AND FULLY USE THE POTENTIAL.

- REAL ESTATE COMPANY





“

BUREAUCRACY IS WIDESPREAD. FOR EXAMPLE, SMALL THINGS LIKE PRINTING LICENCES. THE BUILDING AUTHORITIES ARE REJECTING SUBMITTED DOCUMENTS BECAUSE OF TYPING ERRORS. FIXING THE CONSTRUCTION PAPERS TAKES TOO MUCH TIME, IT IS COMPLICATED AND EXPENSIVE. THE BUREAUCRACY IN THE CONSTRUCTION PROCESS IS NOT EVEN COMPARABLE WITH THE STATE REVENUE SERVICE, WHICH HAS IMPROVED THE QUALITY OF COMMUNICATION A LOT. IT SEEMS THAT THE MUNICIPALITIES ARE JUST TRYING TO KEEP POWER. SOME OF THE LOCAL AUTHORITIES ARE DOING A GOOD JOB, BUT SOME ARE JUST STUCK, WORKING ON LOCAL INTERESTS.

- RETAIL AND TRADE COMPANY



“

MY CURRENT EXAMPLE - CONSTRUCTION OF THE NEW TERMINAL – IN FACT, EVERY DAY I ASK MYSELF WHY IT IS ALL SO COMPLICATED. WHEN IT COMES TO ADMINISTRATIVE THINGS – GETTING THE SIGNATURES ON DOCUMENTS ETC. IT TAKES A REALLY LONG TIME. PROCEDURES ARE VERY LONG, PEOPLE ARE AFRAID TO TAKE RESPONSIBILITY. I WOULD LIKE TO BUILD AND DO THINGS IN PARALLEL BUT I HAVE BEEN TOLD – NO, YOU FIRST NEED TO FINISH THIS AND THEN DO THAT – BUT IT IS MY BUSINESS HOW AND WHEN I DO THINGS!

- SERVICE COMPANY

“

THE “RĪDZENE” CONVERSATIONS ALSO MAKE US QUESTION THE REAL SITUATION VS WHAT IS “ON PAPER”. IN PRINCIPLE, WE HAVE KNAB, THE PROSECUTOR’S OFFICE, A COUNTRY THAT RESPECTS THE RULE OF LAW BUT THEN AGAIN – WHAT HAPPENS IN REALITY? HOW MANY PEOPLE HAVE BEEN PUT IN JAIL AS A RESULT OF THE WORK OF KNAB? ALSO, THE STATE AUDIT OFFICE – I HAVE NOT HEARD ABOUT REAL OUTCOMES AND RESULTS OF THEIR REVISIONS. IN MY OPINION, THE FUNCTION OF THE INTERNAL AUDIT IS NOT WORKING IN LATVIA.

- MANUFACTURING COMPANY

PROCUREMENT PROCEDURES ARE NOT TRANSPARENT IN LATVIA AND ARE MANIPULATED. THEY ARE UNETHICAL ON BOTH SIDES – BUSINESS AND GOVERNMENT; IN ADDITION, THE GOVERNMENT IS NOT REALLY INTERESTED IN THE QUALITY. WE HAVE SEEN CASES WHERE COMPANIES ARE NOT DISQUALIFIED EVEN IF THEY DO NOT COMPLY WITH THE RULES! THIS SHOULDN’T BE HAPPENING. OVERALL, I MUST CONCLUDE THAT A LOT OF TENDER PROCESSES PROVIDE FINANCIAL GAINS TO POLITICIANS AND THIS IS WHY FOREIGN COMPANIES CANNOT WIN.

“

- SERVICE COMPANY

“

CORRUPTION IS A HUGE ISSUE. IN THE AREA OF WASTE MANAGEMENT IN RIGA MUNICIPALITY, FOR EXAMPLE, THERE IS A CLEAR MONOPOLY SITUATION IN RIGA – RIGA HAS ONE OF THE LEADING WASTE MANAGEMENT COMPANIES THAT TAKES ADMINISTRATIVE RESOURCES AND ENJOYS A MONOPOLY POSITION. IN ADDITION, IT GOES TO THE COMPANIES AND THREATENS TO CAUSE THEM PROBLEMS IF ALTERNATIVE SOLUTIONS ARE BEING CONSIDERED. IF YOU ARE A NEW COMPANY, OR HAVE RECENTLY ENTERED THE MARKET, THIS GIVES A VERY BAD IMPRESSION. A HUGE PROBLEM. OVERALL, IN LATVIA THERE IS A STRONG ESTABLISHMENT THAT DOES NOT GO AGAINST CORRUPTION.

- MANUFACTURING COMPANY





“

AS FOR THE COURT SYSTEM, I CAN SAY THAT SOME COURT CASES IN WHICH WE WERE PRESENT SHOWED THAT THERE IS NO CONSISTENCY IN THEIR DECISIONS. THEY ARE ADOPTING DECISIONS ON A CASE BY CASE BASIS. ALTHOUGH THERE IS AN INFORMAL RULE IN COURTS THAT CASES RELATED TO THE LABOUR LAW, ARE DECIDED BEFORE THE OTHERS, IT'S STILL NOT REGULATED AND CAN BE DIFFERENT THE NEXT TIME YOU GO TO THE COURT.

- CONSULTANCY AND IT COMPANY



“

WE SEE CLEAR ISSUES WITH THE COMPETITION LAW AND THE RESPONSIBLE AUTHORITY THAT SHOULD BE ENSURING FAIR TREATMENT. WE ARE ALSO INVOLVED IN A COURT CASE THAT IS LONG. I DO NOT THINK THAT 5 TO 7 YEARS FIGHTING IN COURT SHOULD BE A NORMAL SITUATION. THIS IS NOT HOW THE COURTS SHOULD WORK. WE OBSERVE THAT IN SEVERAL CASES THE PUBLIC SECTOR INTERPRETS THE LAW IN VARIOUS WAYS, AND NOT CONSISTENTLY. WHEN THE LEGISLATION ALLOWS THE PUBLIC SECTOR TO INTERPRET THE LAW HOW THEY WANT, THEN YOU NEVER KNOW WHAT TO EXPECT. WE HAVE SEEN CASES WHERE THE COMPETITION COUNCIL INTERPRETS LEGISLATION IN ITS OWN WAY AND PUSHES A CASE TO THE COURT HOPING THAT THE JUDGE WILL BE ON THEIR SIDE.

- WHOLESALE AND RETAIL COMPANY



THE STATE REVENUE SERVICE IS STILL A HEAVY PARTNER. IF YOU ARE INVOLVED IN OVERPAID TAX RETURNS OR SIMILAR ISSUES, THE PROCESS IS LENGTHY AND SLOW. THE USE OF THE ENGLISH LANGUAGE IN COMMUNICATIONS SHOULD BE EXTENDED.

- FINANCE AND BANKING COMPANY



THERE WAS THE CASE OF THE LAW ON ANNUAL REPORTS. THE IDEA WAS TO REDUCE THE ADMINISTRATIVE BURDEN FOR SMES. THE PLAN WAS TO CREATE A UNIVERSAL REGISTRY BETWEEN STATE INSTITUTIONS AND CREATE ONE UNIVERSAL DATABASE FOR COMPANIES TO FILL IN BY THEMSELVES AND HAND IN TO THE STATE REVENUE SERVICE (SRS). THIS EXAMPLE WAS TAKEN FROM ESTONIA. IN THE END, THE PRODUCT WASN'T USER FRIENDLY. IT TOOK TOO LONG TO IMPLEMENT IT, AND THE PROJECT WAS ULTIMATELY ABANDONED. IT TOOK A LOT OF RESOURCES FOR COMPANIES TO FILL IN ALL THE OBLIGATIONS WHICH ONLY INCREASED, RATHER THAN DECREASED, THE ADMINISTRATIVE BURDEN. AND ON TOP OF THAT, THE SRS USED A CONSULTANT WHO WAS PAID A HIGH FEE. AS FAR AS I KNOW, THE CONSULTANT WASN'T COMPETENT AND THE COMPANY DIDN'T HAVE THE PROPER ACCOUNTING AND AUDITING EXPERIENCE WHICH IS SOMETHING THAT PUBLIC ADMINISTRATIONS LACK. THEREFORE, THE PROJECT ENDED BADLY.

- PROFESSIONAL ASSURANCE AND ADVISORY SERVICES COMPANY





“

IF SOMETHING IS DECIDED IN LATVIA IT DOESN'T MEAN IT IS GOING TO BE IMPLEMENTED. WE KNOW THAT THE HEALTHCARE SECTOR WILL RECEIVE AN ADDITIONAL 200 MILLION EUR. THE QUESTION SHOULD BE - ARE WE ACHIEVING THE GOAL OF GETTING THE SYSTEM RIGHT? WHERE ARE THE KPIS? WHO IS ASKING FOR CONTROL IN THE PARLIAMENT? STATE INSTITUTIONS NEED TO BUILD SOMETHING TO BE BETTER.

- WHOLESALE AND RETAIL COMPANY



“

A LAW HAS BEEN OPENED FOR TECHNICAL AMENDMENTS (IT WAS STATED INITIALLY THAT THE PURPOSE WOULD BE TO MAKE TECHNICAL CHANGES) BUT IN FACT FUNDAMENTAL CHANGES ARE BEING MADE.

- PROFESSIONAL ASSURANCE AND ADVISORY SERVICES COMPANY





# DEALING WITH CHALLENGES BROUGHT BY THE EXTERNAL ENVIRONMENT

WHAT ARE THE FACTORS THAT ALLOW YOUR COMPANY TO COMPETE  
SUCCESSFULLY? ARE THERE ANY PARTICULAR CHARACTERISTICS THAT ALLOW  
YOU TO DEAL WITH THE DIFFICULTIES IN THE BUSINESS ENVIRONMENT?



“

OUR COMPANY HAS A CODE OF ETHICS, IT IS TRANSPARENT AND THAT IS THE WAY WE LIVE AND WORK AND THERE WILL BE NO CHANGE REGARDLESS OF THE ENVIRONMENT WE OPERATE IN. WE TRY TO WORK AS CLOSELY AS POSSIBLE WITH THE RELEVANT MINISTRIES, THE PRIME MINISTER'S OFFICE AND ALL THE OTHER STAKEHOLDERS AS WELL AS WORK THROUGH VARIOUS NON-GOVERNMENTAL ASSOCIATIONS.

- FINANCE AND BANKING COMPANY

“

TAX AVOIDANCE – WE STILL SEE IT AND IT IS DISTORTING THE COMPETITION; IT IS A VERY BIG PROBLEM. OUR REACTION – WE HAVE A “NO CASH” POLICY, EVERYTHING IS DONE THROUGH THE BANK ACCOUNT – WE REALLY HOPE THAT THE AML PROCEDURES THAT BANKS HAVE CAN ACHIEVE MORE THAN WE CAN. WE ALSO MAKE SURE WE ARE AS TRANSPARENT AS POSSIBLE – REGARDING PRICING, FOR EXAMPLE, ALL INFORMATION IS AVAILABLE.

- REAL ESTATE COMPANY



“

WE ARE CONSTANTLY STRENGTHENING OUR INTERNAL POLICIES, WE HAVE VARIOUS E-LEARNING TOOLS, WE WORK ON HOW TO PREVENT SITUATIONS WHEN EVEN IN DOUBTFUL CASES WE COULD BE CONSIDERED GUILTY. WE SPEND A LOT ON OUR INTERNAL ROUTINES AND CONTROLS JUST TO AVOID PENALTIES. IT IS AN ENTIRE INTERNAL COMPLIANCE PROGRAMME TO PROTECT THE BUSINESS. IF IN DOUBT - BETTER AVOID IT. SINCE WE WORK IN THE BALTICS I CAN COMPARE AND SAY THAT IN ESTONIA THEY DOCUMENT LESS THAN LATVIA, THERE IS LESS BUREAUCRACY. THE ENTIRE THINKING AND APPROACH IS DIFFERENT, FOR EXAMPLE, IF YOU COMPARE THE TAX AUTHORITY IN ESTONIA AND LATVIA, THEY ARE VERY DIFFERENT, EVEN IN THEIR APPROACH TO TAX COLLECTION AND WHAT THEIR MISSION IS – TO COLLECT TAX OR TO PROVIDE A SERVICE TO COMPANIES.

- WHOLESALE AND RETAIL COMPANY

“

FOR US THE BUREAUCRATIC PROCEDURES SEEM VERY HEAVY AND TOUGH. BUT FOR US AS A COMPANY, THE MAIN RULE IS WHERE WE WANT TO OBEY THE LAWS. WE HAVE THE ATTITUDE THAT WE DO NOT WANT TO HAVE SHORTCUTS, WE TRUST THE LOCAL LEGAL FRAMEWORK AND WE WANT TO BE A TRUSTED MEMBER OF SOCIETY, SO WE DO NOT ACCEPT ANY SHORTCUTS. THAT MEANS WE NEED TO INCREASE OUR BUDGET FOR LEGAL SERVICES JUST TO UNDERSTAND DIFFERENT ANGLES AND ASPECTS OF THE LAW. THE LAW OFTEN ALLOWS VERY BROAD INTERPRETATIONS AND THERE ARE THINGS YOU CAN EASILY MISINTERPRET.

- RETAIL TRADE AND SERVICE COMPANY





ON THE ISSUE OF AVAILABILITY OF HUMAN RESOURCES, WE ARE WORKING DIRECTLY WITH THE MARITIME ACADEMY, FOR EXAMPLE. WE HAVE ESTABLISHED OUR OWN RELATIONSHIP WITH THEM AND IT WORKS PRETTY WELL.

- SERVICE COMPANY



THE BIGGEST CHALLENGE FOR US IS TO ATTRACT EMPLOYEES, IF SOMEONE LEAVES, WHICH CAN TAKE SIX MONTHS. ON TOP OF THAT, WE HAVE CLEAR AND STRICT GUIDELINES ON SALARY LEVELS. THIS FORCES US TO DO INTERNSHIPS IN SCHOOLS, ADVERTISING THROUGH SOCIAL NETWORKS, WE SEND OUR EXPERTS TO SCHOOLS SO THAT THEY CAN RECRUIT STAFF FROM THERE. WE OFFER BENEFITS (COVERING TAXI COSTS), PROVIDING SOME OTHER IN-HOUSE SERVICES FOR FREE, DOING SOCIALS AND EVENTS ALSO AT WEEKENDS.

- CONSULTANCY AND IT COMPANY



“

THE CONSTRUCTION CHALLENGE IS THE BIGGEST FOR US – TO EDUCATE OFFICIALS IS ONE OF THE THINGS WE DO. WE INVITE THEM AND SHOW THEM BEST PRACTICES. THERE ARE DIFFERENCES IN VARIOUS PARTS OF LATVIA. IN THE REGIONS WITH SMALLER MUNICIPALITIES IT IS BETTER – THERE IS MORE INTEREST AND WE FEEL WE ARE MORE WELCOME THERE. MOSTLY THEY ARE VERY POSITIVE (AS LONG AS WE DO NOT ENDANGER THE INTERESTS OF SOME OTHER SMALL BUSINESS ALREADY OPERATING THERE).

- RETAIL TRADE AND SERVICE COMPANY

“

LANGUAGE REGULATION FOR US IS AN ISSUE. IT ALSO PREVENTS OUR COMPANY FROM EMPLOYING THIRD COUNTRY NATIONALS. IN ESTONIA, FOR EXAMPLE, THE LANGUAGE REGULATION IS LESS STRICT. ALSO, WE CAN SEE THAT THE OLDER GENERATION DOESN'T SPEAK ENGLISH BUT THE YOUNGER GENERATION DOESN'T SPEAK RUSSIAN AND IT IS A PROBLEM. WHEN YOU ARE IN THE SERVICE SECTOR, IT IS DIFFICULT TO MANAGE WITHOUT RUSSIAN. THE GENERAL TREND IS TO SWITCH TO ENGLISH. FOR OUR GROUP THE “OFFICIAL INTERNAL LANGUAGE” IS ENGLISH; MANY OF OUR INTERNAL DOCUMENTS ARE IN ENGLISH ONLY.

- RETAIL TRADE AND SERVICE COMPANY



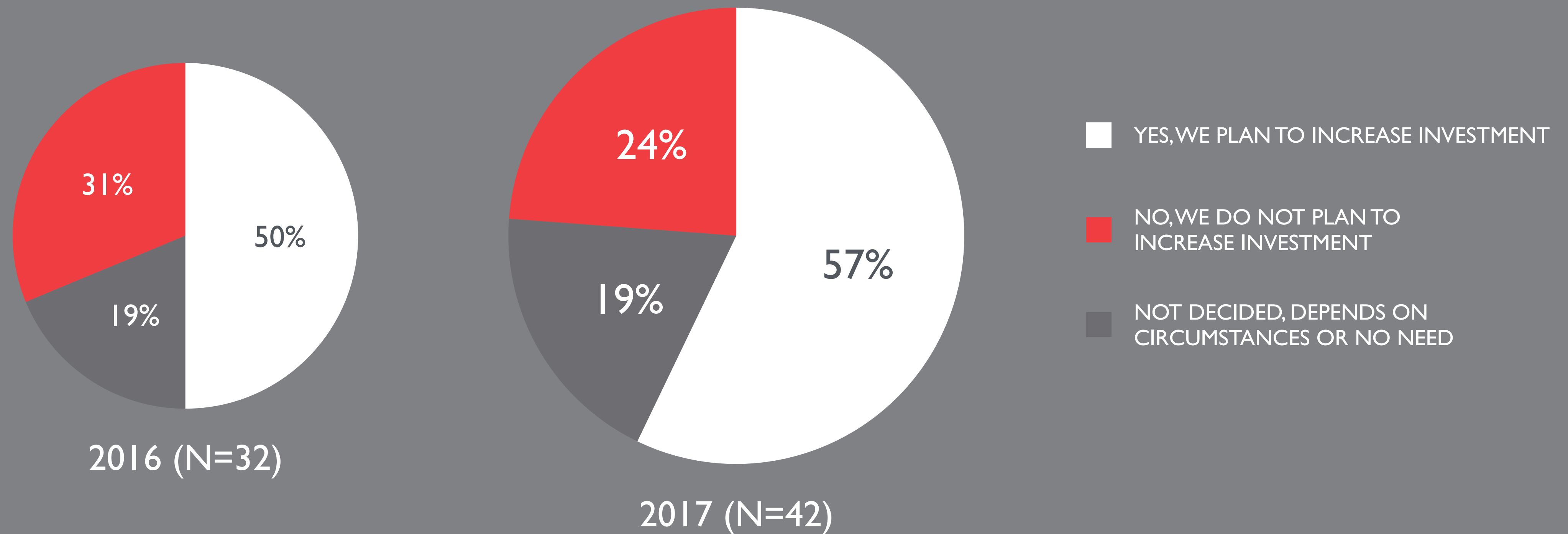


IN MY COMPANY, THE SIZE OF THE COUNTRY AFFECTS THE SPECIFICS THAT NEED TO BE APPLIED FOR PARTICULAR PROJECTS. IF YOU DO THE SPECIFIC PROJECT, YOU, NEED TO KNOW YOUR INDUSTRY AND MANY PROJECTS CARRIED OUT IN LATVIA REQUIRE SPECIFICATION. THEREFORE, IF LATVIA LACKS EXPERTISE, OUR COMPANY HAS EXPERTISE IN THE NETWORK. FOR SPECIFIC PROJECTS, WE CAN BORROW EXPERTS FROM OTHER COUNTRIES, BUT SMALLER CONSULTANT COMPANIES DON'T HAVE SUCH AN OPTION. THEREFORE, I DON'T KNOW HOW SMALL CONSULTANTS THAT WIN SPECIFIC PROJECTS/PROCUREMENTS LATER IMPLEMENT THEM PROPERLY.

- PROFESSIONAL ASSURANCE AND ADVISORY SERVICES COMPANY



# FURTHER INVESTMENT PLANS





# YES, WE PLAN TO INCREASE INVESTMENT



YES, 75 MILLION OVER 3 YEARS.

- RETAIL TRADE AND SERVICE COMPANY

WE HAVE A PROJECT UNDERWAY AND WE WILL CONTINUE WITH IT. THAT MEANS THAT NEXT YEAR WE WILL INVEST AN ADDITIONAL 10 MILLION. WE ARE LOOKING INTO NEW PROJECTS AS WELL, BUT EVERYTHING DEPENDS ON THE NEW TAX SYSTEM, HOW IT WORKS, AND IF THE GENERAL UNPREDICTABILITY IN LATVIA DECREASES.



- REAL ESTATE COMPANY



YES, AS A COMPANY, WE ARE MANAGING INVESTMENTS. SO IN THE NEXT 2 AND A HALF YEARS, WE WILL INVEST 120 MILLION EUR.

- REAL ESTATE COMPANY

YES. WE ARE INCREASING. WE HAVE ALLOCATED 100 MILLION FOR THE NEXT 10 YEARS. WE ARE HERE TO STAY.



- REAL ESTATE COMPANY



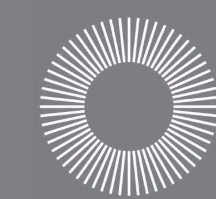
YES, WE PLAN TO INCREASE INVESTMENT, APPROX. 7 MILLION EUR.

- SERVICE COMPANY



YES, WE WILL OPEN A NEW MANUFACTURING LINE WORTH MORE THAN ONE MILLION.

- MANUFACTURING COMPANY



FOREIGN INVESTORS  
COUNCIL IN LATVIA





# NO, WE DO NOT PLAN TO INCREASE INVESTMENT



NO, WE DO NOT. UNFORTUNATELY, IN OUR CASE RIGA LOST IN COMPETITION WITH VILNIUS FOR HOSTING THE SHARED SERVICE CENTRE, SO THE INVESTMENT WILL GO TO LITHUANIA.

- FINANCE AND BANKING COMPANY



NO. TOO MUCH TAX UNCERTAINTY AND NOT ENOUGH FOCUS ON THE GREY ECONOMY.

- MANUFACTURING COMPANY

NO PLANS FOR US TO INCREASE THE INVESTMENT OR INCREASE THE NUMBER OF STAFF. CURRENTLY WE HAVE 200 STAFF MEMBERS AND WE WILL KEEP IT THAT WAY, SINCE WE ARE QUITE NEW IN LATVIA. BUT, IF THE FRONT OFFICE GROWS AND OUR COMPANY CHANGES ITS STRATEGY THERE MIGHT BE CHANGES IN THE BACK OFFICE IN RIGA.



- CONSULTANCY COMPANY



## NOT DECIDED, DEPENDS ON CIRCUMSTANCES



WE WILL ONLY INVEST IF THE POLITICAL CLIMATE IS GOING TO IMPROVE. IF WE HAVE FULL ACCESS TO THE RUSSIAN MARKET.

- RETAIL AND TRADE SERVICE COMPANY

WE WOULD LIKE TO CONTINUE TO INVEST IN LATVIA, BUT IT DEPENDS ON THE CHANGES IN THE TAX SYSTEM- THOSE THAT WILL COME INTO FORCE ON 1ST JANUARY. IF THE TAX AMENDMENTS ARE ADOPTED, WE WILL CHANGE OUR DECISION ON FUTURE INVESTMENT PLANS. WE ARE ALREADY ACTIVELY LOOKING INTO OFFERS FROM OTHER EU COUNTRIES.



- CONSULTANCY & IT COMPANY



WE ARE CONSIDERING IT. WE THINK ABOUT CREATING INTERNATIONAL SYNERGIES BUT THIS IS CONDITIONAL AND IT IS NOT CLEAR YET. CONDITIONS: AVAILABILITY OF QUALIFIED WORKFORCE, COMMAND OF ENGLISH (QUITE GOOD BUT INCONSISTENT), PRODUCTIVITY.

- WHOLESALE AND RETAIL COMPANY



THE ANALYSIS IS ONGOING. THE CRITICAL FACTOR IS LABOUR AVAILABILITY AND COST; ANYTHING THAT MAKES US MORE COMPETITIVE VIS-À-VIS OTHERS.

- CONSULTANCY AND IT COMPANY



FOREIGN INVESTORS  
COUNCIL IN LATVIA

# Q&A



# PANEL DISCUSSION

“BUILDING TRUST: SETTING THE AGENDA FOR 2018 AND THE WAY FORWARD”



**MĀRTIŅŠ VAIVARS**  
CEO AND FOUNDER  
OF TONEBOARD



**ARVILS AŠERADENS**  
DEPUTY PRIME MINISTER,  
MINISTER FOR ECONOMICS OF  
THE REPUBLIC OF LATVIA



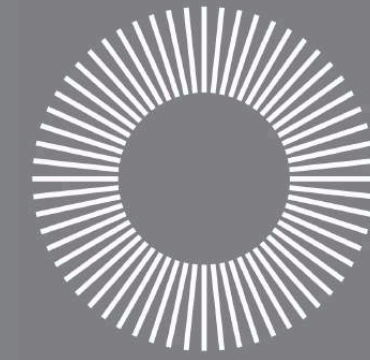
**ROBERTS ZĪLE**  
MEMBER OF THE  
EUROPEAN PARLIAMENT



**DANA REIZNIECE-OZOLA**  
MINISTER FOR FINANCE OF  
THE REPUBLIC OF LATVIA



**ULDIS RUTKASTE**  
HEAD OF MONETARY  
POLICY DEPARTMENT OF  
THE BANK OF LATVIA



FOREIGN INVESTORS  
COUNCIL IN LATVIA

# THANK YOU!