



## **U.S. Department of State FY 2001 Country Commercial Guide: Latvia**

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#### I. Executive Summary

This Country Commercial Guide (CCG) presents a comprehensive look at Latvia's commercial environment, using economic, political and market analysis. The CCGs were established by recommendation of the Trade Promotion Coordinating Committee (TPCC), a multi-agency task force, to consolidate various reporting documents prepared for the U.S. business community. Country Commercial Guides are prepared annually at U.S. embassies through the combined efforts of several U.S. government agencies.

Since regaining independence Latvia has rapidly advanced towards restoring a market economy with steady economic and financial reforms paving its way. Latvia may be a small country with its 2.5 million inhabitants, but it is a potentially attractive market for American IT equipment and services, capital machinery and equipment, and consumer products. Being the center of the three Baltic States gives it a strategic location as a commercial, financial and transportation hub for Russia/Baltic region.

The commercial environment is friendly to foreign companies. There are no controls on import, export, or use and conversion of foreign currencies, which facilitates investment and repatriation of profits. The Latvian government has adopted modern laws establishing copyrights, patents and trademarks and the means for enforcing their protection. Telecommunication services have been modernized and the real estate market looks promising with both modern housing and reasonably priced business venues available. English is the West European language of choice in government and business.

The Latvian economy grew at a healthy pace until the Russian economic crisis hit in 1998 and slowed the growth considerably, with negative fiscal and external account developments and noticeable contractions in GDP and industrial production. Towards the end of 1999 the economy picked up again, as the budget cuts recommended by IMF started to show their effect, and trade and FDI figures improved. The Latvian economy is based on service industries including transportation and financial services and on light industry, e.g., wood, textiles, food processing. Most of the light industry sectors suffered due to the Russian crisis and turned Latvian trade increasingly towards Western Europe.

American products face strong competition in the Latvian market from the EU and CIS. Due to historical trade relations, companies from Sweden, Germany and Finland approach the Latvian market with great confidence. The U.S. hosts the largest Latvian immigrant community in the world, and several Latvian-Americans have returned to Latvia and assumed leading roles in the business community. Latvia became a member of WTO in 1999 and was invited to begin EU accession talks in December 1999. They have free trade agreements with 26 countries, including European Union, EFTA, several CEFTA countries and Ukraine. Latvia has also concluded bilateral investment agreements with the majority of European and CEE countries and the United States.

Most U.S. companies doing business in Latvia rate the business environment among the best in Eastern Europe. The courts, the legal system, trade and other regulations and tax structures are slowly being modified towards the industrialized west. Government bureaucracy, corruption and organized crime, typical to the old Soviet Bloc countries, have been the main impediments to U.S. trade and investment also in Latvia. While these obstacles have sometimes made it more complicated to do business in Latvia than in the west, very few U.S. companies have abandoned the Latvian market because of them.

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## II. Economic Trends and Outlook

Since re-establishing independence, Latvia has adopted a comprehensive reform package, involving price and trade liberalization, privatization and macroeconomic stabilization. Latvia's private sector accounts today for 65% of the GDP, and 69% of the employment. In 1998, the inflation was down to 2.8% from 7.0% in 1997 (13% in 1996), and 1999 inflation settled at 2.4. The government estimates annual inflation in 2000 at 3.5 percent. Latvia's national currency the Lat is freely convertible and has appreciated against world currencies. In order to maintain stability, the Lat is loosely pegged to the SDR.

The growth of the Latvian economy slowed considerably in 1998 due to the financial crisis in Russia but began a recovery during 1999. Industrial output continued its decline due to the Russian crisis and by September 1999 bottomed out at 11.6% below the level reached a year earlier. Latvia actually registered a slight positive growth in GDP for 1999 at 0.1 percent due to a strong fourth quarter. In the summer of 1998 the IMF recommended budget cuts in Latvia in order to balance the declining GDP and the increasing foreign debt. The implemented cuts started to show their effect during 1999: Fitch IBCA re-assigned a reasonably favorable credit rating for Latvia; trade figures with Western Europe and the United States were encouraging; FDI increased, and unemployment showed signs of decrease during the year.

Latvia has no controls on import, export, nor use and conversion of foreign currencies, making investment and repatriation of profits exceptionally easy. The Latvian government has adopted modern laws establishing copyrights, patents, trademarks and intellectual property rights protection.

The privatization of medium-sized and large enterprises that began in 1994 is nearing completion. The Latvian Privatization Agency adopted a case-by-case approach regarding the methods of privatization. In most of the larger enterprises, several methods were combined, including international tenders, direct sales, public auctions and public offerings on the stock exchange. The government has expressed its intention to accelerate the remaining privatization of both the electrical

monopoly Latvenergo, the Latvian Shipping Company and the telephone company Lattelekom in 2000.

The amount of FDI grew considerably in 1996 and 1997 due to the intensive privatization efforts but declined by almost 50 percent in 1998. This decline was due to the Russian crisis and the postponement of large investment projects, especially in industries linked with exports to CIS, e.g. food and textile industry and electric engineering. The major investments in 1999 were made in the financial sector and in real estate. The main investment sectors in 2000 will be energy and transportation due to the privatization plans for the large remaining state enterprises. In the first quarter of 1999, FDI to Latvia amounted to 6.4 percent of GDP - a one percent decrease from 1998. The estimated FDI in 1999 was about USD 366 M, higher than in 1998 but not up to the 1997 level. Privatization FDI was lower in 1999 due to political and economic uncertainty.

Latvia's key imports are mineral products, raw materials and energy sources that have been imported mainly from Russia, and machinery and electrical equipment that is imported from the EU and the U.S. The main trade partners are Germany with 16 percent, United Kingdom with 13 percent and Finland with 10 percent of total imports to Latvia. During 1999 Latvia's exports to the CIS dropped by 40 percent but grew by 4 percent to the EU.

The EU's growing share of Latvia's trade amounted to 57 percent of export and 55 percent of import in 1998. In the first five months of 1999, the trade deficit narrowed by 19 percent compared to 1998, exports declined by 10 percent and imports by 14 percent.

The total imports from U.S. in 1999 amounted to about USD 218 million. During the first six months of 2000, the approximate imports from U.S. amounted to USD \_\_\_\_ million. The best prospects for U.S. exports are IT equipment including telecommunications equipment, electronic components and electrical machinery, light industry equipment, transportation vehicles and pharmaceutical products.

The Latvian government plans to fulfill the conditions for EU membership by 2002. The schedule and concrete tools for this goal are outlined in the National Program for Integration into the European Union. Latvia was accepted into the WTO in 1998 and became a full member in February 1999. In December, 1999, Latvia was invited to begin EU accession talks.

One of Latvia's strongest business attractions is its location as a commercial, financial and transportation hub for Russia/Baltic region. Just over a third of Latvia's population is concentrated in Riga, which is the largest city in the Baltic States. Latvia has a well-developed road network carrying traffic from the main Latvian ports eastward and from north to south along Via Baltica.

### III. Political Environment

According to the Latvian Constitution from 1992, the Government consists of the Cabinet of Ministers led by the Prime Minister. The parliament (Saeima) has 100 representatives elected for a three-year period. The next election will be held in 2001.

The year 2000 was marked by continued stability and strengthening of Latvia's democratic institutions. On June 17, 1999, state president, Canadian-Latvian Vaira Vike-Freiberga was elected

by the Latvian parliament. She is Latvia's second president since independence and the first woman president in Central Eastern Europe. Further political change occurred in April 2000 when the government headed by Prime Minister Andris Skele resigned. The present government headed by Andris Berzins came into office on May 16, 2000.

The government is composed of Latvia's three large center-right parties and is stressing continuity in domestic and foreign policies. Berzins was the Mayor of Riga, the largest Baltic capital, when tapped for the Prime Minister's seat. He is known as a pragmatic, strongly pro-business leader.

The Latvian government's policies reflect a broad public consensus in support of economic reform, democracy and the rule of law, and the integration of Latvia into Euro-Atlantic institutions, particularly the EU and NATO. In keeping with these aspirations, Latvia is modifying almost every sphere of its legislation to accord with EU requirements and is working to strengthen its regulatory and judicial institutions. Latvia's judiciary is an independent branch of government, but it is still weak and insufficiently trained, and organized crime and corruption are significant problems.

During 1999, Latvia made substantial progress in advancing the integration of its approximately 700,000 (largely Russian-speaking) non-citizens. The most difficult political issue of the year was the government's effort to revise the language law to promote the use of the Latvian language. The parliament passed a new law on July 8, which the OSCE, the EU, Russia and the US criticized as not meeting international criteria for protecting private institutions against government intrusion. The new President sent the bill back to Parliament to respond to the criticism and it is presently being reworked. Another difficult political issue deals with the atrocities that occurred in Latvia during the Holocaust and the Soviet occupation. The former President Ulmanis sponsored the establishment of a Historical Commission to look into and document that period.

Latvia has made great progress during 1999 toward its goal of EU accession as negotiations will begin in early 2000. Latvia's relations with the U.S. also grew during the year. Instruments of ratification of the mutual legal assistance treaty were exchanged in October and a treaty on Avoidance of Double Taxation was ratified by both countries. In contrast, Latvia's relations with Russia have continued to be difficult. The Russian government has refused to restart the Latvian-Russian intergovernmental commission or to sign a border agreement. Moreover, Russia has implemented restrictive transport, customs and banking regulations that target trade and financial transactions with Latvia.

#### IV. Marketing U.S. Products and Services

##### Distribution and Sales Channels

Marketing consumer products in Latvia has previously been inhibited by the lack of large distributors or wholesalers, but the situation has changed rapidly over the past few years. Food and grocery import, wholesale and retail operations are handled by private food wholesale companies.

Seasonal agriculture and food products are still sold at farmers markets located in largest cities, although there is a growing network of small grocery and produce stores. Traditionally, most grocery shopping has been done in small, specialized stores, such as a dairy store or a corner bakery but several large supermarkets have opened in the past years. The grocery/dry goods situation changed substantially with the entry of the Norwegian-Latvian joint venture Varner Baltija, which

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has brought the Norwegian retail chain “Rimi” to Latvia. The group has opened several modern supermarkets and transformed the Soviet style department store in the center of Riga into a modern grocery and department store. By acquiring Interpegro in 1999, the second biggest grocery chain in Latvia, Rimi chain has obtained a dominant share of the market and left far behind competitors.

### Use of Agents/Distributors

At present, there are no laws that regulate the relationship between a foreign company and its distributors or agents in Latvia. A distributor relationship can be terminated according to the provisions stipulated in each specific distributor agreement.

A common practice is to appoint one distributor/agent to cover the entire country. Due to the small size of the Latvian market, one importer may carry products from several industry sectors.

U.S. companies looking for agents or distributors in Latvia should contact the nearest U.S. Department of Commerce Export Assistance Center for Agent/Distributor Service, Latvian Development Agency for a list of Latvian importers or the Commercial Office in the U.S. Embassy in Riga.

### Franchising

Franchising has not been a very popular or well understood and regulated form of business arrangement in Latvia, but is gradually growing in popularity. Franchising arrangements are regulated under the Law on Competition.

### Joint Ventures/Licensing

A joint venture with a local partner can be a significant help for a U.S. company with little or no experience of the East European business practices. A good choice can be a company that is already registered with the Latvian Chamber of Commerce and Industry. However, it is highly advisable to find out as much as possible about potential partners. Basic information on a local company as well as its credit rating can be obtained from Latvian business information companies.

### Steps to Establishing an Office

If a foreign company decides to set up a subsidiary in Latvia, there are three forms of legal entities available

- limited liability company (SIA)
- joint stock company (AS)
- representative (branch) office of a foreign company

Limited liability and joint stock companies are established upon registration with the Latvian Enterprise Register. A limited liability company has the rights of a juridical person and may be established with a minimum statutory capital of 2,000 Lats (approximately \$3,400 at the current exchange rate of 0.585 Ls per dollar) by a physical person or another company. A limited liability company may have up to 50 shareholders.

Companies with more than 50 shareholders, as well as companies that make public offerings of securities, or are formed by privatizing state enterprises using privatization certificates must be established as joint stock companies. This is a less popular form of organization for foreign investors since the structure and legal requirements for registration are more complicated than for limited liability companies. A joint stock company also has the rights of a juridical person. The minimum statutory capital is 5,000 Lats (higher amounts are required to establish banks, insurance companies, currency exchanges and pawnshops). In five years, the minimum legal capital of a joint stock company will be increased to Ls 25,000. Establishment of a foreign bank branch is subject to the approval of the Bank of Latvia.

Representative offices of foreign companies may be established for an initial period of five years. The fee for opening a representative office is \$800; extensions cost \$100. Non-profit organizations and branch operations without an office in Latvia may be established for \$50.

Representative offices of foreign companies are not allowed to carry out commercial activities (business for profit) in Latvia. Such offices should be registered with the Register of Enterprises. These representative offices do not have a status of a separate legal entity. At present, the Register of Enterprises also has a separate procedure for registration of permanent representative offices that have the right to engage in commercial activities. This option, however, is expected to be revoked in near future.

#### Advertising and Trade Promotion

Advertising may be conducted freely in any printed or electronic media. The leading newspaper in Latvia is "Diena" (Day), which is published in Latvian. The leading business newspapers are "Dienas Bizness" (Business of the Day), published in Latvian, and "Biznes i Baltija" (Business and the Baltics), published in Russian. "Vakara Zinas" is a popular tabloid. "SM-Segodnia" is widely read by the Russian-speaking population. All information about official tenders and laws are published in Latvian government newspaper "Latvijas Vestnesis".

Applications for the grant of a patent or registration of a trademark can be made in Latvian, English, Russian, or German to the Latvian patent office, either directly or through a legal representative. Any patent or trademark may be invalidated by a court if it does not meet the legal requirements for granting a patent or the substantive provisions for registering a trademark. Intellectual property rights may be enforced through Latvian court action.

Consultation with a Latvian attorney is recommended before establishing a business or an intellectual property right in Latvia. While an attorney must be a Latvian citizen to be admitted to the bar, a number of practicing attorneys in Riga are dual-national immigrants who have received their entire legal education in the United States or Canada. The U.S. Embassy can provide upon request a list of U.S. lawyers practicing in Latvia.

#### V. Leading Trade Prospects for U.S. Business

##### Best Prospects for Non-Agricultural Goods and Services

###### 1. Computers & Peripheral Equipment (CPT)

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2. Telecommunications Equipment (TEL)
3. Computer Services
4. Pollution Control Equipment (POL)
5. Forestry/Woodworking equipment (FOR)

Sector Rank: 1

Sector Name: Computers &amp; Peripheral Equipment

ITA Industry Code: CPT

Information technology is the most dynamic and most rapidly developing industry in Latvia. The development of Western-style information society has been a vital part of Latvia's strategy prior joining the EU. Computer hardware segment covers approximately 50% of the Latvian IT market. Personal computer sales accelerated in 1997 and 1998, increasing by between 30% and 80%.

Sales were accelerated by implementation of the Latvian Education Informatisation System (LIIS). This program provides for that every school will have specialized computer classes with access to Internet, providing one computer per 10 students in grades 10-12, one computer per 25 students in grades 5-9, and one computer per 10 teachers.

Best prospects for U.S. computer hardware exports to Latvia are personal computers with latest versions of processors, small and medium multi-processor servers and multimedia equipment, LAN accessories and relevant computer parts. The interest in IP related equipment is expected to grow significantly in the next two years.

#### The number of Computers in Schools

	12/99	12/00	12/01E	12/02E	12/03E
Investments	1.1	1.6	2.3	2.3	2.3
USD Mill					
286	-	-	-	-	-
386	0.6	-	-	-	-
486	1.3	1.4	-	-	-
Pentium	3.4	5.4	8.4	9.3	10.6
Total	6.4	8.4	10,7	11,6	12,9
Supply/year	2,715	3,500	5,000	5,000	5,000
Written off					
per year	-506	-1,101	-2,220	-3,466	-2,715

#### Project Financing and Planned Costs (in USD Million)

Year	Govt. investments	Education Ministry	Municipalities	Total
1997	0.17	-	0.03	0.20
1998	0.35	0.26	0.76	1.37
1999	1.18	0.26	0.70	2.14
2000	1.17	0.25	0.80	2.22

2001	2.94	-	-	2.94
2002	2.94	-	-	2.94
2003	3.00	-	-	3.00
2001- 2003	8.88	0.78	2.29	8.88
TOTAL	11.75	0.78	2.29	14.81

Sector Rank: 2

Sector Name: Telecommunications Equipment

ITA Industry Code: TEL

The telecommunication sector has been growing rapidly in Latvia since the establishment of Lattelekom in 1994. This joint venture between the state and a consortium of European Telecom companies is still in the process of modernizing the fixed public telecommunications network, including pay phones. Its total capital investments in the country's telecommunications system at the end of 1999 were valued to be LVL 307 million (around USD 500 million). Latvian government has granted exclusive rights on the wired telecommunication services to Lattelekom for a period up to year 2013. As Latvia wants to join the EU, it needs to meet the EU requirements for open telecommunications market and this period will be shortened to year 2003. Negotiations between the government and Tilts Communications about finding a way out of this magic circle are in the process.

VITA, the Latvian State Information Network Agency is engaged in the development and maintenance of the country's State Significance Data Transmission Network. The project will be implemented in years 2001 - 2003, with a budget of USD 10 million.

The best growing sub-sectors of telecommunications are digital lines and mobile telecommunication services. Latvia has one of the highest mobile phone penetration rates in CEE with 15% of the population using mobile telephony. During years 1996-99, a number of subscribers has doubled every year. Both mobile and paging operators are eager to keep in pace with the latest technology and network infrastructure. Prepaid mobile communication service was one of the most popular services among customers in 1998 and 1999. In May 1999 both operators introduced WAP services. However, many experts assess that when new operator will enter the market there will be even more rapid increase in the number of subscribers, thus also increasing mobile phone sales. There are plans to open a tender for the 3<sup>rd</sup> mobile communications operator to work in 3G standard.

Most popular cellular phones are Nokia and Ericsson. They are followed long behind by such brand names as Siemens, Alcatel, Motorola and Sony.

Sector Rank: 3

Sector Name: Computer Services

ITA Industry Code: CPS

One of Latvia's priorities since regaining independence has been to update the outdated tele- and data communications network, and large investment have been made both on telecommunication and

high-speed data transmission networks.

Y2K compliance has been one of the main factors increasing the need for computer services. Also, the majority of Latvian companies, government institutions and financial institutions have commenced the development of their IT systems, including back office systems, LANs, accounting and financial control systems. Most large to medium size enterprises are upgrading their IT systems with aim to take advantage of the opportunities provided by e-business. Both electronic commerce and Internet are rapidly penetrating the Latvian market, increasing the need for computer related services and support. Best prospects for U.S. exports in the computer services sector are: Internet/ Intranet, systems and networks implementation, education and training, and support services.

Sector Rank: 4

Sector Name: Pollution Control Equipment

ITA Industry Code: POL

The Soviet era left behind heavy polluted large industrial areas, transportation crossroads and abandoned Russian army bases. Latvia is eager to invest funds and resources in environmental protection in order to meet the EU and other international convention requirements. Both Latvian Ministry of Environmental Protection and the municipal governments have implemented several environmental projects ranging from wastewater treatment to landfill.

Best prospects for U.S. exports in the environmental sector are counseling services, wastewater treatment technology, ozone-friendly technologies on industry level, pollution control equipment for oil and transportation industries and water supply and sewerage development.

Sector Rank: 5

Sector Name: Forestry/Woodworking equipment (FOR)

ITA Industry Code: FOR

Forestry and wood processing industry has a long tradition in Latvia. Some 45% of the land area is classified as forest out of which approximately 7 acres are available for commercial forest operations. The approximate amount of annual timber harvest is 8.3 million cubic meters. The local saw mill industry has potential for expansion but the existing mills are in need of technology and machinery upgrades and the new establishments both managerial and marketing know-how. Timber and sawmill industries have potential for foreign investment. Both raw materials and labor are available at low cost.

Since 1995 Latvia has been trying to initiate the recovery of pulp and paper industry. The Government of Latvia has "provided a green light" for a project to build cellulose plant in Latvia with a capacity of 600,000 t pulp per year. Swedish "Sodra group" and Finnish "Metsae-Serla" have been accepted as partners in this project. According to the latest information the estimated costs of the plant will be around USD 960 million. The plant will be placed in Latgale (Latvia's Eastern region) near the Daugava river.

The annual allowable cut of pulpwood is 4 million m<sup>3</sup> under bark, which exceeds mill's demand (2.4 - 2.9 million m<sup>3</sup> annually) for both softwood and hardwood. Currently, pulpwood is exported to Finland and Sweden. This is leaving plenty of room for developing smaller pulp and paper mills to Latvia.

Best prospects for U.S. exports are saw mill equipment, woodworking machinery, plant technologies and training, pulp and paper mills (new and second hand).

## VI. Trade Regulations and Standards

Latvia passed its current customs laws in October, 1994, with adjustments for the European Union requirements taking effect on July 1, 1997. Customs duties apply both to the import and export of goods. Latvia requires licenses for the import of grains, sugar, fuel, tobacco, alcohol and arms, and for the export of ferrous and non-ferrous metal scrap, ethyl alcohol, and spirits. Overall, there are 97 classes of goods which correspond to HS Codes. In case of disputes, the official European version of codification is used.

The applicable import rates vary depending on the origin and the type of the goods imported. The basic rate is from 0 to 55 percent. There are separate rates applicable to goods originating in countries with Most-Favored-Nation status and with which Latvia has free-trade agreements. Export rates vary from 0 to 100 percent.

The Customs Law provides for customs duty exemptions. Foreign investors most commonly exempt the temporary import of goods, and the foreign investment of fixed assets. Temporary import into Latvia may not exceed 24 months.

Imports are also subject to excise and value-added-taxes (VAT). VAT rates are either 0 or 18 percent. VAT taxpayers are entitled to deduct the tax which they pay on supplies (input VAT) from the tax which they charge their customers (output VAT), provided that the input supplies relate to the activity of the taxpayer. Persons whose sales, excluding exempted sales, exceed 10,000 Lats (approx. USD 18,000) within a 12 month period must, within the following 30 days, be registered with the State Revenue Service for VAT payers.

The following groups of supplies are subject to a zero percent VAT rate:

- The supply of goods outside Latvia
- Services which are related to the supply of goods outside Latvia
- Services and supply of goods not supplied within Latvia
- Supply of goods and services related to the maintenance and service of international transportation
- Tourism services in certain instances
- On the basis of reciprocity, services and goods related to diplomatic and consular officers enjoying immunity
- Certain services if the recipient is a non-resident

Excise taxes are applied to alcoholic beverages, tobacco products, gold/jewelry, and cars at various rates. Excise taxes for fuel and oil also apply, with the tax for petrol, oil, and diesel fuel ranging from USD 245 to USD 360 per 1000 litres. Oil gases are taxed at USD 85 per 1000 kilograms.

There are several exemptions from the excise tax in regard to vehicles, such as smaller cars and certain trucks. Excise tax for alcohol and tobacco products is generally paid by purchasing excise tax

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stamps.

Latvian customs authorities require the following import documentation: a copy of the contract, an invoice, a bill of lading indicating the amount, weight and value of the goods, and the original certificate of origin (from EUR.1 or form A). At the border, an importer or his agent must complete a customs declaration and a customs freight delivery note. Document requirements for exports include: a declaration, transport documentation, a contract, a certificate of origin, and a license. Export licenses are issued by the Customs Authority.

There are over 60 customs warehouses in Latvia with storage terms that are unlimited in length. Products stationed there can be further processed in order to improve their appearance and prepare them for distribution or re-sale.

Export rates are not imposed on exports, except for art objects and antiquities (0-20%) and for non-ferrous metals.

Latvia became a member of the World Trade Organization on February 10, 1999, and has free trade agreements with 26 countries, including all European Union and European Free-trade Association (EFTA) countries, the Czech Republic, Slovakia, Poland, Slovenia, Lithuania and Estonia. The existing free-trade agreement with the Ukraine does not extend to food commodities. Latvia also has Most-Favored-Nation trade agreements with 21 other nations, including the United States, Canada, China, India, Australia, the CIS countries, and Hungary.

## VII INVESTMENT CLIMATE STATEMENT

### OPENNESS TO FOREIGN INVESTMENT

The Latvian Government actively encourages foreign direct investment, and has taken significant steps to improve the country's business climate. One of Latvia's strategic national goals is to accelerate integration into Euro-Atlantic organizations, and more broadly, into the global economy. To this end, the government has been striving to bring Latvian economic institutions, laws and regulations into conformity with EU directives. In particular, Latvia made broad changes to its legislation prior to its accession to the World Trade Organization in February 1999.

Under the 1991 Foreign Investment Law, the laws of the republic of Latvia apply equally to domestic and foreign investors. Amendments to the investment law passed in 1996 removed virtually all restrictions on foreign investment. However, there are several exceptions: foreign investors are prohibited from controlling companies that are involved in security services (the law on security activities, 29/10/98), air transport (the regulations on licensing of air transport, 6/9/99), and lotteries and gambling (the law on lotteries and gambling, 6/16/94), although the said provision does not refer to investors from EU and associated countries. In addition, the law on insurance restricts representative offices or branches of foreign insurance companies to reinsurance operations. However a foreign insurance company is eligible to set up a 100 percent foreign-owned insurance company in Latvia. According to the 1995 laws on credit institutions and on the Bank of Latvia, a foreign bank opening a representative office, bank branch, or merging with a local bank must receive approval from the Bank of Latvia. In January 1995 the United States and Latvia signed an agreement on

mutual protection of investments, which went into effect on December 26, 1996.

Companies registered in Latvia and owned by foreigners, as well as foreign individuals, can purchase land freely if the majority of investors represent countries with which Latvia has entered into international agreements on mutual protection of foreign investments. Land can also be purchased by companies in which citizens of Latvia own a controlling share. In addition, foreign investors can lease land for up to 99 years.

The law on privatization of state and municipal property governs the privatization process in Latvia. The Latvian Privatization Agency (LPA), established in 1994 to carry out the privatization program, has adopted a case-by-case approach in determining the method of privatization for each enterprise under privatization. There are a number of methods that the LPA uses to privatize a state enterprise. The three major methods are public auction, auction for selected bidders, and tender. For some of the largest companies, a certain percentage of shares can be sold publicly at the Riga Stock Exchange. In state stock companies, employees and pensioners can acquire up to 20 percent of the company shares using privatization certificates, and 5 percent are reserved for the pension fund. For some companies, management can acquire up to 25 percent of the shares using privatization certificates, but only if certain conditions are met (e.g. if the company has no debts). The government can decide to maintain a certain number of shares in companies that are deemed important to the state's strategic interests.

Privatization of small and medium enterprises is almost complete, and the government has stated its intention to complete privatization of nearly all large state-owned enterprises by the end of 2000 (comment: this is an unlikely target, particularly for privatization of the major electrical utility, Latvenergo.) The only exceptions will be the postal service, the state-owned railway company, the Riga International Airport and approximately 40 small and medium-sized companies in the health care sector, social services, road maintenance, and companies providing support for the agricultural sector.

Foreign investors appear to have fair access to most enterprises that are eligible for privatization. Even though blocks of shares can be reserved for employees and management, there have been no reports of a serious foreign investor having been excluded from a privatization due to this practice.

In keeping with European Union and World Trade Organization requirements, there is no screening of foreign investment. On special occasions, when the government is prepared to offer considerable tax exemptions, grants or other concessions, strategic investors for greenfield projects are selected through international tenders. So far, there was one such tender for the right to develop and operate a cellular phone network; in addition, preliminary negotiations with potential investors in a large pulp mill project are underway. The investor selection process for these projects appears to be non-discriminatory. Tender regulations for greenfield projects are prepared on a case-by-case basis.

The process of completing privatization of some of the biggest, and potentially most lucrative, state enterprises is politically sensitive. Relatively large, politically well connected domestic business groups are lobbying for broader participation in the privatization of attractive state firms such as the energy monopoly - Latvenergo; Latvia's largest oil terminal - Ventspils Nafta; the Latvian Shipping Company and several others. Political stalemate delayed privatization of these enterprises in 1999. Despite the government's commitment, complete privatization of all the foregoing state-owned

enterprises by the end of 2000 is unlikely.

### Conversion and transfer policies

Latvia's Foreign Investment Law provides for unrestricted repatriation of profits associated with an investment. Investors can freely convert local currency into foreign exchange at market rates, and have no difficulty obtaining foreign exchange from Latvian commercial banks for investment remittances.

### Expropriation and compensation

There have been no cases of arbitrary expropriation of private property by the government of independent Latvia. Expropriation of foreign investment is possible in a very limited number of cases specified in the law on expropriation of real property. Compensation must be paid in full within three months of the date of expropriation. If the owner of the property claimed by the government deems the compensation inadequate, the owner has the right to appeal to a Latvian court.

Since independence, the Latvian Government has been de-nationalizing private property seized by Soviet authorities during the occupation. In cases when the government cannot return property to former owners or their rightful heirs, compensation certificates or monetary compensation are issued in lieu of ownership rights. However, the property restitution process is sometimes slow due to red tape and shortage of funds. A small number of restitution cases involving American citizens have not been finally resolved.

### Dispute settlement

Currently, the embassy is aware of several commercial disputes involving U.S. companies in Latvia. The disputes range from the telecom sector to the energy sector, equipment supply to advertising, and mainly concern different interpretations of a contract.

The 1993 Law on Judicial Power introduced a three-tier court system. Currently, judicial power is exercised by town, city and rural districts; regional courts; and the supreme court. In addition, the constitutional court reviews the compatibility of decrees and acts of the President of the republic, the government and local authorities with the constitution and the law. Unless otherwise stipulated by law, district courts are the courts of first instance in all civil, criminal and administrative cases. Regional courts are vested with the authority of appellate review for district court verdicts. In addition, regional courts are courts of first instance for cases specified in the civil code. Such cases include claims exceeding Ls 15,000 (approximately USD 25,000), adoption cases, cases related to immovable property and serious criminal offenses. The supreme court consists of the senate and houses of court. The law provides for civil, criminal and economic houses of court. However, the economic court has not yet been established.

Judges are appointed by the Minister of Justice and their appointments are confirmed by the Parliament after two years' professional practice. From then on, they have absolute security of office, which can only be called into question if they have committed a crime. The judges at the supreme court are appointed by the president of that body.

City and regional courts are administered by the Ministry of Justice and therefore may be subject to indirect pressure from the government. The supreme court and constitutional court are independent. However, improvements in the judicial system are needed to accelerate the adjudication of cases, to strengthen the enforcement of court decisions, and to upgrade professional standards.

There are three arbitration institutions in Latvia: Riga International Arbitration; arbitration under the auspices of the Privatization Agency; and arbitration conducted by the Latvian Chamber of Commerce. In most commercial agreements today, the parties opt to refer their disputes to arbitration rather than to the Latvian courts.

The Civil Procedure Law, which came into force on March 1, 1999, contains a section on arbitration courts. This section was drafted on the basis of the UNCITRAL model law, thus providing full compliance with international standards. The law also governs the enforcement of rulings of foreign non-arbitral courts and foreign arbitrations.

Latvia has joined the 1958 New York Convention on the recognition and enforcement of foreign arbitral awards, and thus judgments of foreign arbitral courts that are made in accordance with the convention can be enforced in Latvia. In addition, the civil procedure law stipulates that the judgements of foreign non-arbitral courts can be enforced in Latvia.

The parliament has adopted the new Collateral Law and thus has significantly strengthened the process and security of registering pledges on moveable assets. A modern Bankruptcy Law was adopted in 1996. In October 1995, the Law on Credit Institutions was passed which also regulates bank bankruptcy and liquidation. Business activities are regulated by the Law on Entrepreneurial Activities and Business Operations, which serves as the legal framework for establishing, registering, operating and closing a business in Latvia.

There are two laws governing bankruptcy procedure: the 1996 Law on Insolvency of Enterprises and Companies, and the Law on Credit Institutions, which regulates bankruptcy procedures for banks and other financial sector companies. The Law on Insolvency provides for company reorganization proceedings whereby a majority of creditors can reach a binding settlement with the debtor. Secured claims enjoy privilege rights and are satisfied separately before the liquidation of the debtor's assets. The next priority group includes the administrative expenses of the liquidation process, employee salaries and social tax payments, payments to farmers, social tax debt, credits guaranteed by the state and other payments to the state budget. After the claims of the first group are satisfied in full, debts to other creditors are settled, and when the principals of all the above-mentioned debts are repaid, creditors are entitled to interest payments. Creditors that submit claims after a certain deadline have the lowest priority in the debt settlement process. The Law on Credit Institutions and the Law on Deposit Insurance regulate bank bankruptcy procedures and establish a similar order of priority for claims.

The law requires monetary judgments of local courts to be made in local currency. Judgments of local arbitral courts can be made in either the investor's or local currency.

Performance Requirements and Incentives

Foreign investors are entitled to exemptions from VAT and customs duties on fixed assets which are imported as long-term investments, and there is an exemption from VAT and import duties if goods are imported for processing on a temporary basis. Companies with foreign capital that was registered in Latvia before April 1, 1995, are exempt from corporate income tax payments for 4-8 years after the company first made taxable profits. There appear to be no other incentives that apply exclusively to foreign investors. However, the Latvian Government has prepared a series of incentive schemes for investment, both foreign and domestic, in several free ports, special economic zones, and in special support regions.

Except in certain specific cases described below, there are no performance requirements for a foreign investor to establish, maintain or expand an investment in Latvia.

In the privatization process, certain performance requirements for investors, both foreign and domestic, are determined on case-by-case basis. Typically, those include requirements to maintain a certain employment level and to invest a certain amount of money into the company. The privatization requirements are subject to negotiation.

The privatization control department at the Latvian Privatization Agency reviews the progress of each privatized company over the three years following privatization. If an investor does not meet the requirements specified in the privatization regulations, the LPA breaks the agreement with the investor. As the requirements are easily measurable, LPA decisions in such situations are reasonably transparent and fair.

In addition, there are several requirements for companies applying for a license to operate under a free port or Special Economic Zone regime. Since separate laws were adopted to regulate business activities in each of the free trade zones, the requirements vary from one to the other. Only the Liepaja Special Economic Zone has a requirement for the share of exports in the total output. In order to qualify for tax relief in the Liepaja Special Economic Zone, at least 80 percent of the goods manufactured there must be exported.

Under Latvian law, it is quite easy for foreign citizens to enter Latvia for temporary business activities (up to three months in a half year period). For business persons wishing to reside and work in Latvia for longer periods it is necessary to obtain a residence and work permit. Both embassy contacts in the American business community and a FIAS (Foreign Investment Advisory Service) study on administrative barriers to investment have noted that obtaining the permits is a complex and lengthy process. However, acting on the recommendations of the FIAS study, the Latvian Government has simplified the issuance of work and residence permits. It has reduced the number of documents to be submitted, as well as abolished fees for certain categories of jobs (for example, managing directors of companies), and ensured that work and residence permits can be obtained simultaneously at the Departments of Citizenship and Migration Issues Board.

Starting from January 1, 2001, companies producing hi-tech products, and computer hardware and software will be granted a 30 percent tax reduction of their corporate income tax. The tax break will be applicable in those cases where 75 percent of the company's output consists of the above-stated products and the company has ISO 9000, 9001 and 9002 certification. During the year 2000, the Cabinet of Ministers will adopt regulations specifying the products to which the tax reduction will be applied.

## Right to Private Ownership and Establishment

Under Latvian law, foreigners may conduct business activity under one of three forms of business representation:

- the limited liability company ("sabiedriba arierobezotu atbildibu" or SIA);
- the joint stock company ("akciju sabiedriba" or AS); and
- the representative (branch) office of a foreign company.

Limited liability and joint stock companies as well as representative offices are established upon registration with the Latvian enterprise register and have the rights of a legal person. Other full liability forms of business representation are closed to foreigners, including sole proprietorships (individualie uzņēmumi), partnerships (ligumu sabiedribas), enterprises of social and religious organizations (sabiedrisko/religisko organizaciju uzņēmumi), companies with supplemental liability (sabiedribas ar papildinatu atbildibu), not-for-profit companies and cooperative societies. However, foreign companies registered in Latvia can freely participate in other forms of business representation. Private enterprises have competitive equality with public enterprises with respect to access to markets and business operations.

A new Commercial Law was adopted on April 13, 2000 and will take effect on January 1, 2001, forming the framework of Latvia's business legislation. The new law will replace several laws which are now guiding commercial activities (the laws on joint stock companies, on limited liability companies, etc.) The Commercial Law is containing basic rules, which apply to all types of companies, as well as specific rules on specific types of companies. The new law sets provisions for five different types of entrepreneurship: individual entrepreneurs, partnerships (general and limited) and corporations (joint stock and limited liability companies). The law will form a legal background for brokerage activities (for example, real estate brokers) and commercial agents. A few changes will take place in the registration process. For example, registration of a business in the Commercial Register (currently called the Enterprise Register) will take no more than 3 days instead of 15 days as provided now and the minimum fixed capital requirement for joint stock companies will be raised to 25,000 Lats from the current 5,000 Lats.

## Protection of property rights

Legal rights to property have been restored in Latvia. The World Bank has assisted the government of Latvia to institute a land title registration system, although progress has been hindered by a slow cadaster process. A new mortgage law was put into effect in 1998, which strengthens the recognition and enforcement of secured interests in property.

In the effort to harmonize its legislation with EU and WTO requirements, Latvia has established a solid legal framework for the protection of intellectual property. In 1993, the Latvian parliament passed legislation to protect copyrights, trademarks and patents. In 2000, the parliament adopted a new law "on copyrights". The new law strengthens protection of software copyright, and neighboring rights. Foreign owners may seek redress for violation of their intellectual property rights through the appealation council at the Latvian Patent Office; court action can also be sought in such cases. In copyright violation cases the interested party can request through the court that use of the

pirated works be prohibited, that pirated copies be destroyed and that remuneration for losses be paid, including lost profits. The Criminal Law stipulates penalties for copyright violations. Although Latvia's authorities are taking more proactive steps to confiscate pirated films, video and software, IPR enforcement still remains an area where improvements are necessary.

In May 2000, the USTR added Latvia to its special 301 watch list. The USTR is concerned about IPR violations concerning trademarks, pharmaceuticals, and piracy of business software and audio-visual materials. The USG, the EU and other international institutions are working with Latvia to improve the enforcement of its IPR laws and to combat more effectively transshipments of pirated products through Latvia.

In July 1994, President Clinton signed a Trade and Intellectual Property Rights Agreement with Latvia. Latvia has been a member of the World Intellectual Property Organization (WIPO) since January 1993, a member of the Paris Convention since September 1993, a member of the Bern Convention since August 1995, and Geneva Convention for the Protection of Producers of Phonograms against unauthorized duplication of their phonograms since August 1997. In addition, the Latvian Government has amended all relevant laws and regulations in order to comply with the requirements of the WTO TRIPS Agreement (agreement on trade-related aspects of intellectual property rights), to which Latvia acceded by joining the WTO.

Latvia has also acceded to the following international treaties and agreements:

- Patent Cooperation Treaty (September 1993);
- Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure (December 1994);
- Madrid Agreement on International Registration of Trademarks (January 1995);
- Nice Agreement on International Classification of Goods and Services for the Purposes of Trademark Registration (January 1995);
- Rome Convention for the Protection of the Rights of Performers, Producers of Phonograms and Broadcasting Organizations (with a note to not apply the article 12 of the convention concerning phonograms of producers that are not nationals of contracting states).

#### Transparency of the Regulatory System

The Latvian Government has repeatedly amended its laws and regulatory procedures in an effort to spur Latvia's integration into the European Union, the WTO and the global economy. However, the frequent changes have resulted in regulatory confusion and conflicting interpretations of laws that can often undermine the transparency of the regulatory system. In particular, conflicting interpretations in the area of taxation, and the weak capacity of the judicial branch to provide transparent and timely tax dispute resolution, are hindrances to investment.

#### Efficient Capital Markets and Portfolio Investment

Government policies do not interfere in the free flow of financial resources or the allocation of credit. Local bank loans are available to foreign investors. However, average interest rates for both local currency and USD loans are still high. In May of 2000, the average weighted interest rate for

long-term LVL loans stood at 11.2 percent and the average interest rate for loans in currencies of the OECD countries at 10 percent.

The Latvian banking system successfully recovered from the 1995 banking crisis that wiped out a substantial portion of Latvia's GDP. The system was shaken again in the fall of 1998, when the Russian government defaulted on its debt payments. A number of Latvia's largest banks held considerable amounts of Russian bonds and consequently suffered substantial losses. In addition, Latvian banks lost Russian customers who, in some cases, had made up a significant part of their customer base. However, by the end of 1999, the banking system had fully recovered, ending the year with a modest profit. Although the Russian crisis failed to induce the expected wave of mergers and acquisitions in the Latvian banking sector, most analysts expect that in the next few years the consolidation and restructuring process will reduce the number of banks from the current 23 to about 10-15.

At present, the central bank acts as a supervisory institution for the banking system, although in the future the GOL plans to create a new independent regulator of the financial markets, combining the supervision of the banking sector, the insurance industry and the stock market. The banking supervision system, created with the assistance of the U.S. Agency for International Development, is often called one of the most successful in Central and Eastern Europe. The regulatory framework for commercial banking incorporates all principal requirements of European Union directives. Existing banking legislation includes provisions on accounting and financial statements (strict adherence to the international accounting standard is required), minimal initial capital requirements, capital adequacy requirements, large exposures, restrictions on insider lending, open foreign exchange positions and loan-loss provisions. An Anti-Money Laundering Law and Deposit Insurance Law were adopted in 1998, and an independent anti-money laundering unit is now operating in close cooperation with the General Prosecutor's office. Some of the banking regulations, such as capital adequacy and loan-loss provisions, are even tighter than EU requirements. The central bank strictly enforces all of the banking regulations.

As of March 31, 2000, the assets of Latvia's five largest commercial banks (Parekss Banka, Latvijas Unibanka, Hansabanka, Latvijas Krajbanka, and Saules Banka) totaled LVL 1.27 billion (\$2.13 billion), or 60 percent of combined bank assets.

Markets for debt instruments are dominated by trade in treasury bills with increasingly longer maturities, the longest of which is currently five years. Foreign banks are allowed to participate in the primary market for treasury bills — weekly auctions organized by the Ministry of Finance, and the Bank of Latvia provide repurchase and reverse repurchase facilities.

Securities markets are regulated by the 1996 law on securities, the law on the securities market commission, and several other laws and regulations. Even though Latvia has made considerable progress in developing securities markets and the respective legal framework, legislation is still developing. In 1996, the Ministry of Finance transferred security market supervisory functions to an independent institution — the Securities Market Commission. Protection of investor interests is ensured by strict control over participants in the securities market. Transparency of the market is achieved by issuing Riga Stock Exchange (RSE) bulletins after each trading session and by offering securities market information on the Internet.

Led by a young and energetic team of professionals, the Riga Stock Exchange started to operate in 1995. France assisted Latvia in setting up the securities market based on a continental European model. In 1997, the RSE was admitted to the International Federation of Stock Exchanges as a corresponding emerging market. The RSE was the first exchange in Eastern Europe to create an index in cooperation with Dow Jones.

### Political Violence

There have been no reports of political violence or politically-motivated damage to foreign investors' projects or installations since Latvia regained its independence in 1991. The likelihood of widespread civil disturbances is extremely low.

### Corruption

Foreign business representatives and non-governmental organizations such as Transparency International, have identified corruption as a persistent problem in Latvia. It is often alleged that bribe-taking — ranging from low-level bureaucrats in a position to delay or speed up bureaucratic procedures, to high-level officials involved in awarding government contracts — is not uncommon. For U.S. companies, the lack of transparency in government procurement has created difficulties. Other key problem areas include customs, dispute settlement — including tax collection — and conflicting interpretations of the regulatory system, which can foster corruption.

The Latvian Government has responded by making a serious commitment to fight corruption. The legislature has enacted the Corruption Prevention Law and amendments to the criminal code, which introduce an equivalent of the U.S. False Statement Statute, and the Law on Money Laundering was adopted in 1998. Nevertheless, enforcement of these and other anti-corruption statutes remains weak, mainly because of deficiencies in the management and resources of law enforcement structures.

International organizations and foreign governments are providing considerable assistance to Latvia in an effort to eradicate corrupt practices. The World Bank's initiatives focus on promoting ethics in public administration, while the EU is concentrating on improving public administration and customs. The U.S. government is providing direct assistance to help Latvia modernize its criminal procedures code and strengthen the enforcement of anti-corruption laws, including an effective anti-money laundering system.

Latvia has signed the criminal convention on corruption of the council of Europe and has expressed interest in joining the OECD Convention on Combating Bribery. According to the Latvian law, it is a crime to offer or to accept a bribe or to facilitate an act of bribery. The penalty for government officials accepting a bribe is heavy, but senior officials are rarely brought to justice for this crime.

The primary institution responsible for combating crime is formally the Ministry of Justice. In fact, the independent Prosecutor General's office plays the main role.

### Bilateral Investment Agreements

As of June, 2000, Latvia has concluded bilateral investment agreements with Austria, Belarus,

Belux countries (Belgium, Luxembourg), Canada, the Czech Republic, Denmark, Egypt, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Israel, Italy, Korea, Lithuania, Moldova, the Netherlands, Norway, Poland, Portugal, Singapore, the Slovak Republic, Spain, Sweden, Switzerland, Taiwan, Turkey, Ukraine, the United Kingdom, the United States, Uzbekistan and Vietnam. The agreement with the U.S. came into force in December 1996.

Latvia has concluded the Treaty on Avoidance of Double Taxation with the U.S., which is in force as of December 30, 1999.

### OPIC and Other Investment Insurance Programs

Overseas Private Investment Corporation (OPIC) political risk insurance coverage is available for U.S. investments in Latvia.

Starting in February 1993, the baBk of Latvia's policy was to stabilize the Lat at a value of 79.97 Santims (one Santim equals 1/100 of a Lat) to one SDR. Since then, the Lat exchange rate has remained constant against SDR, and there is little likelihood of a devaluation in the foreseeable future. Over the past three years, the value of the Dollar against the Lat has remained at about \$1.7 per Lat. The embassy purchases local currency at the market rate. The Bank of Latvia has sufficient foreign reserves to guarantee full convertibility of the Lat.

### Labor

The official rate of registered unemployment in May 2000 was 8.6 percent, but, according to estimates by unofficial sources, the real rate may stand at about 14.5 percent. Unemployment is significantly higher in rural areas, especially in the southeastern Latgale region. Skilled and unskilled labor are both available. A high percentage of the workforce has completed at least secondary or vocational education. Foreign managers agree that Latvians generally are hard working, reliable and quick to learn. However, there is still a shortage of mid- and senior-level managers with western-style management skills. Companies have reported difficulties in finding knowledgeable lawyers and auditors. Even though service sector employees now have better skills than several years ago, it can still be hard for service-oriented companies to find experienced staff, and often at least some training will be necessary.

Companies must keep wages above a legally specified minimum, which currently is Ls 50 (approximately \$83 ) per month. Union influence on the wage setting process is modest. In the first quarter of 2000, the average gross monthly wage amounted to approximately USD 240. Employers are required to pay a social security tax which is currently the equivalent of 28 percent of their employees' salaries. An additional 9 percent is paid by the employees. By the year 2002, the total social security tax rate is expected to drop to 33 percent, and the tax will be payable in equal parts by the employer and the employee.

Employment issues are covered by the Latvian Labor Code. An employer is prohibited from entering into an employment contract with a foreign individual who does not possess a work permit. Under the labor code, there are three types of employment contracts: fixed term contracts, indefinite term contracts, and contracts covering the length of time required to complete the contracted work.

The first three months of employment can be considered probationary, and during this time employees may freely resign or be dismissed without notice (many foreign managers use this to weed out anyone who does not fit the job). If neither the employer nor employee terminates a fixed term contract at its conclusion and the employee continues in employment, the contract is deemed to be extended for an indefinite term.

An employment contract can be terminated without notice by mutual consent. Irrespective of the terms of a contract, an employee can terminate the contract before it expires by giving one month's written notice. Employers can dismiss employees with at least one month's notice for reasons such as liquidation of a company, staff cutbacks, refusal to move to a new location or reinstatement of an employee who had been on maternity leave or other temporary absence. In certain circumstances, when an employment contract has been terminated early, the employer is obliged to pay compensation equal to one month's average salary. In a few cases, termination of an employment contract requires prior consent of a trade union. According to the Labor Code, the standard working hours are 40 hours per week. Normally, there are five working days per week, but employers may also demand six working days per week. Employees are entitled to annual paid vacations of four calendar weeks per year. The Latvian Government is committed to adhere to the ILO Convention protecting worker rights.

In 2000, the government adopted a new Labor Law, which will be in force as of January 1, 2001. The new labor law sets liability for discrimination, provides more detailed provisions on rights and obligations of employees' representatives, as well as creates a new institution – the Work Dispute Settlement Commission — which can be established in a workplace.

#### Foreign Free Trade Zones/Free Ports

There are four free trade areas in Latvia: Free Ports are established in the Riga and Ventspils ports, and Special Economic Zones (SEZ) are created in Liepaja, a port city in western Latvia, and Rezekne, the center of an eastern Latvian region which borders on Russia. The IMF objects to free trade zones on the grounds that they distort competition and create tax collection problems. Therefore, Latvia's stand-by agreement with the IMF sets forth a commitment not to create any new free trade zones in Latvia.

Somewhat different rules apply to each of the four zones. In general, the two free ports provide for exemptions from indirect taxes, including exemptions from customs duties, VAT and excise tax. The SEZ offer additional incentives, such as 80-100 percent reduction of corporate income taxes and real estate taxes. In order to qualify for tax relief and other benefits, companies must receive permits and sign agreements with the appropriate authorities: the state joint stock company "Rigas Tirdzniecibas Osta" (Riga Commercial Port) for the Free Port of Riga; the Ventspils Port Authority, for the Ventspils Free Port; or the Liepaja SEZ Administration or Rezekne SEZ Administration.

#### Foreign Direct Investment Statistics

Source: Latvian Central Statistics Department

The data reflect investment in equity capital registered with the Latvian Enterprise Register.

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 Foreign Investment Stock by Country of Origin,  
 End-of-Year Data
 

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Country	(USD Mill)			percent of total 1999
	1997	1998	1999	
Denmark	168.3	176.1	182.8	13.7
US	97.8	121.6	129.8	9.7
Germany	76.5	95.1	112.3	8.4
Sweden	40.4	78.1	109.6	8.2
UK	48.7	85.7	98.5	7.4
Russia	87.5	99.0	97.1	7.3
Estonia	34.4	38.1	70.3	5.3
Finland	26.3	49.6	68.3	5.1
Ireland	40.5	61.1	52.3	3.9
Norway	1.9	43.7	49.1	3.7
The Netherlands	18.6	29.1	38.6	2.9
Singapore	75.9	33.0	29.5	2.2
The Isle of Man	0.9	30.2	26.2	2.0
Liberia	21.0	22.3	21.8	1.6
Liechtenstein	12.7	15.1	19.0	1.4
Switzerland	29.0	25.9	17.3	1.3
Subtotal	780.6	1003.8	1122.6	84.2
Others	147.0	158.8	210.6	15.8
Total	936.3	1162.6	1333.3	100.0

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 Foreign Investment Flow by Country of Origin
 

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Country	(USD Mill)			percent of total 1999
	1997	1998	1999	
Estonia	24.7	3.7	32.2	18.9
Sweden	7.2	37.7	31.5	18.4

24				
Finland	7.7	23.3	18.7	10.9
Germany	44.5	18.6	17.2	10.1
UK	-0.9	37.0	12.8	7.5
The Netherlands	8.5	10.5	9.5	5.5
US	24.0	23.8	8.2	4.8
Denmark	-10.5	7.8	6.8	4.0
Norway	-0.8	41.7	5.4	3.2
Liechtenstein	1.9	1.9	3.9	2.3
Liberia	3.6	1.3	-0.5	-0.3
Russia	-3.8	11.5	-1.9	-1.1
Singapore	75.3	-42.9	-3.5	-2.1
The Isle of Man	-0.8	29.2	-3.9	-2.3
Switzerland	2.1	-3.0	-8.6	-5.0
Ireland	18.9	20.6	-8.8	-5.2

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Subtotal	201.6	222.8	118.8	69.6
Others	20.6	11.4	51.9	30.4

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Total	222.2	234.2	170.7	100.0
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Foreign Investment Stock by Sector of Economy

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Sector	(USD Mill)			percent
	1997	1998	of total 1999	1999
Transport, storage, and communications	309.5	346.8	331.7	24.9
Financial intermediation	179.3	264.9	252.1	18.9
Manufacturing	235.3	199.1	228.6	17.1
Wholesale and retail Trade, maintenance And repairs	74.0	185.2	217.0	16.3
Real estate, leasing, R&D, and other commercial				

activities	18.4	50.4	98.5	7.4
Electricity, gas and water supply	15.3	20.8	34.8	2.6
Hotels and restaurants	13.2	14.7	18.5	1.4
Agriculture, hunting, forestry, fishing	1.1	8.9	9.6	0.7
Health and social work	7.6	7.0	6.7	0.5
Construction	5.1	3.6	4.5	0.3
Mining and quarrying	1.2	2.8	6.5	0.5
Other public and individual services	1.6	2.5	4.1	0.3
Education	0.9	0.9	1.0	0.1
Other investment	67.6	55.5	119.7	9.0
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Total	901.4	1162.6	1333.3	100

#### Foreign Investment Flow by Sector of Economy

Sector	(millions of dollars)		percent of total	
	1997	1998	1999	1999
Real estate, leasing, R&D, and other commercial activities	2.1	32.0	48.1	28.2
Wholesale and retail trade, maintenance and repairs	11.5	111.1	31.8	18.6
Manufacturing	119.1	-36.2	29.6	17.3
Electricity, gas and water supply	15.3	5.5	14.0	8.2
Hotels and restaurants	-0.7	1.5	3.8	2.2
Mining and quarrying	-1.0	1.6	3.7	2.2
Other social and individual services	-0.9	0.9	1.6	0.9
Construction	0.2	-1.5	0.9	0.5
Agriculture, hunting, forestry, fishing	0.2	7.7	0.7	0.4
Education	-0.1	0.0	0.1	0.1
Health and social work	-0.1	-0.6	-0.3	-0.2
Financial intermediation	64.9	85.6	-12.8	-7.5
Transport, storage,				

26 and communications	3.0	37.3	-15.1	-8.8
Other investment	8.7	-10.8	64.2	37.6
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Total	222.2	234.2	170.7	100

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#### Foreign Investment, Percent of GDP

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	Stock	Inflow
1996	13.3	3.3
1997	16.2	4.0
1998	17.1	3.5
1999	21.3	2.7

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#### Largest Foreign Investments in Latvia

Source: the Latvian Development Agency

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Investor	Country	Latvian Company	Industry	(USD million)
Sonera	Finland	Lattelekom	telecom	305
Transnefte- Produkt	Russia	Latrostrans	transit in oil products	61.8
New century Holdings	USA	shares in various companies		60
Linstow	Norway	Linstow Varner	retail, real estate	56
Den Norske Stats	Norway	Latvija Statoil	trade in oil products	55

## Oljeselskap

Metromedia/ Western wireless	USA	Baltkom GSM	telecommunications	50
Polarbek	USA	Radisson SAS Daugava	hotel	42
SEB (Skandinaviska Enskilda Banken)		Unibanka	finance	>30
Shell Overseas Holdings ltd.	UK	Shell Latvia	trade in oil products	27
Vereinsbank und Westbank	Germany	Vereinsbank Riga	finance	24
Neste OY	Finland	Neste Oil Terminal Riga, Neste Oil Latvia	trade in oil products	20
BSW Timber	UK	BSW Latvija	wood processing	17
Coca Cola Getranke Holding GmbH	Austria	Coca Cola Dzerieni	distribution	16
Hydro Texaco	Denmark	Hydro Latvija	trade in oil products	16
Orchard Finance ltd.	Ireland	Rietumu Banka	finance	15.7
Gebrknauf Verwaltung GmbH	Germany	Sauriesu Buvmaterialu Kombinats/ Knauf Marketing	production of building materials	15.5
Pro Kapital	Italy	PK Latvia	real estate	>15
Gazprom	Russia	Latvijas Gaze	energy	>15

28 Corpora Tres Montes	Chile	Proexpo	food processing	15
Hebeda Tra Ab & Thomesto Sverige ab	Sweden	Vika Wood Ltd.	wood processing	13
Rhodia	France	Tolaram Fibers	textile industry (chemical fibers)	9

66. Other significant U.S. investors in Latvia include Intersource inc., Jeld-Wen, Lathaag, McDonald's, Colgate Palmolive, and Procter and Gamble. The American Chamber of Commerce in Latvia currently has more than a hundred members.

## VIII. Trade and Project Financing

### Description of the Banking System

The first two commercial banks in Latvia were founded under the Soviet rule in 1988. Today there are 27 commercial banks in Latvia, 25 Latvian and 2 foreign subsidiaries or representative offices. Most of the Latvian banks are universal commercial banks and offer a variety of banking products and services. However, due to some insolvency cases in the past, the Bank of Latvia has strengthened its supervisory role.

The majority of Latvian banks have already joined the international accounting system SWIFT which provides standardization, effectiveness and security. The Bank of Latvia regulations that provide the regulatory framework and supervision are based on the international monitoring requirements set by the Basle Committee, EU Directives and the International Accounting Standards.

As of March 31, 1999, the assets of Latvia's five largest commercial banks (Parekss Banka, Latvijas Unibanka, Hansabanka, Rietumu Banka, and Latvijas Krajbanka) totaled LVL 1.12 billion (USD 1.87 billion), or 61% of the combined bank assets.

Most of the financial difficulties experienced by Latvian banks in 1998 were directly or indirectly triggered by the Russian financial crisis. The banks' investments in Russian government short-term securities (GKO) failed, there was a considerable loss of Russian customers, and Latvian banks had to set aside reserves for loans issued to Latvian producers focusing on the Russian market.

According to financial experts, the Russian financial collapse had even positive effects on the Latvian banking sector. The increasing competition on the domestic market has provided a powerful incentive for the banking sector to consolidate; and the uncertain future has forced Latvian banks to look for experienced western business partners, particularly Nordic banks.

Foreign banks have the right to open subsidiaries and branch offices in Latvia and the licenses are granted using the same procedure as with domestic banks. Currently there are four foreign banks operating in Latvia, two German banks, one Estonian bank and Finnish Bank Merita branch.

#### Foreign Exchange Controls Affecting Trading

Latvian government maintains no controls over the import, export, use or exchange of foreign currencies in Latvia.

#### General Financing Availability

Medium-term Eximbank financing is available in Latvia for credits that are backed by the full faith and credit of the Latvian government, or guaranteed by a proven, reputable financial entity. EBRD financing is also available for both private and public sector projects.

None of the Latvian banks has subsidiaries, branches or representative offices in the U.S. but all major banks have correspondent arrangements with U.S. banks.

#### Banks in Latvia

##### Bank of Latvia

Valdemara 2-a, Riga, LV 1050

Latvia

tel: +371 732-3863; fax: +371 702-2420

<http://www.bank.lv>

Joint-Stock Company "Aizkraukles banka" Elizabetes iela 23, LV 1010 Riga, Latvia Tel.: +371 701 5600 Fax: +371 701 5601 <http://www.aizkraukles.com> President Aleksandrs Bergmanis

Joint-Stock Company "Baltijas Starptautiska banka" Kaleju iela 43, LV 1050 Riga, Latvia Tel.: +371 722 2789, +371 721 0172, +371 721 1426 Fax: +371 721 6870 <http://www.bib.lv> President Alla Tkacenko

Joint-Stock Commercial Bank "Baltijas Tranzitu banka" 13. janvara iela 3, LV 1050 Riga, Latvia Tel.: +371 702 4701, +371 702 4725 Fax: +371 721 1985, +371 721 1423 <http://www.btb.lv/> President Zenon Olbrys

Joint-Stock Company "First Latvian Commercial Bank" Smilsu iela 6, LV 1803 Riga, Latvia Tel.: +371 701 5237, +371 701 5214 Fax: +371 782 0080, +371 732 3449, +371 732 2521 <http://www.pirmabanka.lv/> President Carl Håkan Källåker

Joint-Stock Company "Hansabanka" Kalku iela 26, LV 1050 Riga, Latvia Tel.: +371 702 4444 Fax: +371 702 4400 <http://www.hbl.lv> President Ingrida Bluma

Joint-Stock Company "Latvijas Biznesa banka" M. Pils iela 3, LV 1050 Riga, Latvia Tel.: +371 732 5796, +371 722 6486, +371 721 1151 Fax: +371 722 0249 President Georgijs Dragilevs

Joint-Stock Company "Latvijas Ekonomiska komercbanka" E. Birznieka-Upisa iela 21, LV 1011 Riga, LatviaTel.: +371 722 1376, +371 704 1101Fax: +371 704 1111<http://www.lateko.lv>President Oskars Gulans

State Joint-Stock Company "Latvijas Hipoteku un zemes banka" Doma laukums 4, LV 1977 Riga, LatviaTel.: +371 722 8866, +371 777 4022 Fax: +371 782 0143 [www.hipo.lv](http://www.hipo.lv)President Inesis Feiferis

Joint-Stock Company "Latvijas Krajbanka"Palasta iela 1, LV 1954 Riga, LatviaTel.: +371 722 2871, +371 732 2121Fax: +371 721 2083 <http://www.krajbanka.lv>President Arnolds Laksa

Joint-Stock Company "Latvijas tirdzniecibas banka"Trijadibas iela 4, LV 1048 Riga, LatviaTel.: +371 761 1032, +371 761 3608Fax: +371 786 0077, +371 761 3663President Ivars Prieditis

Joint-Stock Company "Latvijas Unibanka" Pils iela 23, LV 1050 Riga, LatviaTel.: +371 721 2808, +371 722 5151 Fax: +371 721 5335, +371 782 0332 <http://www.unibanka.lv>President Andris Berzins

Joint-Stock Company "Maras banka" Lacplesa iela 75, LV 1011 Riga, LatviaTel.: +371 728 4505, +371 728 6661Fax: +371 728 2788President Nikolajs Sigurds Bulmanis

Joint-Stock Company "Multibanka" Elizabetes iela 57, LV 1772 Riga, LatviaTel.: +371 728 9546, +371 728 2487, +371 728 4374 Fax: +371 782 8232 <http://www.multibanka.com>President Svetlana Dzene

Joint-Stock Company "Ogres komercbanka" Brivibas iela 36, LV 5001 Ogre, LatviaTel.: +371 50 22278, +371 50 45554 Fax: +371 789 5000 President Voldemars Eihe

Joint-Stock Company "Pareks-banka" Smilsu iela 3, LV 1522 Riga, LatviaTel.: +371 701 0000Fax: +371 701 0001<http://www.parex.lv>President Valerijs Kargins

Joint-Stock Company Bank "Paritate" Terbatas iela 4, LV 1134 Riga, LatviaTel.: +371 7288433, +371 7041300Fax: +371 7282981<http://www.paritate.lv>Acting President Viktors Siperkovskis

Joint-Stock Company "Rietumu Banka" Brivibas iela 54, LV 1011 Riga, LatviaTel.: +371 702 5555 Fax: +371 702 5588 <http://www.rietumu.lv>President Michael Joseph Bourke

Joint-Stock Company "Saules banka" Smilsu iela 16, LV 1873 Riga, LatviaTel.: +371 722 4541, +371 702 0500Fax: +371 702 0505 <http://www.saules.com>President Edgars Dubra

Joint-Stock Company "Trasta komercbanka" Miesnieku iela 9, LV 1050 Riga, LatviaTel.: +371 702 7777Fax: +371 702 7700, +371 702 7729<http://www.tkb.lv>President Gundars Grieze

Joint-Stock Company "VEF banka" Brivibas gatve 197, LV 1039 Riga, LatviaTel.: +371 755 3687, +371 755 6774Fax: +371 755 1124, +371 782 1331 <http://www.vefbank.com>President Edvins Korneliuss

Joint-Stock Company "Vereinsbank Riga" Elizabetes iela 63, LV 1050 Riga, Latvia Tel.: + 371 708 5500 Fax: +371 708 5507 President Dietrich Schuette

Branch of Foreign Bank

"Merita Bank Plc" (Finland) Riga Branch Kalku iela 15, LV 1050 Riga, Latvia Tel.: +371 709 6200 Fax: +371 782 0325 <http://www.mnb.lv/english/index.htm> General Manager Esa Juhani Tuomi

Representative Office of Foreign Bank

Joint-Stock Company "Dresdner Bank AG" Juergen-Ponto-Platz 1, 60301 Frankfurt am Main, Deutschland

Representative Office Vilandes iela 1, LV 1010 Riga, Latvia Tel.: +371 783 0405, +371 73 21355 Fax: +371 783 0406, +371 732 1367 Representative Lothar Krieger

## A. COUNTRY DATA

### 1. Country Profile

Population: 2,4 million

Population growth rate in 1998: -0.8 percent

Religions: Evangelical Lutheran (19 percent of population) and Roman Catholic (19 percent of population), Orthodox (5.8 percent of population), Oldbelievers (3.1 percent of population); also Baptist, Pentecostal, Adventist, Methodist, Judaism.

Government system: Parliamentary Democracy. Latvia re-adopted its 1922 Constitution (Satversme) on December 10, 1991. According to the Latvian constitution the Saeima (Parliament) approves all Latvian laws and is responsible for making strategic decisions on political and economic development of the Latvian state.

Languages: Latvian is the official language and most Latvian residents also speak Russian. English and German are the most popular West European languages.

Work week: 40 hours.

### Key Economic Indicators

Economic Indicator	1996	1997	1998	1999	
GDP (current prices USD million)	5,120	5,633	6,084	6,260	
Real GDP Growth (pct.)	3.3	8.6	3.6	3.9	0.1
GDP per capita in USD	2,048	2,347	2,656	2478	2575

<sup>32</sup> Inflation (pct)	13.1	7.0	2.8	3.2	
Unemployment (pct) Registered	7.2	7.0	9.2	9.1	
Foreign Exchange Reserves (USD million)	738	778.1	805.1	912.6	
Average Exchange Rate (USD)	0.55	0.58	0.59	0.585	0.59 (Lat/
Foreign Debt (USD million)	410	376	391	613.7	

### Trade

Foreign Trade (1) (US\$ million)	1996	1997	1998	1999	
Total Latvian Exports	1,488	1,839	1,811	1,724	
Total Latvian Imports	2,286	2,689	3,192	2,947	
U.S. Exports to Latvia	49	64	65	60	
U.S. Imports from Latvia	9	22	52	90	
U.S. share of Latvian Imports (percent)	2.1	2.4	2.0	2.0	
Foreign Trade Balance	-876	-1,049	-1,381	-1,223	
Trade Balance with U.S.	-39	-42	-13	+30	

Sources: Latvian Bureau of Statistics, Bank of Latvia

### B: U.S. and Country Contacts

#### Latvian Government Contacts

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Commercial Attache,

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Latvian Development Agency

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Latvian National Certification Center  
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Latvian Central Statistical Bureau  
Kaspars Misans, Director  
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tel: +371 722-6922, 702-8205; fax: +371 721-7180

Ministry of Foreign Affairs  
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Latvia  
tel: +371 701-6201, 701-6101; fax: +371 782-8121, 728-2882

Ministry of Agriculture  
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tel: +371 702-7010; fax: +371 702-7512

Ministry of Economy  
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Ministry of Interior  
Raina Blvd. 6  
Riga, LV 1050  
Latvia  
tel: +371 721-9212; fax: 371 721-3142

Ministry of Environmental Protection and Regional Development  
Peldu 25, Riga, LV 1494  
Latvia  
tel: +371 702-6448; fax: +371 702-6553

Ministry of Defense  
Valdemara 10-12, Riga, LV 1010  
Latvia  
tel: (371) 721-0124; fax: (371) 783-0236

Trade Associations, Chambers of Commerce

American Chamber of Commerce in Latvia  
J.C. Cole, President  
Jauniela 24, Riga LV-1050  
Latvia  
tel: (371) 721 5205, fax: (371) 782-0090,  
<http://www.amchamlatvia.lv>

Latvian Chamber of Commerce and Industry  
Voldemars Gavars, Director General  
Brivibas Bulvaris 21, 4th floor, Riga LV-1849  
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tel: (371) 7225 595, fax: (371) 782-0092,  
e-mail: [chamber@sun.lcc.org.lv](mailto:chamber@sun.lcc.org.lv);  
<http://sun.lcc.org.lv>

Latvian Traders' Association  
Henriks Danusevics, Chairman  
Gertrudes 36, Riga, LV 1011  
Latvia  
Tel: (371) 721-7372; fax: (371) 782-1010

Latvian Commercial Bankers' Association  
Teodoras Tverijonas, President  
Stabu 18, Riga LV-1001  
Latvia  
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#### Multilateral Development Bank Offices and Financial Institutions

European Bank for Reconstruction and Development  
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World Bank  
Inguna Dobraja, Chief of Mission  
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International Monetary Fund  
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EB/CBA, Office of Business Affairs

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### Latvian Trade Fairs and Exhibitions in 2001

U.S. companies that are interested in participating in the Latvian trade shows should either contact U.S. Department of Commerce contacts (contact information above), or the shows organizers (contact information below).

Arturs Dombrovskis, Director of Exhibition Department, Latvian Chamber of Commerce and Industry (LCCI) , 21 Brivibas Blvd., Riga, LV 1849, Latvia, tel: +371 722-5595; 733-3228, tel/fax: +371 782-0092; fax: +371 733-2276; E-mail: chamber@sun.lcc.org.LV. <http://sun.lcc.org.lv>

#### Trade Fairs 2001

Jan 19-21	MOTOR SPORTS 2001, BT 1, RTU International Exhibition Center, Riga
Feb 09-11	CHILDREN'S WORLD, BT 1, RTU International Exhibition Center, Riga
Feb 16-18	BALTTOUR 2001, 8 <sup>th</sup> International Travel Trade Fair, BT 1, RTU International Exhibition Center, Riga
Feb 22-24	INTERTEXTIL BALTICUM 2001, BT 1, RTU International Exhibition Center, Riga
Feb 23-24	TALSI BUSINESS DAYS 2001, LCCI Ventspils, Sports Center, Talsi
Feb 23-24	HOUSE AND OFFICE 2001, 4 <sup>th</sup> Regional Exhibition for Construction, House and Office Arrangement, LCCI Daugavpils
Mar 08-11	SCHOOL 2001, 7 <sup>th</sup> International Exhibition for Education, BT 1, RTU International Exhibition Center, Riga
Mar 08-11	BOOK 2001, BT 1, RTU International Exhibition Center, Riga
Mar 08-11	WORLD OF CONSTRUCTION 2001, SKONTO, Skonto Olympic Hall, Riga
Mar 15-18	HoReCa RIGA 2001, International Exhibition for Hotel, Bar, Restaurant and Shop Equipment, Prima, Skonto Olympic Hall, Riga
Mar 15-18	BEVERAGES 2001, 2 <sup>nd</sup> International Exhibition of beverages and beverage manufacture technology, Janus un Partneri, Skonto Olympic Hall, Riga
Mar 16-17	FOOD IN REZEKNE 2001, LCCI Rezekne
Mar 16-18	BALTIC STYLE & VOGUE. BEAUTY 2001, 6 <sup>TH</sup> International Trade Fair of Perfume, Cosmetics and Jewellery, Creatio, Skonto Olympic Hall, Riga
Mar 16-18	BALTIC STYLE & VOGUE. FASHION 2001, 9 <sup>TH</sup> International Trade Fair of Fashion, Footwear and Accessories, Creatio, Skonto Olympic Hall, Riga
Mar 21-25	HOUSE I 2001, BT 1, RTU International Exhibition Center, Riga
Apr 04-07	BALTIC IT&T 2001, Data Media Group, Skonto Olympic Hall, Riga
Apr 05-09	SPRING 2001, 9 <sup>th</sup> International Exhibition for Agriculture, Cattle breeding, Fishery and Rural Construction, A.M.L., Exhibition Center Ramava, Riga
Apr 06-08	GARDEN AND FLORA 2001, 5 <sup>th</sup> International garden and floristic Exhibition, BT 1, RTU International Exhibition Center, Riga
Apr 06-08	FOREST AND TREE 2001, 1 <sup>st</sup> International Forestry and Timber Processing Exhibition, BT 1, RTU International Exhibition Center, Riga

Apr 18-22	AUTO 2001, BT 1 and Latvian Authorised Automobile Dealers Association, RTU International Exhibition Center, Riga
Apr 20-22	The 4 <sup>th</sup> RIGA BOOK FAIR, Creatio, Riga Congress Hall
Apr 29-May 01	BALTREST 2001, 8 <sup>th</sup> Baltic Regional Trade Fair for Tourism, Sports and Recreation, BT 1, RTU International Exhibition Center, Riga
Apr 29-May 01	BOAT SHOW 2001, 5 <sup>th</sup> International Exhibition of sailing and fishing equipment and water sports, BT 1, RTU International Exhibition Center, Riga
Apr 29-May 01	MOTORCYCLE 2001, BT 1, RTU International Exhibition Center, Riga
Apr 29-May 01	HOBBY 2001, 6 <sup>th</sup> International Exhibition for Recreation and Entertainment Industry, BT 1, RTU International Exhibition Center, Riga
Apr 29-May 01	SAFE AND SOUND 2001, 4 <sup>th</sup> International Exhibition for Health Promotion, Health Promotion Center and BT 1, RTU International Exhibition Center, Riga
May 03-06	DARZA DIZAINS, International Exhibition of Flowers and Landscaping, Janus un Partneri, Dailes Theatre, Riga
May 09-11	ENERGY 2001, RASA and RASA EKSPLO, Skonto Olympic Hall, Riga
May 11-12	TRANSPORT AND LOGISTICS RIGA 2001, BT 1, RTU International Exhibition Center, Riga
May 11-12	WAREHOUSE 2001, BT 1, RTU International Exhibition Center, Riga
May 11-12	VIDZEME TOURISM FAIR 2001, LCCI Valmiera
May 17-19	HUNTING AND FISHING 2001, Prima, Skonto Olympic Hall, Riga
May 17-19	FOOTPRINTS 2001, 9 <sup>th</sup> Prima, Skonto Olympic Hall, Riga
May 24-27	RIGA BEER 2001, BT 1, RTU International Exhibition Center, Riga
May 24-27	RIGA GASTRO 2001, BT 1, RTU International Exhibition Center, Riga
May 31- Jun 02	FORTE RIGA 2001, 3 <sup>RD</sup> International Music industry Forum, BT 1, RTU International Exhibition Center, Riga
May 2001	GOLDEN HAMMER, 2 <sup>nd</sup> Baltic Advertising Festival, Creatio, Riga Congress Hall
Jun 08-10	CRAFTS 2001, BT 1 and Latvian Chamber of Crafts, RTU International Exhibition Center, Riga
Aug 22-25	TRANSPORT FOR THE COUNTRY 2001, 8 <sup>th</sup> International Exhibition for Agriculture, Logging, Special Transport and Road Construction, A.M.L., Exhibition Complex RAMAVA
Aug 23-25	AUTO EXOTICA 2001, Prima SKONTO, Skonto Olympic Hall
Sep 05-08	RIGA FOOD 2001, BT 1, International Exhibition Center
Sep 06-09	INTERFLORISTIKA 2001, Janus un Partneri, Daile Theatre
Sep 13-15	HEALTH 2001, Prima, Skonto Olympic Hall, Riga
Sep 13-15	FITNESS 2001, Prima, Skonto Olympic Hall, Riga
Sep 14-16	SCIENCE, TECHNOLOGY, INNOVATIONS 2001, BT 1, Latvian Academy of Science, Latvian Technology Center, RTU International Exhibition Center, Riga
Sep 14-16	ECO BALT 2001, BT 1, RTU International Exhibition Center, Riga
Sep 19-23	4 <sup>th</sup> INTERNATIONAL FURNITURE EXHIBITION, Janus un Partneri,

Sep 20-23	Skonto Olympic Hall, Riga WOOD PROCESSING AND TOOLS 2001, Prima SKONTO, Skonto Olympic Hall, Riga
Sep 21-22	VIDZEME BUSINESS DAYS 2001, LCCI Valmiera, Valmiera Culture Center
Sep 26-28	ADVERTISING 2001, Creatio, Skonto Olympic Hall
Sep 27-30	FURNITURE 2001, BT 1, RTU International Exhibition Center, Riga
Oct 03-06	MEDIZINBALT & DENTBALT, Primus - Messen, Skonto Olympic Hall, Riga
Oct 05-06	LATGALE BUSINESS DAYS 2001, LCCI Rezekne, Sports Center Rezekne
Oct 05-07	ALL FOR YOUR CAR 2001, BT 1, RTU International Exhibition Center, Riga
Oct 11-12	LIEPAJA BUSINESS DAYS 2001, LCCI Liepaja, Metalurgs Culture Center, Liepaja
Oct 17-21	HOUSE II 2001, BT 1, RTU International Exhibition Center, Riga
Oct 17-21	ELECTRON 2001, 7 <sup>th</sup> International Exhibition for Consumer Electronics and Electrical Household Appliances, BT 1, RTU International Exhibition Center, Riga
Oct 24-27	PACKAGING AND PRINTING 2001, Prima, Skonto Olympic Hall, Riga
Oct 25-29	AGRICULTURAL EQUIPMENT 2001, A.M.L., Exhibition Center Ramava, Riga
Nov 01-03	BALTIC INDUSTRY 2001, Creatio, Skonto Olympic Hall, Riga
Nov 02-04	BEAUTY 2001, 6 <sup>TH</sup> Specialised Exhibition for Perfumery and Cosmetics. Conference. BT 1, RTU International Exhibition Center, Riga
Nov 02-04	JEWELLERY 2001, 5 <sup>TH</sup> Specialised Exhibition for Jewellery and Watches. Conference. BT 1, RTU International Exhibition Center, Riga
Nov 07-09	BUSINESS DAYS 2001: <ul style="list-style-type: none"> <li>• COMMUNICATIONS 2001</li> <li>• ENTERPRISE 2001</li> <li>• OFFICE 2001</li> </ul> BT 1, RTU International Exhibition Center, Riga
Nov 15-18	SECURITY 2001, Prima, Skonto Olympic Hall, Riga
Dec 14-23	CHRISTMAS FAIR 2001, BT 1, RTU International Exhibition Center, Riga
Dec 14-23	CHRISTMAS FAIR 2001, Janus un Partneri, Skonto Olympic Hall, Riga

Members of the Latvian Union of Fair Organisers:

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