

U.S. Country Commercial Guides



Latvia
2018

Table of Contents

<i>Doing Business in Latvia</i> _____	7
Market Overview _____	7
Market Challenges _____	7
Market Opportunities _____	8
Market Entry Strategy _____	8
<i>Political Environment</i> _____	9
Political Environment _____	9
<i>Selling US Products & Services</i> _____	10
Using an Agent to Sell US Products and Services _____	10
Establishing an Office _____	10
Franchising _____	10
Direct Marketing _____	10
Joint Ventures/Licensing _____	11
Selling to the Government _____	11
Distribution & Sales Channels _____	12
Express Delivery _____	12
Selling Factors & Techniques _____	12
eCommerce _____	12
Trade Promotion & Advertising _____	13
Pricing _____	13
Sales Service/Customer Support _____	13
Protecting Intellectual Property _____	14
Due Diligence _____	14
Local Professional Services _____	14
Principle Business Associations _____	14
Limitations on Selling US Products and Services _____	15
Web Resources _____	15
<i>Leading Sectors for US Exports & Investments</i> _____	16
Agricultural Sector _____	16
Overview _____	16
Leading Sub-Sectors _____	16
Opportunities _____	Error! Bookmark not defined.
Web Resources _____	18

Computer Services	19
Overview	19
Leading Sub-Sectors	19
Opportunities	19
Web Resources	19
Computers and Peripherals and Computer Software	21
Overview	21
Leading Sub-Sectors	21
Opportunities	21
Web Resources	21
Drugs/Pharmaceuticals	22
Overview	22
Leading Sub-Sectors	22
Opportunities	22
Web Resources	22
Forestry/Woodworking	24
Overview	24
Leading Sub-Sectors	24
Opportunities	24
Web Resources	24
Renewable Energy Equipment	25
Overview	25
Leading Sub-Sectors	25
Opportunities	25
Web Resources	25
Transportation Services	27
Overview	27
Leading Sub-Sectors	27
Opportunities	27
Web Resources	27
Travel and Tourism	29
Overview	29
Leading Sub-Sectors	29
Opportunities	29
Web Resources	29

Customs, Regulations & Standards	30
Trade Barriers	30
Import Tariff	30
Import Requirements & Documentation	30
Labeling/Marking Requirements	31
U.S. Export Controls	31
Temporary Entry	31
Prohibited & Restricted Imports	32
Customs Regulations	32
Standards for Trade	32
Overview	32
Testing, inspection and certification	33
Contact Information	34
Trade Agreements	34
Licensing Requirements for Professional Services	34
Web Resources	35
Investment Climate Statement	37
Trade & Project Financing	54
Methods of Payment	54
Banking Systems	54
Foreign Exchange Controls	54
US Banks & Local Correspondent Banks	55
Project Financing	55
Financing Web Resources	55
Business Travel	57
Business Customs	57
Travel Advisory	57
Visa Requirements	58
Currency	58
Telecommunications/Electronics	58
Transportation	58
Language	59
Health	59
Local Time, Business Hours and Holidays	59
Temporary Entry of Materials or Personal Belongings	60

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Doing Business in Latvia

Market Overview

Latvia is a member of the European Union, NATO, Eurozone, and the Organization for Economic Cooperation and Development (OECD).

Geographically, Latvia is a natural gateway between the United States, the EU, Russia, and Asia, with highly developed port, rail, and other transport infrastructure.

Latvia provides various tax, labor, and R&D incentives to attract for foreign investors.

Latvia offers significant cost advantages to investors, including competitive labor and real estate expenses and competitive tax rates.

Foreign and domestic investments in Latvia are treated equally under the law.

According to the European Commission, Latvia's GDP grew by 4.5 percent in 2017 and is forecast to grow by 3.3 percent in 2018. (https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-performance-country/latvia_en)

According to the U.S. Census Bureau's Foreign Trade Division, the main exports to Latvia from the United States in 2017 were civilian aircraft, computer and electronic products, and alcoholic beverages.

Latvia's main trading partners are Lithuania, Estonia, and Germany, while the United States is the 13th largest partner in trade in goods. In 2017, Latvia's biggest trading partners were Lithuania (18% of Latvia's total trade turnover), Germany (9%), Estonia (9%), Russia (8%) and Poland (7%)

The EU winter interim forecast released on 7 February 2018 predicts that the transition from economic recovery to expansion will continue. The EU area is estimated to have grown 2.4% in 2017, which is 0.6 percent points higher than the estimations made in the Autumn Forecast released in February 2017. The Euro area has performed in a similar way. This performance is set to continue in 2018 and 2019 with a growth of 2.3% and 2.0% respectively in both the EU and the Euro Area.

Market Challenges

Due to the country's small size, if a company is considering doing business only in Latvia, one potential limiting factor is local labeling requirements, which could prove costly relative to the possible customer base. Many companies focus on Latvia as part of the broader Baltic region or EU market. Other challenges that businesses face in Latvia are the potential for market saturation and the difficulty of protecting business secrets due to the small market size.

American products in Latvia face strong competition from EU countries, Russia, and the formerly Soviet-occupied states. Due to historical trade relations, companies from Scandinavian countries and Germany typically approach the Latvian market with greater confidence.

Entrenched government bureaucracy, relatively higher levels of corruption (see Chapter 6), and

challenges in maintaining correspondent banking relationships in U.S. dollars are potential impediments to the growth of U.S. trade and investment in Latvia. Some investors have expressed concerns regarding the protection of intellectual property, though legislative changes have given law enforcement additional tools to address these issues.

Market Opportunities

The Latvian economy is based on service industries including transportation, information technology, and financial services. The construction industry also plays an important role, as do wood and forestry products, food processing, metalworking, and light industries (e.g., textiles). Tourism has been growing rapidly.

Latvia implemented a new corporate income taxFrom 1 January 2018 Latvia has a new corporate income tax system in place, under which retained earnings are exempt from CIT and only distributions are taxed. The CIT rate on gross distributed profits is 20%. The country is well connected by more than 80 direct flights to all major European cities and plenty of connecting flights. Latvia's state-owned national air carrier, airBaltic, has made Riga a regional hub.

During the 2014-2020 period, the Latvian government will administer approximately \$6.1 billion of EU structural funds. The Latvian government provides several incentives for investment including in the areas of taxes, labor, research and development, and state credit guarantees. Please see the website of the Latvian Investment and Development Agency (LIAA) for detailed information on the available incentives and tax allowances: <http://www.liaa.gov.lv/en/invest-latvia/investor-business-guide/business-incentives>

The European Bank for Reconstruction and Development (EBRD) operates in Latvia out of its regional office in Vilnius, Lithuania. Latvia qualifies for U.S. Export Import Bank (ExIm) financed projects.

Good opportunities exist for expanding trade in various sectors including energy, computers, forestry, farming, woodworking equipment, transportation (including aviation), and agricultural products.

Market Entry Strategy

Market entry strategy varies from industry to industry and should be considered in the context of the U.S. company's overall approach toward the EU. Business agents are commonly used. Businesses, especially small and medium-sized enterprises (SMEs), wishing to enter the market should contact the Embassy for guidance and may wish to consider a visit to Latvia.

Political Environment

Political Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/5378.htm>

Selling US Products & Services

Using an Agent to Sell US Products and Services

There are no laws in Latvia 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. EU legislative acts regarding this subject have been incorporated into local law.

A common practice is to appoint one distributor/agent to cover the entire country, or the entire Baltic region (Estonia, Latvia, and Lithuania). 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. <http://2016.export.gov/usoffices/index.asp>.

Establishing an Office

It is a simple process to establish an office in Latvia. However, considering the required documentation as well as the advantages of understanding local legislation, using legal counsel to establish an office in Latvia is highly recommended. A list of English-speaking lawyers can be obtained from the U.S. Embassy:

List of Attorneys in Latvia: https://lv.usembassy.gov/wp-content/uploads/sites/58/2017/06/ListofAttorneys_27JUN2017.pdf

Details on establishing an office in Latvia are available on the website of the Latvian Investment and Development Agency (LIAA): <http://www.liaa.gov.lv/en/trade/market-entry/business-forms-and-registration>.

The European Commission manages the [Your Europe](#) website where investors can find useful information on various topics ranging from taxation and customs to employment contracts.

Franchising

Franchising is gradually growing in popularity and export opportunities exist in many sectors, especially in public catering. Although Latvia does not have specific franchising legislation, franchise arrangements are regulated under the Law on Competition and the Commercial Law.

More information on specific legislation can be found on the website of the European Franchise Federation: <http://www.eff-franchise.com/Home.html>.

Direct Marketing

Direct marketing is popular in some industries, and it is easy to attract sales consultants for such marketing strategies due to the affordable salary levels on the local job market.

To find out more about direct marketing in Latvia, visit the website of the Latvian Direct Marketing Association: <http://www.ltma.lv/>

There is a wide-range of EU legislation that impacts the direct marketing sector. Compliance requirements are stiffest for marketing and sales to private consumers. Companies need to focus, in particular, on the clarity and completeness of the information they provide to consumers prior to

purchase and on their approaches to collecting and using customer data. Learn more about the EU legislation covering direct marketing here: http://ec.europa.eu/consumers/consumer_rights/rights-contracts/index_en.htm; http://ec.europa.eu/internal_market/e-commerce/index_en.htm.

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 in the Baltics. A good choice could be a company that is already registered with the Latvian Chamber of Commerce and Industry (LCCI). However, it is 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 as well as LCCI. Find more information here: <http://www.chamber.lv/en>

The U.S. Commercial Service offers several services for the purpose of due diligence. Please consult the nearest U.S. Export Assistance Center: <http://2016.export.gov/usoffices/index.asp>.

Selling to the Government

Many governments finance public works projects through borrowing from the Multilateral Development Banks. Please refer to “Project Financing” Section in “Trade and Project Financing” for more information.

Government procurement in Europe is governed by both international obligations under the WTO Government Procurement Agreement (GPA) and EU-wide legislation under the EU Public Procurement Directives. U.S.-based companies are allowed to bid on public tenders covered by the GPA, while European subsidiaries of U.S. companies may bid on all public procurement contracts covered by the EU Directives in the European Union.

For more information, please visit the U.S. Commercial Service at the U.S. Mission to the European Union website dedicated to EU public procurement. This site also has a database of all European public procurement tenders that are open to U.S.-based firms by virtue of the Government Procurement Agreement. Access is free of charge.

Key Link: <http://www.export.gov/europeanunion/grantstendersandfinancing/index.asp>

Government procurement in Latvia is governed by the Public Procurement Law (PPL). A link to an English translation of the PPL is found below. There have been reports of corruption and a lack of transparency in public procurement in Latvia. Businesses interested in entering this market may wish to consult legal counsel and the U.S. Embassy for guidance.

Key Link: http://vvc.gov.lv/image/catalog/dokumenti/Public_Procurement_Law.doc

All EU government tender notices can be viewed in English at:

<http://ted.europa.eu/TED/main/HomePage.do>

In addition, the U.S. Department of State has developed the State Business Information Database System, which includes information on public procurement opportunities. Please find it at:

<http://bids.state.gov/>.

Distribution & Sales Channels

Latvia has three major ports (Riga, Ventspils, and Liepaja) as well as a major airport in the capital city of Riga, which has become a transportation hub. Latvia is well connected via railway, which runs largely east-west, to former countries of the Soviet Union. Rail Baltica, a proposed north-south rail corridor that would link Estonia, Latvia, and Lithuania to the rest of Europe is in the planning phase with an expected completion date of 2025. Riga is the major distribution center for the country.

Latvia has similar distribution and sales channels as other EU countries, and Latvia has very few specific laws that regulate in this area.

The Latvian Traders Association is the official national representational organization for retailers operating in Latvia. For more information, please visit: <http://test.lta.lv/english/>.

Express Delivery

Express Delivery is well established in Latvia, and the majority of global express delivery companies service the Latvian market. Express delivery from New York City to Riga, Latvia, for example, takes approximately four days. The current de minimis amount for shipments from the United States is set at 22 EUR.

Selling Factors & Techniques

Selling factors/techniques are similar to those applicable in other EU countries and the same terms that generally apply in trade with other small EU countries apply in Latvia. A single local distributor is typically able to cover the whole country.

eCommerce

Electronic commerce (e-commerce) is growing rapidly in Latvia, providing real opportunities for U.S. business. As of May 2018, 86 percent of the country's total adult population uses the Internet every day. According to recent official data, 46% of the Latvian population made online purchases within the past year. The most common purchases were clothes, shoes and sporting goods, tickets for events, household goods, electronic equipment, and travel and holiday accommodations.

Many Latvian companies, including airBaltic and most local banks and insurance companies, have created incentives for customers to use their services exclusively through the Internet.

The EU applies Value Added Tax (VAT) to sales by non-EU based companies of Electronically Supplied Services (ESS) to EU-based non-business customers. U.S. companies that are covered by the rule must collect and submit VAT to EU tax authorities. From 1 January 2015, all supplies of telecommunications, broadcasting, and electronic services are taxable at the place where the customer resides. In the case of businesses this means either the country where it is registered or the country where it has fixed premises receiving the service. In the case of consumers, it is where they are registered, have their permanent address, or usually live.

The European Union's Digital Single Market Initiative

Creating a Digital Single Market (DSM) is one of the ten priorities of the European Commission (EC). The overall objective is to reduce regulatory and other barriers to trade and to unlock online opportunities in Europe, from e-commerce to e-government. By doing so, the EU hopes to do away with the current fragmented national markets and create one borderless market with harmonized legislation and rules for the benefit of businesses and consumers alike throughout Europe.

The EC set out its vision in its May 6, 2015 DSM Strategy which has been followed by a number of concrete legislative proposals and policy actions. They are broad reaching and include reforming e-commerce sector, VAT, copyright, audio-visual media services, consumer protection, and telecommunications laws. New legislation has already been finalized on portability of online content and geo-blocking.

Many DSM proposals are still going through the legislative process. DSM-related legislation will have a broad impact on U.S. companies doing business in Europe.

In addition, a new data protection legislation, the General Data Protection Regulation (GDPR) entered into force on 25 May 2018.

Trade Promotion & Advertising

Advertising in Latvia is regulated by the Advertising Law, which is available here in English:
http://www.vvc.gov.lv/export/sites/default/docs/LRTA/Likumi/Advertising_Law.pdf

Advertising may be conducted freely in any print or electronic media. The leading Latvian-language daily newspapers are "Diena," "Latvijas Avize," and "Neatkarīga Rita Avize." The leading business newspaper is "Dienas Bizness," published in Latvian. Many Latvians, especially youth, receive much of their information online through Twitter, Draugiem.lv (Latvia's homegrown version of Facebook), and Facebook, as well as from popular online portals like Delfi.lv and TVNet.lv. There are also many local and niche newspapers and magazines.

All information about official tenders and laws is published in the Latvian government website, "Latvijas Vestnesis" (<https://www.vestnesis.lv/>). The only English-language print media in Latvia is the "Baltic Times".

For information on trade events in Latvia, see the following website of a local trade show organizer:
<http://www.bt1.lv/>

Key Link: Latvian Association of Press Publishers <http://www.lpia.lv/eng/>.

Pricing

Customs duties information can be found from the Latvian Integrated Tariff Management System:
<https://itvs.vid.gov.lv/itms/>

Each company, except for state regulated sectors with monopoly features (telecommunications, electrical power, gas), is free to choose its pricing policy. However, a state anti-monopoly commission (Competition Council, <http://www.kp.gov.lv/en>) provides oversight to ensure that no cartel agreements are made. The standard value added tax (VAT) rate in Latvia is 21 percent, but for certain goods and services the reduced rate of 12% and 5% is applied. For detailed information on taxes and fees, please visit website of the State Revenue Service of Latvia at: <https://www.vid.gov.lv/en/taxes>.

Sales Service/Customer Support

In most cases Latvian consumers expect customer service and support within the country (or at least nearby). In retail-oriented sectors, round-the-clock customer support and guaranteed spare parts delivery within 24 hours is preferred.

According to Latvian law, merchandise must have a warranty for a 24-month period beginning from the moment of purchase.

Latvian law guarantees consumers certain rights. Consumer claims are submitted to the Consumer Rights Protection Center, the website of which is: <http://www.ptac.gov.lv/en>.

Protecting Intellectual Property

In any foreign market companies should consider several general principles for effective management of their intellectual property. For background on these principles please link to our article on [Protecting Intellectual Property](#) and also [Stopfakes.gov Corruption](#).

IP Attaché Contact

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Due Diligence

Many companies offer due diligence services, and the quality of their services has increased in recent years. In addition, the U.S. Commercial Service's International Company Profile program provides U.S. businesses with background reports on potential agents, distributors, and other companies. Specialists can investigate the financial strength of a company and provide useful information gleaned from local credit sources, press, industry contacts, and other sources. For more information please contact the nearest U.S. Commercial Service Export Assistance Center for more information: <http://2016.export.gov/usoffices/index.asp>.

Local Professional Services

Most professional services can be sourced in Latvia. The quality of service in most cases is comparable to that available in other European countries. The price/cost relationship is market-based. Local service providers focusing on EU law, consulting, and business development can be viewed on the website maintained by the Commercial Service at the U.S. Mission to the European Union at: <http://export.gov/europeanunion/businessserviceproviders/index.asp>.

Local service providers can be found in the Latvian Yellow Pages here: <http://zl.lv/?lang=en> and here: <http://www.1188.lv/>.

Principal Business Associations

Latvian Chamber of Commerce and Industry (LCCI) (<http://www.chamber.lv/en>) is the largest voluntary, politically-independent non-governmental organization for businesses, uniting micro, small, medium and large companies from all regions and economic sectors of Latvia.

The Foreign Investors Council in Latvia (FICIL) (<http://www.ficil.lv/>) is a non-governmental organization that brings together the largest companies from various countries and sectors that have made significant investments in Latvia, as well as twelve foreign countries' chambers of commerce in Latvia.

The American Chamber of Commerce in Latvia (<http://www.amcham.lv/en>) is the leading foreign business organization in Latvia. It represents more than 140 companies, including some of the largest international investors in the country.

Limitations on Selling US Products and Services

There are no limitations on selling US products and services in Latvia.

Web Resources

- U.S. Department of Commerce Export Assistance Centers:
<http://2016.export.gov/usoffices/index.asp>
 - U.S. Embassy list of English-speaking lawyers: https://lv.usembassy.gov/wp-content/uploads/sites/58/2017/06/ListofAttorneys_27JUN2017.pdf
 - Yellow Pages:
<http://zl.lv/?lang=en>; <http://www.1188.lv/>
 - Latvian Direct Marketing Association:
<http://www.ltma.lv/?lang=en>
 - Latvian Chamber of Commerce and Industry:
<http://www.chamber.lv/en>
 - European Union Tender database:
<http://ted.europa.eu/>
 - Latvian Procurement Monitoring Bureau:
<http://www.iub.gov.lv/?lng=en>
 - BT1:
<http://www.bt1.lv/>
 - State Revenue Service of Latvia:
<http://www.vid.gov.lv/>
- EU Public Procurement:
<http://export.gov/europeanunion/grantstendersandfinancing/cseutendersdatabase/index.asp>
- Local Professional Services: <http://www.buyusa.gov/europeanunion/services.html>.

Leading Sectors for US Exports & Investments

Agricultural Sector

Overview

U.S. agricultural exports to Latvia reached upwards of \$68 million in 2017, including indirect exports through third-country ports of entry in other EU member states. The growth in U.S. exports has been driven by high-value and consumer ready products destined for the retail and hospitality sectors, as well as food ingredients destined for the food-processing sector. Local demand for U.S. products is due in part to Latvia's growing demand for convenience products, more openness to non-traditional foods, and an interest in health foods and niche markets.

The Office of Agricultural Affairs routinely receives inquiries from the local food importers seeking to expand their range of the U.S. food products. Best U.S. prospects include distilled spirits and wines, tree nuts, fish and seafood, pet food, dried fruits and juices.

The agricultural sector in Latvia accounts for only a small portion of GDP but employs eight percent of Latvia's workforce. Agriculture is focused on cereals, potatoes, forage crops, and dairy production. Rising farm sizes creates opportunities for U.S. tractors and other machinery products. Farmers' groups, such as the Farmers Union, have expressed interest in U.S. equipment, farming technology, and consulting services.

The Latvian Government is unfavorable toward biotechnology. Although most food/feed safety and import control issues are handled at the EU level, local policies can negatively affect U.S. exports. Nevertheless, Latvia offers good opportunities for many U.S. exports, with best market prospects as noted.

Leading Sub-Sectors

Note: All figures are in Thousands of U.S. Dollars, unless otherwise stated.

Data Source: Global Agricultural Trade System (GATS). The GATS does not track intra-EU transshipments.

Whiskey (Consumer Oriented Product)
Tree Nuts (Consumer Oriented Product)
Wine (Consumer Oriented Product)
Hardwood Lumber (Forest Product)

1. Whiskey (HS 220830)

Bourbon whiskey sourced from the United States is increasingly popular in Latvia, although the whiskey market is still dominated by UK imports. Whiskey imported from the United States is also re-exported or transhipped to other Baltic States or outside the EU.

Commodity Group:	Whiskey			
Harmonized Schedule Code(s):	HS 220830			
Value in \$1,000				
Year	2015	2016	2017	2018(f)
Total Imports	109,254	106,766	196,666	200,000
Total Imports from U.S.	1,567	2,490	3,182	3,200

2. Tree Nuts (HS 0802)

U.S. tree nut exports consist primarily of almonds. Almonds are becoming popular as an ingredient in the confectionary and snack industries, as well as consumers. The leading U.S. competitor in Latvia is Spain (inclusive of transshipment arriving via Lithuania).

Commodity Group:	Almonds			
Harmonized Schedule Code(s):	HS 080212			
Value in US\$1,000				
Year	2015	2016	2017	2018(f)
Total Imports	3,283	2,185	2,726	4,000
Total Imports from U.S.	895	728	975	1,500

3. Wine (HS 2204)

Latvia is emerging as the gateway for wines into the three eastern Baltic markets. Italy, France, Spain, and Germany are the leading suppliers, holding a combined market share of nearly 80 percent. U.S. wines, together with other “new-world” wines, are developing an ever-expanding following among Latvians.

Commodity Group:	Wine			
Harmonized Schedule Code(s):	HS2204			
Value in US\$1,000				
Year	2015	2016	2017	2018(f)
Total Imports	145,236	165,207	226,565	250,000
Total Imports from U.S.	963	495	424	1,000

4. Wood incl. Hardwood Lumber (HS 4409)

Latvia has one of the highest investment rates in Europe in wood and wood products and the most competitive labor force. Within the subsector, wood construction has the highest investment rate. The housing market is recovering, creating new opportunities for wood products (softwood and hardwood panels, etc.) in the local market. Imports from U.S. varies from year to year. The most important factors influencing buying decisions of the Latvian importers are logistics costs and currency volatility.

Commodity Group:	Forest products			
Harmonized Schedule Code(s):	HS 4401-21			
Value in US\$1,000				
Year	2015	2016	2017	2018(f)

Total Imports	399,056,444,774,187,161,200,000
Total Imports from U.S.	162 428 251 250 250

Web Resources

Attaché Reports

Attaché reports provide information on market opportunities, crop conditions, new policy developments and information on the local food industry. Some standard reports include: Retail Market Report, Exporter Guide, Food Service Report, and market briefs on select products.

Attaché reports can be found at <http://www.fas.usda.gov/scriptsw/attacherep/default.asp>.

In recent years, many of the reports have been consolidated and are submitted as EU reports. We recommend that companies interested in the market covered by our Post also review the EU-28 reports.

Trade Data:

Please refer to the USDA Foreign Agricultural Service's Global Agricultural Trade System (GATS). GATS includes international agricultural, fish, forest and textile products trade statistics dating from the inception of the Harmonized coding system in 1989 to present.

Available at: <http://www.fas.usda.gov/gats/default.aspx>.

Agricultural Standards

The establishment of harmonized EU rules and standards in the food sector has been ongoing for several decades, but it took until January 2002 for the publication of a general food law establishing the general principles of EU food law. This Regulation introduced mandatory traceability throughout the feed and food chain as of Jan 1, 2005. For specific information on agricultural standards, please refer to the Foreign Agricultural Service's website at: <http://www.usda-eu.org>. There are also export guides to import regulations and standards available on the above Foreign Agricultural Service's website.

Computer Services

Overview

One of Latvia's priorities since regaining independence has been to update its outdated data and voice communications sectors. Large investments have been made both in telecommunication and high-speed data transmission networks, and that trend is expected to continue. U.S. companies have had recent successes competing for government contracts in this area, providing both technology and services.

Both Internet and electronic commerce are rapidly penetrating the Latvian market and increasing the need for information and communications technologies (ICT) products, services, and support. The total ICT sector turnover has reached approximately \$4 billion, and the sector accounts for approximately 4.7% of total GDP.

For these reasons, the ICT sectors, including computer services, computer software, computer hardware and peripherals, and telecommunications services, have significantly increased their roles in Latvia's economy during recent years. There are approximately 6,000 companies operating in the Latvian ICT sector.

Leading Sub-Sectors

Good prospects can be found in almost any sub-sector of the ICT market. Latvia's highly educated, multilingual, and competitively-priced workforce has led to opportunities in the field of business support centers. The rapid development of the ICT sector has given rise to opportunities in the fields of data and network security. E-government initiatives have opened opportunities for participation in Latvian government tenders for a wide range of ICT-related services.

Opportunities

Please see the Supplement to the Official Journal of the European Union dedicated to European public procurement.

<http://ted.europa.eu/TED/main/HomePage.do>

Latvian Export and Import Directory <http://www.exim.lv/>

The popularity of the Internet in Latvia has heightened the need for computer and network security. This sector will grow, especially accounting for the growing popularity of online banking in the country. Opportunities can also be found in: Internet/intranet systems and networks implementation, education and training, support services, software development and re-design, enterprise resource planning services, implementation of Internet B2B software, development of payment card systems, adaptation of foreign software, development of electronic communications, and development of call centers.

Web Resources

- Latvian Internet Association:
<http://www.lia.lv/>
- Latvian Information and Communications Technology Association:
<http://www.likta.lv/>
- Latvian Investment and Development Agency:
<http://www.liaa.gov.lv/en/information-technology-and-global-business-services-including-ssc-bpo-and-data-centres>
- Latvian ICT Sector overview:

<http://www.liaa.gov.lv/trade/industry-profiles/information-and-telecommunications-technology-industry>

- E-government of Latvia:
http://www.varam.gov.lv/eng/darbibas_veidi/e_gov/.

Computers and Peripherals and Computer Software

Overview

Computer hardware has a significant share of the Latvian ICT market. Although the locally-produced software development sector has significantly increased its role in Latvia's economy (including exports) during recent years, foreign-sourced software continues to be important. After several years of austerity budgets, the Latvian government is expected to seek to renew its computer hardware and software over the coming years.

Leading Sub-Sectors

The best prospects for U.S. computer hardware exports to Latvia include new personal computers with the latest versions of processors, small and medium multi-processor servers, multimedia equipment, LAN accessories and relevant computer parts, and Internet protocol-related equipment. Second-hand and overstock personal computers represent a significant market niche. The principal consumers of these products in Latvia are private individuals who purchase computers for home use. Recent studies show that there is also a growing demand for business management software among medium and large enterprises in Latvia. Another potential growth sector is cybersecurity software, as cyber threats and business awareness of them increase.

Opportunities

Please see the Supplement to the Official Journal of the European Union dedicated to European public procurement.

<http://ted.europa.eu/TED/main/HomePage.do>

Latvian Export and Import Directory <http://www.exim.lv/>

Retail opportunities include software and hardware for home and business use. We expect government computer hardware and software tender opportunities to increase as the budget situation improves. There are also good opportunities for companies that want to use Latvia as a logistical center for distribution in Northern Europe and neighboring Russia. Considering the relatively low cost of production and well-educated workforce, computer companies could also consider placing production lines in Latvia. The success of enterprises such as ELKO grupa (the largest Latvian ICT wholesale company), Hanza Elektronika, Mikrotik, and Ubiquity Networks demonstrate the viability of such plans.

Web Resources

- Latvian Electrical Engineering and Electronics Association:
<http://www.letera.lv/en>
- Latvian Information Technology Telecommunication Association:
<http://www.likta.lv/>
- Latvian Investment and Development Agency:
<http://www.liaa.gov.lv/invest-latvia/sectors-and-industries/information-technology-and-global-business-services>.

Drugs/Pharmaceuticals

Overview

The state has considerable influence on the medical services sector in Latvia. All of the primary hospitals and rehabilitation centers are state-owned and receive centralized financing from the state budget. Therefore, a large part of drug and pharmaceutical procurement passes through state-organized tenders. However, the retail and wholesale market for pharmaceuticals is left to private businesses.

Latvia, Estonia, and Lithuania have signed the Joint Baltic Drug Procurement Agreement. This agreement may increase the volume of ordered medicines, thus attracting interest from more pharmaceutical companies to participate in tenders and putting manufacturers under pressure to offer discounts on pharmaceutical prices.

Some prescribed drugs, such as those used for diabetes, HIV, and TB, are subsidized by the state, and Latvian authorities have indicated that fighting tuberculosis, tick-borne encephalitis, and HIV are key priorities. However, U.S. pharmaceutical companies have indicated that there is insufficient funding for innovative medicines.

A pharmaceuticals company could enter the market either by opening a branch office in Latvia or by approaching a Latvian wholesale company that already has an established brand name and base of clients.

All drugs sold in Latvia must be certified by the State Drugs Agency before entering the market. U.S. Food and Drug Administration (FDA) certification is not enough to sell drugs in Latvia, although FDA results will be helpful in the certification process.

Leading Sub-Sectors

There are excellent opportunities for both innovative and generic drugs.

Opportunities

Please see the Supplement to the Official Journal of the European Union dedicated to European public procurement.

<http://ted.europa.eu/TED/main/HomePage.do>

Latvian Export and Import Directory <http://www.exim.lv/>

Latvia puts a significant emphasis on public health and disease prevention schemes. As such, there are numerous opportunities in vaccines and medicines for TB, tick-borne encephalitis, diabetes, HIV, flu, and other diseases.

Web Resources

- The Ministry of Health of the Republic of Latvia:
<http://www.vm.gov.lv/en/>
- State Agency of Medicines of Latvia:
<http://www.vza.gov.lv>

- Latvian Investment and Development Agency:
<http://www.liaa.gov.lv/en/invest-latvia/sectors-and-industries/health-care>
- Latvian Chemical, Pharmaceutical and Biotechnological Industry overview:
<http://www.liaa.gov.lv/en/trade/industry-profiles/chemistry-pharmacy-and-biotechnology-industry>.

Forestry/Woodworking

Overview

The forestry and wood processing industry has a long tradition in Latvia. With forests covering more than 50 percent of Latvia's territory, Latvia is one of the most forested EU member states. About half of forests are owned by the state. Timber processing is the largest industrial sector in Latvia and timber is one of Latvia's top exports. The local sawmill industry has strong potential, but would benefit from technology and machinery upgrades and modern managerial and marketing techniques. Both raw materials and labor are available at relatively low cost. The sector accounts for roughly 20% of Latvia's exports with 80% of the production designed specifically for exports.

Leading Sub-Sectors

Best prospects for U.S. exports include saw mill equipment, woodworking and furniture-making machinery, and plant technologies.

Opportunities

Please see the Supplement to the Official Journal of the European Union dedicated to European public procurement.

<http://ted.europa.eu/TED/main/HomePage.do>

Latvian Export and Import Directory <http://www.exim.lv/>

The primary opportunities are in the sales of sawmill or woodworking equipment and machinery.

Web Resources

- Latvian Investment and Development Agency:
<http://www.liaa.gov.lv/en/woodworking>
- Latvian Forest Industry Federation:
<http://www.latvianwood.lv/>
- Latvia's State Forests:
www.lvm.lv/eng/
- Latvian Forest Industry Overview:
<http://www.liaa.gov.lv/en/trade/industry-profiles/forest-industry>.

Renewable Energy Equipment

Overview

Due to substantial hydro-electric capacity, Latvia already has one of the most "green" supplies of energy in the world, with green sources of energy making up about 38 percent of total energy consumption. However, the European Union is actively working to reduce the effects of climate change and to establish a common energy policy. The current EU policy dictates that Latvia must increase the share of renewable energy in its final energy consumption to reach 40 percent by 2020.

Much of Latvia's heat and electricity comes from imported natural gas. The Latvian government is interested in diversifying supplies and in developing more local resources to reduce the country's reliance on foreign sources of energy.

To reach these targets, government agencies and entrepreneurs have discussed options to move beyond hydropower and into wind and biomass power plants. Many stretches of the Baltic coast have wind conditions suitable for wind parks, especially off-shore. Over half of Latvia is covered by forest, so wood biomass presents excellent potential for further development. In addition to renewable energy projects, Latvia remains notionally interested in pursuing a possible liquefied natural gas (LNG) terminal to enhance its supply source diversity.

Leading Sub-Sectors

The best prospects for U.S. exports in the renewable energy sector include energy-efficiency solutions and equipment, combined heat and power turnkey plants, biomass gasification technology, wind parks, small-scale hydropower equipment and technology, and related technology.

Opportunities

Please see the Supplement to the Official Journal of the European Union dedicated to European public procurement.

<http://ted.europa.eu/TED/main/HomePage.do>

Latvian Export and Import Directory <http://www.exim.lv/>

The most promising sectors for renewable energy equipment in Latvia are energy efficiency solutions, biomass power, wind energy, and energy produced in combined heat and power plants.

While the Latvian government provided support in the past for the production of energy from renewable energy resources (wind, biomass, etc.), the government has suspended the existing support mechanism for renewables and is currently developing a new support plan. Given Latvia's recent efforts to liberalize its gas market, LNG and gas infrastructure technology and services could be in greater demand.

Web Resources

- Ministry of Economy, Energy Department:
https://www.em.gov.lv/en/sectoral_policy/energy_production/
- Latvian Investment and Development Agency:
<http://www.liaa.gov.lv/en/invest-latvia/sectors-and-industries/environmental-technology>
- Latvian Environment and Renewable Energy Industry Overview
<http://www.liaa.gov.lv/en/trade/industry-profiles/environment-and-renewable-energy-industry>

- Public Utilities Commission:
<http://www.sprk.gov.lv>
- Housing and Energy Conservation Bureau:
<http://ekubirojs.lv/en/home-eseb/>
- Latvian Green Technology Cluster:
<http://greentechlatvia.eu/en/about-us/>
- Skulte LNG terminal project:
<https://ec.europa.eu/eipp/desktop/en/projects/project-187.html>.

Transportation Services

Overview

Due to Latvia's modest natural resource base and its strategic location between the EU and large markets to the East, the transportation sector is one of the most important in the country. Latvia's geography, infrastructure, proximity to Russia, and close ties with other former Soviet-occupied countries are a unique asset for this sector. Latvia is also within the Schengen area. As a result, this sector contributes more to the country's GDP than the manufacturing industry as a whole.

Leading Sub-Sectors

Latvia has three major ice-free sea ports: Riga, Liepaja, and Ventspils. Each is actively working to expand and improve services and offer support mechanisms for potential investors. The best prospects are in developing different cargo terminals in the specified sea ports. In addition, the Rezekne Special Economic Zone provides excellent business opportunities as a railway hub close to Russia.

Opportunities

Please see the Supplement to the Official Journal of the European Union dedicated to European public procurement.

<http://ted.europa.eu/TED/main/HomePage.do>

Latvian Export and Import Directory <http://www.exim.lv/>

The Latvian government has identified the development of an effective, secure, multi-modal, and competitive transportation system as a priority. The goal for the sustainable development of Latvia's transportation system is to fully integrate Latvia's infrastructure with the trans-European, multi-modal transportation system. Latvia has launched a sustained effort to develop trade and transport links to Asia including India and China.

Latvia is also participating in the Rail Baltica project, a 5 billion euro infrastructure-development project that will connect Estonia, Latvia, Lithuania, and Poland - with a possible future link to Finland - through a European-gauge rail system. The project will create a number of procurement opportunities for U.S. exporters, particularly in the areas of infrastructure design, construction services, and railway equipment.

Another project that may create opportunities for U.S. exporters is a plan to electrify Latvia's current railway infrastructure. The current plan is to electrify 840 km of railway lines, with an estimated 1.3 billion EUR investment. The project will be implemented in three phases and is expected to be completed in 2030.

There are many opportunities in Latvia given its good port access, its railways to Russia, and its high labor competitiveness. Latvia is responding to this projected growth by taking measures to increase Latvia's trade and transportation linkages. In addition to rail and seaports, Latvia has the potential to grow in road freight by investing in infrastructure improvements, and in air transport for both passengers and freight. Opportunities also exist in construction and the development of industrial, logistics, and distribution parks.

Web Resources

- Latvian Ministry of Transport:
<http://www.sam.gov.lv/>

- Latvian Transit and Logistics Sector Overview:
<http://www.liaa.gov.lv/en/trade/industry-profiles/transit-and-logistics>
- Latvian Investment and Development Agency:
<http://www.liaa.gov.lv/node/626>
- Riga Free Port:
<http://rop.lv/en/>
- Ventspils Free Port:
<http://www.portofventspils.lv/en>
- Liepaja Free Port:
<http://www.liepaja-sez.lv/>
- Rezekne Special Economic Zone:
<http://www.rsez.lv/en>
- Latgale Special Economic Zone:
<http://invest.latgale.lv/en/latgale-sez>
- Rail Baltica:
<http://www.railbaltica.org/tenders/>

Travel and Tourism

Overview

Currently, tourism is one of the fastest growing sectors in Latvia. This growth has been steady over the past several years, boosted by the Latvian government's implementation of the EU Open Skies policy and incentives for air carriers to attract additional passengers to Riga International Airport. In 2017, over 6 million passengers flew through the Riga airport.

Capitalizing on its status as a European Capital of Culture for 2014 and tenure as the Presidency of the Council of the European Union during the first half of 2015, Latvia is emerging as a global destination and attracting new tourists each year. Although the number of new tourist accommodations has grown significantly, the market still would benefit from the presence of additional international chains. World brands such as Accor Hotels, Kempinski Hotels, Hilton, and Marriott have begun to enter the Latvian market.

Leading Sub-Sectors

This market is still developing, and many products can find a niche if appropriately priced and marketed.

Opportunities

Please see the Supplement to the Official Journal of the European Union dedicated to European public procurement.

<http://ted.europa.eu/TED/main/HomePage.do>

Latvian Export and Import Directory <http://www.exim.lv/>

Good opportunities exist in the travel and tourism sector, particularly in hotel, airport, and ferry operations.

Web Resources

- Latvian Investment and Development Agency:
<http://www.liaa.gov.lv/en/trade/industry-profiles/welness-industry>
- Riga International Airport:
<http://www.riga-airport.com/en>
- Riga Tourism Development Bureau:
<https://www.liveriga.com/en/urna>.

Customs, Regulations & Standards

Trade Barriers

For information on existing trade barriers, please see the National Trade Estimate Report on Foreign Trade Barriers, published by USTR and available through the following website:

<https://ustr.gov/about-us/policy-offices/press-office/reports-and-publications/2017/2017-national-trade-estimate>

Separate arrangements are applied to trade in certain agricultural products under the Common Agricultural Policy (CAP), including export/import licensing, quantitative restrictions, export refunds, or preferential tariff arrangements. Further information on agricultural trade barriers can be found at the following website: <https://www.fas.usda.gov/offices/us-mission-european-union>

Information on agricultural trade barriers can be found at the following website:

<http://www.usda-eu.org/>

To report existing or new trade barriers and get assistance in removing them, contact either the Trade Compliance Center at <http://tcc.export.gov/> or the U.S. Mission to the European Union at

<http://export.gov/europeanunion>.

Import Tariff

Latvian Integrated Tariff Management System: <https://itvs.vid.gov.lv/itms/>

The National Customs Board of Latvia is part of the State Revenue Service, an institution of direct administration subordinate to the Minister of Finance. Latvia is a member of the World Customs Organization (WCO) since 1992.

When products enter the EU, they need to be declared to customs according to their classification in the Combined Nomenclature (CN). The CN document is updated and published every year, and the latest version can be found on the European Commission's website:

https://ec.europa.eu/taxation_customs/business/calculation-customs-duties/what-is-common-customs-tariff/combined-nomenclature_en

U.S. exports to the European Union are subject to an average tariff of just three percent. U.S. exporters should consult "The Integrated Tariff of the Community," referred to as TARIC (Tarif Intégré de la Communauté), to identify the various rules which apply to specific products being imported into the customs territory of the EU. To determine if a license is required for a particular product, check the TARIC.

The TARIC can be searched by country of origin, Harmonized System (HS) Code, and product description on the interactive website of the Directorate-General for Taxation and the Customs Union.

The online TARIC is updated daily.

http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm.

Import Requirements & Documentation

Information on Latvian Customs requirements: <https://www.vid.gov.lv/en/customs>

The TARIC (Tarif Intégré de la Communauté), described above, is available to help determine if a license is required for a particular product. Moreover, the European Commission maintains an export helpdesk with information on import restrictions of various products.

<http://trade.ec.europa.eu/tradehelp/>

Labeling/Marking Requirements

Labeling is harmonized with EU regulations. Exact requirements depend upon the type of product and its intended usage. Labels and instructions must be in Latvian. They must contain the name of the product, information about the manufacturer, importer, and (in some cases), instructions for use. Detailed requirements are set by the Consumer Rights Protection Law, which is available here:

http://vvc.gov.lv/export/sites/default/docs/LRTA/Likumi/Consumer_Rights_Protection_Law.pdf

Additional information is available at the website of the Consumer Rights Protection Center of Latvia:

<http://www.ptac.gov.lv/en/content/consumer-protection>

An overview of EU mandatory and voluntary labeling and marking requirements has been compiled in a market research report that is available at: <http://apps.export.gov/article?id=European-Union-Marking-Labeling-and-Packaging-Overview>.

U.S. Export Controls

Latvia's security policy is based on active multilateral and bilateral cooperation and participation in the European Union and NATO. Responsible action in the areas of arms control and non-proliferation is an important element of the Latvian foreign and security policy.

The U.S. government has created the Consolidated Screening List API (Application Programming Interfaces) to consolidate eleven export screening lists of the Departments of Commerce, State and the Treasury into a single data feed, as an aid to industry in conducting electronic screens of potential parties to regulated transactions. <http://developer.trade.gov/consolidated-screening-list.html>.

Temporary Entry

Goods are accepted for temporary entry if they stay for no more than 24 months in the customs zone and then leave the country.

Additional information concerning temporary entry customs procedure can be found here

http://ec.europa.eu/taxation_customs/customs/procedural_aspects/imports/temporary_importation/index_en.htm

Specific information on the ATA Carnet customs procedure used for temporary importation, transit and temporary admission of goods designed for specific purposes, duty-free and tax-free (such as professional equipment for presentations or trade fairs) can be found here:

<https://www.export.gov/article?id=ATA-Carnet>

Additional information is available at the EU Export Helpdesk website:

<http://trade.ec.europa.eu/tradehelp/>

For Latvia-specific information please consult the website of the Latvian Investment and Development Agency: <http://www.liaa.gov.lv/en/invest-latvia/investor-business-guide/operating-environment> .

Prohibited & Restricted Imports

The TARIC is designed to show various rules applying to specific products being imported into the customs territory of the EU or, in some cases, when exported from it. To determine if a product is prohibited or subject to restriction, check the TARIC for the following codes:

CITES Convention on International Trade of Endangered Species
PROHI Import Suspension
RSTR Import Restriction

For information on TARIC, please go to:

http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm.

Customs Regulations

The transit of goods through Latvia is not subject to import and export duties or Value Added Tax (VAT).

The applicable import rates vary depending on the origin and the type of goods imported. Since Latvia is a member of the WTO and the EU, rating practices required by these organizations have been adopted. As an EU member state, import tariffs are dependent and regulated by the pertinent EU-U.S. bilateral agreements.

There are no import or export tariffs for the movement of goods between Latvia and other EU countries.

The Customs Law provides for customs duty exemptions, and foreign investors commonly exempt the temporary import of goods.

Besides customs duties, imports are subject to VAT and may also be subject to excise tax and tax on natural resources.

To learn more about the different tax rates in Latvia visit: <https://www.vid.gov.lv/en/taxes>

National Customs Board of Latvia <https://www.vid.gov.lv/en/customs>

Homepage of Customs and Taxation Union Directorate (TAXUD) Website: https://ec.europa.eu/taxation_customs/customs_en .

Standards for Trade

Overview

Products tested and certified in the United States to American regulations and standards will likely to have to be re-tested and re-certified to EU requirements as a result of the EU's different approach to the protection of the health and safety of consumers and the environment. Where products are not

regulated by specific EU technical legislation, they are always subject to the EU's General Product Safety Directive as well as to possible additional national requirements.

European Union legislation and standards created under the New Approach are harmonized across the member states and European Economic Area countries to allow for the free flow of goods. A feature of the New Approach is CE marking.

The concept of New Approach legislation is slowly disappearing as the New Legislative Framework (NLF), which entered into force in January 2010, was put in place to serve as a blueprint for existing and future CE marking legislation. Existing legislation has been reviewed to bring them in line with the NLF concepts, which means that, as of 2016, new requirements are being addressed and new reference numbers are to be used on declarations of conformity. For more information about the NLF, go to <http://ec.europa.eu/growth/single-market/goods/new-legislative-framework/>.

While harmonization of EU legislation can facilitate access to the EU Single Market, manufacturers should be aware that regulations (mandatory) and technical standards (voluntary) might also function as barriers to trade if U.S. standards are different from those of the European Union.

Standards

The Standardization, Accreditation and Metrology Centre (SAMC) is a limited liability company under the supervision of the Ministry of Economics of the Republic of Latvia, which acts as the national standards body of Latvia. <https://www.lvs.lv/en>

For detailed information on standards for trade in the European Union please see here: <https://www.export.gov/article?id=European-Union-Trade-Standards>.

Testing, inspection and certification

Conformity Assessment

Conformity Assessment is a mandatory step for the manufacturer in the process of complying with specific EU legislation. The purpose of conformity assessment is to ensure consistency of compliance during all stages, from design to production, to facilitate acceptance of the final product. EU product legislation gives manufacturers some choice regarding conformity assessment, depending on the level of risk involved in the use of their product. These range from self-certification, type examination and production quality control system, to full quality assurance system.

You can find conformity assessment bodies for Latvia in the NANDO list prepared by the European Commission: <http://ec.europa.eu/enterprise/newapproach/nando/>

Product Certification

To sell products in the 28 EU Member States, as well as Norway, Liechtenstein and Iceland, U.S. exporters are required to apply CE marking whenever their product is covered by specific product legislation. CE marking legislation offers manufacturers a number of choices and requires decisions to determine which safety/health concerns need to be addressed, which conformity assessment module is best suited to the manufacturing process and whether or not to use EU-wide harmonized standards. Understanding and implementing the CE marking process is not easy, and information can be found at: <http://www.export.gov/europeanunion/eustandardsandcertification/index.asp>.

"European Accreditation" (<http://www.european-accreditation.org>) is an organization representing nationally recognized accreditation bodies. Membership is open to nationally recognized accreditation

bodies in countries in the European geographical area that can demonstrate that they operate an accreditation system compatible to appropriate EN and ISO/IEC standards.

Latvian National Accreditation Bureau: <https://www.latak.gov.lv>

Publication of technical regulations

National technical Regulations are published on the Commission's website <http://ec.europa.eu/growth/tools-databases/tris/en/> to allow other countries and interested parties to comment.

Members of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to notify to the WTO proposed technical regulations and conformity assessment procedures that could affect trade. Notify U.S. (www.nist.gov/notifyus) is a free, web-based e-mail registration service that captures and makes available for review and comment key information on draft regulations and conformity assessment procedures. Users receive customized e-mail alerts when new notifications are added by selected country(ies) and industry sector(s) of interest, and can also request full texts of regulations. This service and its associated web site are managed and operated by the USA WTO TBT Inquiry Point housed within the National Institute of Standards and Technology, part of the U.S. Department of Commerce.

Contact Information

Standardization, Accreditation and Metrology Centre, Ltd. (SAMC)
Standardization Bureau Latvian Standard (LVS)
157, Kr. Valdemara Street
Riga, Latvia LV-1013
Tel: +371 67379340
Fax: +371 67371324
E-mail: lvs@lvs.lv
Web: <https://www.lvs.lv/en>

State Agency "Latvian National Accreditation Bureau"
157, Kr. Valdemara Street
Riga, Latvia LV-1013
Tel: +371 67373051
E-mail: administracija@latak.lv
Web: <https://www.latak.gov.lv/>

Trade Agreements

For a list of trade agreements with the EU and its member states, as well as concise explanations, please see: <http://ec.europa.eu/trade/policy/countries-and-regions/negotiations-and-agreements/>.

Licensing Requirements for Professional Services

Licensing of Professional Services in Latvia is managed by the Academic Information Centre (AIC). For detailed information, please visit the database of regulated professions in Latvia: <http://www.aic.lv/regdip/?lang=2>.

Web Resources

- Latvian Integrated Tariff Management System:
<https://itvs.vid.gov.lv/itms/>
- TARIC:
http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm
- National Trade Estimate Report on Foreign Trade Barriers: <https://ustr.gov/about-us/policy-offices/press-office/reports-and-publications/2017/2017-national-trade-estimate>
- U.S. Foreign Agricultural Service at U.S. Mission to the EU
<http://www.usda-eu.org/>
- Trade Compliance Center
<http://www.trade.gov/tcc>
- U.S. Commercial Service at U.S. Mission to the EU
<http://export.gov/europeanunion/>
- Latvian Customs:
<https://www.vid.gov.lv/en/customs>
- Consolidated Screening List API
<http://developer.trade.gov/consolidated-screening-list.html>
- Temporary Entry Customs Procedure
http://ec.europa.eu/taxation_customs/customs/procedural_aspects/imports/temporary_importation/index_en.htm
- EU Export Helpdesk
<http://trade.ec.europa.eu/tradehelp/>
- Latvian Investment and Development Agency
<http://www.liaa.gov.lv/en/invest-latvia/investor-business-guide/operating-environment>
- Consumer Rights Protection Center of Latvia <http://www.ptac.gov.lv/en/content/consumer-protection>

- Overview of EU mandatory and voluntary labeling and marking requirements
<https://www.export.gov/article?id=European-Union-Marking-Labeling-Requirements>
- Tax rates in Latvia:
<https://www.vid.gov.lv/en/taxes>
- Customs and Taxation Union Directorate (TAXUD):
https://ec.europa.eu/taxation_customs/customs_en
- Standardization, Accreditation and Metrology Centre of Latvia
<https://www.lvs.lv/>
- CENELEC, European Committee for Electrotechnical Standardization <http://www.cenelec.eu/>
- ETSI, European Telecommunications Standards Institute
<http://www.etsi.org/>
- CEN, European Committee for Standardization, handling all other standards
<http://www.cen.eu/cen/pages/default.aspx>
- NIST Notify U.S. Service
<http://www.nist.gov/notifyus/>
- European Accreditation
<http://www.european-accreditation.org>
- Latvian National Accreditation Bureau
<https://www.latak.gov.lv/>
- The Official Journal of the European Union
<http://eur-lex.europa.eu/JOIndex.do?ihmlang=en>
- Trade Agreements: <http://ec.europa.eu/trade/policy/countries-and-regions/negotiations-and-agreements/>

Investment Climate Statement

The U.S. Department of State's Investment Climate Statements, prepared annually by U.S. embassies and diplomatic missions abroad, provide country-specific information and assessments of the investment climate in foreign markets. Topics include: Market barriers, business risk, legal and regulatory system, dispute resolution, corruption, political violence, labor issues, and intellectual property rights. The statements are available in two ways.

- Visit the U.S. Department of State's [Investment Climate Statement](#) website.
- Download the [Country Commercial Guide](#) (the Investment Climate Statement is Chapter 6).

Located in the Baltic region of northeastern Europe, Latvia is a member of the EU, eurozone, NATO, OECD, and the World Trade Organization (WTO). The Latvian government recognizes that, as a small country, it must attract foreign investment in order to foster economic growth, and thus has pursued liberal economic policies and developed infrastructure to position itself as a transportation hub. According to the latest World Bank's Doing Business Report, Latvia is ranked 19th out of 190 countries in terms of ease of doing business, a drop of five places from the previous year. As a member of the European Union, Latvia applies EU laws and regulations, and, according to current legislation, foreign investors possess the same rights and obligations as local investors (with certain exceptions). Any foreign investor is entitled to establish and own a company in Latvia and has the opportunity to acquire a temporary residence permit.

Latvia implemented a major overhaul of its tax code in 2018. To encourage investment, the tax reforms eliminated corporate taxes on all reinvested profits. Profits distributed or disbursed as dividends, or used for purposes not directly related to business development, will be taxed at a rate of 20 percent, up from 15 percent.

There is a perceived lack of fairness and transparency in the public procurement process in Latvia. A number of companies, including foreign companies, have complained that bidding requirements are sometimes written with the assistance of potential contractors or couched in terms that exclude all but "preferred" contractors. Nonetheless, Latvia provides several advantages to potential investors, including:

Regional Hub: Latvia bridges West and East, providing strategic access to both the EU market and to Russia and Central Asia. Latvia's three ice-free ports are connected to the country's rail and road networks and to the largest international airport in the Baltic region. Latvia's road network is connected to both European and Central Asian road networks. The railroads connect Latvia with the other Baltic states, Russia, and Belarus, with further connections extending into Central Asia and China.

Workforce: Latvia's workforce is highly educated and multilingual, and its culture promotes hard work and dependability. Labor costs in Latvia are the 4th lowest in the EU.

Competitive Tax system: Latvia ranked 4th in the OECD's 2017 International Tax Competitiveness Index Rankings (prior to the enacted tax reforms). To further boost its competitiveness, the Latvian government has abolished taxes on reinvested profits and has established special incentives for both foreign and domestic investment. There are five special economic zones (SEZs) in Latvia: Riga Free Port, Ventspils Free Port, Liepaja Special Economic Zone, Rezekne Special Economic Zone, and Latgale Special Economic Zone, which provide various tax benefits for investors. Latgale Special Economic

Zone covers a large part of Latgale, which is the most economically challenged region in Latvia, bordering Russia and Belarus.

Latvia's GDP grew by 4.5 percent in 2017 - its fastest growth rate since 2011 and among the highest in the European Union. Commentators attributed the increased growth rate to rising global economic growth, which contributed to increased demand for Latvian exports, and increased investment from both the private sector and EU structural funds. The most competitive sectors in Latvia include woodworking, metalworking, transportation, IT, green tech, health care, life science, food processing, and finance. Recent reports suggest that some of the most significant challenges investors encounter in Latvia are demography, access to labor, and healthcare. Foreign investors have praised the reforms in the area of taxation and education, but remain concerned about corruption and a non-transparent or non-responsive bureaucracy and judiciary.

The non-resident banking sector has come under increased regulatory scrutiny in recent years because of inadequate compliance with anti-money laundering (AML) provisions. In the last three years, Latvia's Financial and Capital Markets Commission has cancelled one bank's operating licenses and has levied large fines against other banks for failure to comply with AML requirements. On February 13, 2018, the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) identified Latvia's third-largest bank as a "foreign bank of primary money laundering concern" and issued a proposed rule cutting the bank off from the U.S. financial system. The Government of Latvia has been working to restore confidence in its financial institutions.

The chart below shows Latvia's ranking on several prominent international measures of interest to potential investors.

Table 1

Measure	Year	Index/Rank	Website Address
TI Corruption Perceptions Index	2017	40 of 180	http://www.transparency.org/research/cpi/overview
World Bank's Doing Business Report "Ease of	2017	19 of 190	http://www.doingbusiness.org/rankings
Global Innovation Index	2017	33 of 127	https://www.globalinnovationindex.org/analysis-indicator
U.S. FDI in partner country (M USD , stock positions)	2016	USD 202 *	http://data.imf.org/regular.aspx?key=61227424
World Bank GNI per capita	2016	USD 14,570	http://data.worldbank.org/indicator/NY.GNP.PCAP.CD

*These figures significantly underestimate the value of U.S. investment in Latvia due to the fact that these do not account for investments by U.S. firms through their European subsidiaries.

1. Openness To, and Restrictions Upon, Foreign Investment

Policies Towards Foreign Direct Investment

The Latvian government actively encourages foreign direct investment (FDI) and works with investors to improve the country's business climate. To strengthen these efforts, the Latvian government introduced the POLARIS process (<http://www.liaa.gov.lv/en/invest-latvia/investment-services-and-contacts/polaris-process>), a mechanism designed to create an alliance between the public sector (including national and local governments), the private sector (including national and international companies), and major Latvian academic and research institutions to encourage FDI and spur economic growth. The Latvian government also meets annually with the Foreign Investors Council in Latvia (FICIL), which represents large foreign companies and chambers of commerce, with the express purposes of improving the business environment and encouraging foreign investment. The Coordination Council for Large and Strategically Important Investment Projects is chaired by the Prime Minister. In January 2018, FICIL published its Sentiment Index 2017 - a survey of current foreign investors on the investment climate in Latvia. It is available at: https://www.ficil.lv/wp-content/uploads/2017/04/Ficil_Sentiment_Index_2017_report.pdf.

Limits on Foreign Control and Right to Private Ownership and Establishment

Latvia reserves the right to enact policies and legislation that discriminate against foreign investors in the following areas: control of defense industries; manufacturing and sale of narcotics, weapons and explosives; control of newspaper, television and radio broadcasting stations, or news agencies; recovery of all renewable and non-renewable natural resources including resources found on the continental shelf; fishing; hunting; air transportation services and port management; ownership and control of land; brokerage or real property; gambling and lotteries; private security and surveillance services; auditing services; the cross-border provision of banking and financial services; and the cross-border provision of insurance and private pension services. In March 2017, Latvia also passed new legislation that, on the basis of national security concerns, requires governmental approval prior to transfers of significant ownership interests in the energy, telecommunications, and media sectors.

With these limited exceptions, physical and legal persons who are citizens of Latvia or of other EU countries may freely purchase real property. In general, physical and legal persons who are citizens of non-EU countries (third-country nationals) may also freely purchase developed real property. However, third-country nationals may not directly purchase certain types of agricultural, forest, and undeveloped land. Such persons may acquire ownership interest in such land through a company registered in the Register of Enterprises of the Republic of Latvia, provided that more than 50 percent of the company is owned by: (a) Latvian citizens and/or Latvian governmental entities; and/or (b) physical or legal persons from countries with which Latvia signed and ratified an international agreement on the promotion and protection of investments on or before December 31, 1996; or for agreements concluded after this date, so long as such agreements provide for reciprocal rights to land acquisition. The United States and Latvia have such an agreement (a bilateral investment treaty in force since 1996). In addition, foreign investors can lease land without restriction for up to 99 years. As of May 1, 2014 changes in the Law on Land Privatization in Rural Areas allow EU citizens to purchase Latvia's agricultural land and forests. Other restrictions apply (to both Latvian citizens and foreigners) regarding the acquisition of land in Latvia's border areas, Baltic Sea and Gulf of Riga dune areas, and other protected areas.

In May 2017, the President of Latvia promulgated the amendments to the Law on Land Privatization in Rural Areas to simplify and clarify the process for local farmers to purchase land. The law, however, also prohibits foreigners who are not permanently residing in Latvia from purchasing agricultural land and required that any person who wishes to purchase agricultural land must possess knowledge of Latvian language at a certain level and be able to present their plan for the future use of the land for agricultural purposes in Latvian.

The Latvian constitution guarantees the right to private ownership. Both domestic and foreign private entities have the right to establish and own business enterprises and engage in all forms of commercial activity, except those expressly prohibited by law.

Other Investment Policy Reviews

The Organization for Economic Cooperation and Development (OECD) published an Economic Survey of Latvia in September 2017 (<http://www.oecd.org/economy/surveys/economic-survey-latvia.htm>). Although there have been no trade policy reviews specifically involving Latvia, the WTO completed its latest review of the European Union in July 2017. (https://www.wto.org/english/tratop_e/tpr_e/tp457_e.htm). Additionally, in October 2017, the

World Bank published a review of Latvia's tax system (<http://documents.worldbank.org/curated/en/587291508511990249/Latvia-tax-review>). Previously, the World Bank carried out a similar review of Latvia's port infrastructure in 2013 (<http://www.worldbank.org/en/news/press-release/2013/11/27/world-bank-reviews-competitiveness-of-latvian-ports>).

Business Facilitation

A new Start up Law took effect in Latvia in 2017 that seeks to encourage startup ventures through favorable tax treatment. For more information please see here: <http://www.liaa.gov.lv/en/invest-latvia/start-up-ecosystem> and here: <http://www.labsoflatvia.com/news/the-latvian-startup-law-in-one-beautiful-infographic>. Full text of the law is available here: https://www.em.gov.lv/files/attachments/2017-01-04_16_58_28_startup_eng.docx.

The official website of the Latvian Commercial Register has been fully revised and now provides detailed information in English on business registration process in Latvia - <https://www.ur.gov.lv/en/>. The World Bank's Doing Business project has performed a detailed review of the business registration process in Latvia, which is available here: <http://www.doingbusiness.org/data/exploreeconomies/latvia/#starting-a-business>.

In addition, the Latvian Investment and Development Agency has prepared a guide with step-by-step information on starting a business in Latvia: <http://www.liaa.gov.lv/en/trade/market-entry/business-forms-and-registration>. The agency prides itself on the fact that a business can be registered in Latvia in a single day.

Using the European Commission definitions of micro, small, and medium enterprises (MSMEs), Latvia has established a special tax regime for microenterprises. Under the microenterprise tax, qualifying businesses (those employing up to five employees and with less than 40,000 euros in revenue) pay a single tax that covers social security contributions, personal income tax, and business risk tax for employees, and includes corporate income tax if the micro business taxpayer is a limited liability company. This special tax regime is available to foreign nationals. For additional details on the microenterprise tax, see: <https://www.vid.gov.lv/en/node/57223>

Outward Investment

The Latvian government does not incentivize outward investment or restrict Latvians from investing overseas.

2. Bilateral Investment Agreements and Taxation Treaties

Latvia and the United States share a bilateral investment treaty that came into force in December 1996. Latvia has also concluded bilateral investment agreements with Armenia, Austria, Azerbaijan, Belarus, BLEU (Belgium-Luxembourg Economic Union), Bulgaria, Canada, China, Croatia, Czech Republic, Denmark, Egypt, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Iceland, India, Israel, Kazakhstan, Korea, Kuwait, Kyrgyzstan, Lithuania, Moldova, Netherlands, Norway, Poland, Portugal, Romania, Singapore, Slovakia, Spain, Sweden, Switzerland, Turkey, Ukraine, United Kingdom, Uzbekistan, and Viet Nam.

Latvia has concluded the Treaty on Avoidance of Double Taxation with the United States, which entered into force on December 30, 1999.

3. Legal Regime

Transparency of the Regulatory System

The Latvian government has amended its laws and regulatory procedures in an effort to bring Latvia's legislation in compliance with the EU and WTO GPA requirements. A number of legislative changes were aimed at increasing the transparency of the Latvian business environment and regulatory system. At the same time, the massive legislative changes carried out in a short period of time have led to some laws and regulations that could be subject to conflicting interpretations. The Latvian government has developed a good working relationship with the foreign business community (through FICIL) to streamline various bureaucratic procedures and to address legal and regulatory issues as they arise. Additional information on the regulatory system in Latvia is available here:

<http://rulemaking.worldbank.org/data/explorecountries/latvia>

International Regulatory Considerations

As a member state of the EU, Latvia has incorporated the European norms and standards into its regulatory system. As a member of the WTO, Latvia has the duty to notify all draft technical regulations to the WTO Committee on Technical Barriers to Trade. As a member of the European Union, Latvia is a signatory to the WTO Trade Facilitation Agreement.

Legal System and Judicial Independence

Under the 1993 Law on Judicial Power, Latvia has a three-tier court system comprising district (city) courts, 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 have appellate jurisdiction over district court cases and original jurisdiction for certain cases specified in the Civil Code, such as cases on the protection of patent rights, trademarks, and geographical indications, as well as cases on the insolvency and liquidation of credit institutions. The Supreme Court is the highest-level court in Latvia and - depending on the origin of the case - has either de novo review of both factual and legal findings or, in instances where it is the second appellate court reviewing a case, cassation review of only legal findings.

City and regional courts are administered by the Ministry of Justice (www.tm.gov.lv), while the Supreme Court and Constitutional Court are independent.

Many observers have voiced concerns about the length of civil cases in Latvia, and the nature and opacity of judicial rulings have led some investors to question the fairness and impartiality of some judges. These concerns are not specific to foreign or local investors, however, and the court system is generally viewed as applying the law equally to the interests of foreign and local investors. Although the Ministry of Justice has enacted reforms designed to reduce the backlog of cases in the lower courts, improvements in the judicial system are still needed to accelerate the adjudication of cases, to strengthen the enforcement of court decisions, and to upgrade professional standards.

Laws and Regulations on Foreign Direct Investment

Incoming foreign investment in Latvia is regulated by the Commercial Law. The website of the Latvian Investment and Development Agency is a helpful resource for navigating the rules and procedures governing foreign investment. (<http://www.liaa.gov.lv/en/invest-latvia/investor-business-guide/operating-environment>).

Competition and Anti-Trust Laws

Competition-related concerns are supervised by the Competition Council (CC). More information can be accessed at: <http://www.kp.gov.lv/en>

Expropriation and Compensation

Cases of arbitrary expropriation of private property by the Government of Latvia are extremely rare. Expropriation of foreign investment is possible in a very limited number of cases specified in the Law on Expropriation of Real Property for Public Interest. If the owner of the property claimed by the government deems the compensation inadequate, he or she may challenge the government's decision in a Latvian court.

Dispute Settlement

ICSID Convention and New York Convention

Latvia has been a member of the International Center for the Settlement of Investment Disputes (ICSID) since 1997 and a member of the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards since 1992. Judgments of foreign arbitral courts that are made in accordance with either can therefore be enforced in Latvia. The Civil Procedure Law stipulates that the judgments of foreign non-arbitral courts can be enforced in Latvia.

Investor-State Dispute Settlement

There have been no claims by U.S. investors under the Bilateral Investment Treaty against Latvia.

On December 22, 2017, the World Bank International Center for Settlement of Investment Disputes (ICSID) ruled that Latvia had violated its bilateral investment treaty with Lithuania and ordered Latvia to pay 3.7 million euros to a Lithuanian energy company in a dispute over the nationalization of a heating and hot water supply system. According to a local law firm, this is the first decision on the merits in an ICSID case against the Republic of Latvia. More information is available here: <http://investmentpolicyhub.unctad.org/ISDS/Details/478>

International Commercial Arbitration and Foreign Courts

On January 1, 2015, the Law on Arbitration courts came into force to regulate the establishment and operation of local arbitration courts in Latvia. According to the information available in the register, there are 71 arbitration institutions registered in Latvia (<https://www.ur.gov.lv/lv/registre/organizaciju/skirejtiesas/skirejtiesu-saraksts/>). In most

commercial agreements, 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 United Nations Commission on International Trade Law (UNCITRAL) model, thus providing full compliance with international standards. The law also governs the enforcement of rulings of foreign non-arbitral courts and foreign arbitrations. The full text of the law in English can be found here: <https://likumi.lv/ta/en/id/50500-civil-procedure-law> .

Bankruptcy Regulations

There are two laws governing bankruptcy procedure: the Law on Insolvency and the Law on Credit Institutions (regulating bankruptcy procedures for banks and other financial sector companies).

According to the latest World Bank's Doing Business Report Latvia ranked 53rd out of 190 countries in terms of ease of resolving insolvency. More information is available here:

<http://www.doingbusiness.org/data/exploreeconomies/latvia#resolving-insolvency>.

The business community has expressed concerns over inefficiency and allegations of corruption in Latvia's insolvency administration system. The Foreign Investors Council in Latvia has prepared a position paper on the system, which is accessible here:

<https://www.ficil.lv/wp-content/uploads/2017/04/16-04-06-FICIL-Insolvency-Abuse.pdf>

4. Industrial Policies

Investment Incentives

Latvia has established a National Industrial Policy (NIP), which aims to promote structural changes in the economy, to foster the manufacture of goods and services with higher added value. More information on the NIP is available here:

https://www.em.gov.lv/en/sectoral_policy/industrial_policy/.

In addition, Latvia has identified the following sectors as having the highest potential for new investment: woodworking, metalworking and mechanical engineering, transport and storage, information technology (including global business services), green technology, health care, life sciences, and food processing. The information is disseminated to the general public and potential investments via the Latvian Investment and Development Agency's official website (<http://liaa.gov.lv/invest-latvia/sectors-and-industries>), and through its representative offices (<http://liaa.gov.lv/contacts/representative-offices>).

Because the Latvian government extends national treatment to foreign investors, most investment incentives and requirements apply equally to local and foreign businesses. Latvia has three special economic zones and two free ports in which companies benefit from various tax rebates (real estate, dividend, and corporate income) and do not pay VAT. The full list of investment incentives is available here: <http://www.liaa.gov.lv/en/invest-latvia/investor-business-guide/business-incentives>.

Foreign Trade Zones/Free Ports/Trade Facilitation

There are five free trade areas in Latvia. Free ports have been established in Riga and Ventspils, and special economic zones (SEZ) have been created in Liepaja, a port city in western Latvia, and Rezekne, a city in the middle of the eastern Latvian region that borders Russia. Latvia has also established an additional SEZ in part of Latgale, the poorest region in Latvia, which borders Russia and Belarus.

Somewhat different rules apply to each of the five zones. In general, the two free ports provide exemptions from indirect taxes, including customs duties, VAT, and excise tax. The SEZs offer additional incentives, such as an 80-100 percent reduction of corporate income taxes and real estate taxes. To qualify for tax relief and other benefits, companies must receive permits and sign agreements with the appropriate authorities: the Riga and the Ventspils Port Authorities, for the respective free ports; the Liepaja SEZ Administration; the Rezekne SEZ Administration; or the Latgale SEZ Administration. The SEZs are expected to be in place until 2035.

Performance and Data Localization Requirements

Except for specific requirements for investors acquiring former state enterprises through the privatization process, there are no performance requirements for a foreign investor to establish, maintain, or expand an investment in Latvia. In the privatization process, performance requirements for investors, both foreign and domestic, are determined on a case-by-case basis.

Under Latvian Immigration Law, foreign citizens can enter and reside in Latvia for temporary business activities for up to three months in a six-month period. For longer periods of time, foreigners are required to obtain residence and work permits. The Latvian Investment and Development Agency, together with the Office of Citizenship and Migration Affairs, has created a guide to help third-country nationals interested in working in Latvia obtain work permits: <http://workinlatvia.liaa.gov.lv/>

A third-country national may obtain a five-year temporary residence permit if he or she has made certain minimum equity investments in a Latvian company, certain subordinated investments in a Latvian credit institution, or purchased real estate for certain designated sums, subject to limitations in each case. More information is available here: <http://www.liaa.gov.lv/en/trade-latvia/market-entry/working-and-living>.

Latvia is developing a Law on Personal Data Processing, which will implement the EU's General Data Protection Regulation, which enters into force in May 2018. More information is available here: <http://www.dvi.gov.lv/en/news/the-new-law-on-personal-data-processing-will-clarify-the-application-of-the-general-data-protection-regulation-in-latvia/>.

5. Protection of Property Rights

Real Property

Latvia recognizes the full spectrum of property rights, including mortgages and liens. According to the latest World Bank Doing Business Report, Latvia is ranked 22nd out of 190 countries in terms of ease of registering property. Latvia does not have significant problems with unclear legal titles. More information: <http://www.globalpropertyguide.com/Europe/Latvia/Buying-Guide> and <http://www.doingbusiness.org/data/exploreeconomies/latvia#registering-property>.

Intellectual Property Rights

In an effort to harmonize its legislation with EU and WTO requirements, Latvia has established a legal framework for the protection of intellectual property, including legislation to protect copyrights, trademarks, and patents. The Law on Copyrights strengthens the protection of software copyrights and neighboring rights. Foreign owners may seek redress for violation of their intellectual property rights through the appellation council at the Latvian Patent Office, as well as through private litigation. In copyright violation cases, aggrieved parties can request that the use of the pirated works be prohibited, that pirated copies be destroyed, and that violators compensate them for losses (including lost profits). The criminal law stipulates penalties for copyright violations.

In July 1994, the United States 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, the Paris Convention since September 1993, the Berne Convention since August 1995, and the 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 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.

The business community has raised concerns regarding the enforcement of these intellectual property protection standards in Latvia. As in much of Eastern and Central Europe, piracy rates are relatively high. In the past, there were reports of infringement of software licensing agreements by government offices, which the government has taken steps to rectify. Latvian law enforcement authorities have the authority to investigate intellectual property rights infringement cases.

Every year, the European Commission publishes a report describing the customs detentions of articles suspected of infringing intellectual property rights (IPR), such as trademarks, copyrights and patents. These statistics are available here: https://ec.europa.eu/taxation_customs/business/customs-controls/counterfeit-piracy-other-ipr-violations/ipr-infringements-facts-figures_en.

The Foreign Investors Council in Latvia has also drafted a position paper on IPR protection and promotion, which is available here: https://www.ficil.lv/wp-content/uploads/2017/07/4_14-05-30-Intellectual-property-protection-and-promotion.pdf.

Latvia is not listed in USTR's Special 301 report or the Notorious Market report.

For additional information about national laws and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

Resources for Rights Holders

- Dan Rittenhouse
- Economic Officer, U.S. Embassy Riga, Latvia
- +371 6710-7000
- RittenhouseDO@state.gov

List of Attorneys in Latvia, compiled by the Consular Section of the U.S. Embassy in Riga: <https://lv.usembassy.gov/u-s-citizen-services/local-resources-for-us-citizens/attorneys/>.

American Chamber of Commerce of Latvia: <http://www.amcham.lv/en/home>

Contact at Copyright Offices

- Ms. Ilona Petersone
- Director of Copyright Division, Ministry of Culture of the Republic of Latvia
- +371 6733-0240
- Ilona.Petersone@km.gov.lv

Contact at Industrial Property Offices

- Mr. Sandris Laganovskis
- Director of the Patent Office of the Republic of Latvia
- +371 670 99 608
- valde@lrpv.lv

6. Financial Sector

Capital Markets and Portfolio Investment

Latvian government policies do not interfere with the free flow of financial resources or the allocation of credit. Local bank loans are available to foreign investors.

Money and Banking System

Latvia's retail banking sector, which is composed primarily of Scandinavian retail banks, generally maintains a positive reputation. Latvian banks servicing non-resident clients, however, have come under increasing scrutiny since late 2015 for inadequate compliance with anti-money laundering standards. As noted above, the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) recently identified Latvia's third-largest bank as a "foreign bank of primary money laundering concern" and issued a proposed rule prohibiting U.S. banks from doing business with or on behalf of the bank. The Latvian bank regulator has also levied fines against several non-resident banks for AML violations in recent years.

Latvia is a member of the Council of Europe Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL), a FATF-style regional body. Its most recent mutual evaluation report can be found at: <https://www.coe.int/en/web/moneyval/monitoring-progress>

The regulatory framework for commercial banking incorporates all principal requirements of EU directives. A unified capital and financial markets regulator has been established. Existing banking legislation includes provisions on accounting and financial statements (strict adherence to international accounting standards is required), minimum 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 Guarantee Law have been adopted. An independent anti-money laundering unit operates under the supervision of the Prosecutor General's Office. Some of the banking regulations, such as capital adequacy and loan-loss provisions, exceed EU requirements.

According to the Association of Commercial Banks of Latvia, total assets of the country's banks at the end of 2017 stood at approximately 28.4 billion euros. More information is available at: <https://www.lka.org.lv/en/industry-data/> and <http://www.fktk.lv/en/media-room/press-releases.html>.

Securities markets are regulated by the Law on the Consolidated Capital Markets Regulator, the Law on the Financial Instrument Market, and several other laws and regulations. Protection of investor interests is ensured by strict control over participants in the securities market.

The NASDAQ/OMX Riga Stock Exchange (RSE) (www.nasdaqomxbaltic.com) began operations in 1995, and the securities market is based on the continental European model.

Foreign Exchange and Remittances

Foreign Exchange Policies

The currency of Latvia is the euro. There are no restrictions on exchanging currencies or capital movement and foreign investors are allowed to extract their profits in any currency with no restraints. As of March 27, 2018, one euro is worth USD 1.2411.

Remittance Policies

Latvian 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. Exchange rates and other financial information can be obtained at the European Central Bank web site: <https://www.ecb.europa.eu/stats/exchange/eurofxref/html/index.en.html>.

Sovereign Wealth Funds

Latvia does not have a sovereign wealth fund.

7. State-Owned Enterprises

Private enterprises may compete with public enterprises on the same terms and conditions with respect to access to markets, credit, and other business operations such as licenses and supplies. The Latvian government has implemented the requirements of the EU's Third Energy Package with respect to the electricity sector, including opening the electricity market to private power producers and allowing them to compete on an equal footing with Latvenergo, the state-owned power company.

SOEs are active in the energy and mining, aerospace and defense, services, information and communication, automotive and ground transportation, and forestry sectors.

Latvia as a member of the EU is a party to the Government Procurement Agreement within the framework of the World Trade Organization, and SOEs are covered under the agreement.

Detailed information on Latvian SOEs is available in the OECD Review of the Corporate Governance of State-Owned Enterprises in Latvia, which is available here: <http://www.oecd.org/daf/ca/oecd-review-corporate-governance-soe-latvia.htm>.

Senior managers of major SOEs in Latvia report to independent boards of directors, which in turn report to the line ministries. As of January 1, 2015, SOEs are operating under the law, On Public Persons Enterprises and Capital Shares Governance. The law has reintroduced supervisory boards for major SOEs, which were eliminated in 2009 as a cost-cutting measure after the financial crisis, in order to represent shareholder interests in between shareholder meetings and to supervise the activities of the boards of directors. The law also establishes an entity that coordinates state enterprise ownership and requires annual aggregate reporting. Detailed information on Latvian SOEs is available here: <https://www.pkc.gov.lv/index.php/en/state-owned-enterprises>.

For additional information please see here: <http://www.oecd.org/latvia/corporate-governance-in-latvia-9789264268180-en.htm>.

Privatization Program

The Law on Privatization of State and Municipal Property governs the privatization process in Latvia. The Latvian Privatization Agency (LPA), established in 1994, uses a case-by-case approach to determine the method of privatization for each state enterprise. The three allowable methods are: public offering, auction for selected bidders, and international tender. For some of the largest privatized companies, a percentage of shares may be sold publicly on the NASDAQ OMX Riga Stock Exchange. The government may maintain shares in companies deemed important to the state's strategic interests. Privatization of small and medium-sized state enterprises is considered to be largely complete.

Latvian law designates six State Joint Stock Companies that cannot be privatized: Latvenergo (Energy and Mining), Latvijas Pasts (Services), International Airport Riga, Latvijas Dzelzceļš (Automotive and Ground Transportation), Latvijas Gaisa Satiksme (Aerospace and Defense), and Latvijas Valsts Meži (Forestry). Other large companies in which the Latvian government holds a controlling interest include airBaltic (Travel), Lattelecom (Information and Communication), Latvian Mobile Telephone (Information and Communication), Conexus Baltic Grid (Energy). While Latvia sold a 20 percent stake in national carrier airBaltic to a private investor in early 2016, the government to date has not been successful in finding a strategic investor for the airline.

8. Responsible Business Conduct

Awareness of and implementation of due diligence principles of corporate social responsibility (CSR)/Responsible Business Conduct is developing among producers and consumers. Two of the most active promoters of CSR are the American Chamber of Commerce in Latvia and the Employers' Confederation of Latvia. The Latvian Ministry of Welfare has also taken an active part in promoting CSR. Several initiatives have been particularly active on CSR, including the Institute for Corporate Sustainability and Responsibility (<http://www.incsr.eu/lv/>) the Corporate Social Responsibility Platform (<http://www.ksalatvija.lv/en>), and the Human Development Award (<http://www.cilvekaizausgums.lv/home/>).

Latvia adheres to the OECD Guidelines for Multinational Enterprises. Latvia's National Contact Point for the Guidelines can be contacted through this website:

<https://mneguidelines.oecd.org/ncps/latvia.htm>. Latvia also promotes the United Nations Guiding Principles on Business and Human Rights, endorsed by the UN Human Rights Council in 2011.

9. Corruption

Latvian law enforcement institutions, foreign business representatives, and non-governmental organizations have identified corruption and the perception of corruption as persistent problems in Latvia. According to the 2017 Corruption Perception Index by Transparency International, Latvia ranks 40th out of 180 countries (in order from the lowest perceived level of public sector corruption to the highest).

In an effort to strengthen its anti-corruption programs, the Latvian government has adopted several laws and regulations, including the Law on Money Laundering and the Law on Conflicts of Interest. The Conflicts of Interest Law imposes restrictions and requirements on public officials and their relatives. Several provisions of the law deal with the previously widespread practice of holding several positions simultaneously, often in both the public and private sector. The law includes a comprehensive list of state and municipal jobs that cannot be combined with additional employment. Moreover, the law expanded the scope of the term state official to include members of boards and councils of companies with state or municipal capital exceeding 50 percent. Latvia became a member of the OECD Anti-Bribery Convention in 2014. In line with OECD recommendations associated with Latvia's accession process, the government is working to strengthen anti-corruption enforcement and improve the functioning of its independent agency, the Anti-Corruption Bureau (KNAB).

Under Latvian law, it is a crime to offer or to accept a bribe or to facilitate an act of bribery. Although the law stipulates heavy penalties for bribery, a very limited number of government officials prosecuted and convicted for corruption to date. The law also provides the possibility of withdrawing charges against a person giving a bribe in cases where the bribe has been extorted, or in cases where the person voluntarily reports these incidents and actively assists the investigation.

KNAB is the institution with primary responsibility for combating corruption and carrying out operational activities in response to suspected or alleged corruption. The Prosecutor General's Office also plays an important role in fighting corruption.

KNAB has also established a Public Consultative Council to help increase public participation in implementing its anti-corruption policies, increasing public awareness, and strengthening connections between the agency and the public. More information is available here:

<https://www.knab.gov.lv/en/knab/consultative/public/>.

There is a perceived lack of fairness and transparency in the public procurement process in Latvia. A number of companies, including foreign companies, have complained that bidding requirements are sometimes written with the assistance of potential contractors or couched in terms that exclude all but preferred contractors.

A regulation of the Cabinet of Ministers provides for public access to government information, and the government generally provided citizens such access. There have been no reports that noncitizens or the foreign media have been denied access.

Resources to Report Corruption

Contact at government agency or agencies are responsible for combating corruption:

- Corruption Prevention and Combating Bureau
- Citadeles iels 1, Riga, LV 1010, Latvia
- +371 67356161
- knab@knab.gov.lv

Contact at "watchdog" organization:

Delna (Latvian affiliate of Transparency International)

- Citadeles iela 8, Riga, LV-1010
- +371 67285585
- ti@delna.lv

10. Political and Security Environment

There have been no reports of political violence or politically motivated damage to foreign investors' projects or installations. The likelihood of widespread civil disturbances is very low. While Latvia has experienced peaceful demonstrations related to internal political issues, there have been rare incidents when these have devolved into crimes against property, such as breaking shop windows or damaging parked cars. U.S. citizens are cautioned to avoid any large public demonstrations, as even peaceful demonstrations can turn confrontational. The Embassy provides periodic notices to U.S. citizens in Latvia, which can be found on the Embassy's web site: <http://riga.usembassy.gov/>.

11. Labor Policies and Practices

The official rate of registered unemployment in January 2018, according to Eurostat, was 8.3 percent. The Latvian State Employment Agency (LSEA) reported 7 percent unemployment at the end of January 2018. Unemployment is significantly higher in rural areas. A high percentage of the workforce has completed at least secondary or vocational education. Foreign managers praise the high degree of language skills, especially in Russian and English, among Latvian workers. However, there is a shortage of mid- and senior-level managers with western-style management skills.

Companies must keep wages above the legally specified minimum of 430 euros per month, as of April 2018. Union influence on the wage setting process is limited. Trade unions do not have significant influence on the labor market. Additional information on trade unions in Latvia, is available here: <http://www.worker-participation.eu/National-Industrial-Relations/Countries/Latvia>.

One challenge employers have faced since Latvia joined the EU is that many skilled employees can find better employment opportunities in other EU countries. Unofficial statistics suggest that more than 240,000 people have moved from Latvia to other EU countries since May 1, 2004. Despite the fact that the macroeconomic situation has stabilized, skilled and unskilled workers continue to emigrate. The government is implementing a strategy to entice people who have left Latvia to return.

According to several reports, despite the relatively high unemployment rate by Western standards, there is a significant shortage of workers in manufacturing, wholesale and retail, transport and storage, and ICT sectors. The largest share of registered unemployment is comprised of persons with only primary or secondary education who do not possess the needed, specialized skills. To address this problem, the government of Latvia has approved a list of highly skilled professions that employers may use to recruit professionals from abroad to work in Latvia:

<https://eng.lsm.lv/article/economy/employment/latvia-approves-list-for-attracting-specialist-guest-workers.a268682/>.

The Labor Law addresses discrimination issues, provides detailed provisions on the rights and obligations of employees' representatives, and created the Conciliation Commission, a mechanism that can be used in the workplace to resolve labor disputes before going to arbitration.

Full-time employees in Latvia work 40 hours a week. Normally, there are five working days per week, but employers may schedule a sixth workday without offering premium pay. Employees are entitled to four calendar weeks of annual paid vacation per year. Employers are prohibited from entering into an employment contract with a foreign individual who does not have a valid work permit.

Latvia is a member of the International Labor Organization (ILO) and has ratified all eight ILO Core Conventions.

12. OPIC and Other Investment Insurance Programs

Overseas Private Investment Corporation (OPIC) political risk insurance coverage was previously available for U.S. investments in Latvia. Because Latvia was recently added to the list of High Income countries (defined as countries with a nominal GNI per capita of USD 15,000 or greater), however, OPIC coverage is no longer available for new projects in Latvia.

Latvia is a member of the World Bank Group's Multilateral Investment Guarantee Agency (MIGA) which also provides risk insurance.

13. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

Economic Data	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (M USD)	2016	USD 27.573	2015	USD 27.009	www.worldbank.org/en/country

Foreign Direct Investment	Host Country Statistical source*	USG or international statistical source	USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (M USD, stock positions)	2017 USD 183.79	2016 USD 202	http://data.imf.org/regular.aspx?key=61227424
Host country's FDI in the United States (M USD, stock positions)	2017 USD 91.29	2016 USD 0	http://data.imf.org/regular.aspx?key=61227424
Total inbound stock of FDI as % host GDP	2016 51.5%	2015 54.5%	http://unctad.org/en/Pages/DIAE/World%20Investment%20Report/Annex-Tables.aspx

* http://www.fm.gov.lv/en/s/macroeconomics/main_macro-economic_indicators/
<https://www.bank.lv/en/statistics>.

Table 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations (US Dollars, Millions)					
Inward Direct Investment			Outward Direct Investment		
Total Inward	14,185	100%	Total Outward	1,524	100%
Sweden	2,229	15.71%	Lithuania	355	23.29%
Russian Federation	1,387	9.77%	Estonia	175	11.48%
Cyprus	1,331	9.38%	Russian Federation	130	8.53%
Netherlands	1,244	8.76%	Switzerland	112	7.34%
Estonia	1,027	7.24%	Cyprus	111	7.28%

"0" reflects amounts rounded to +/- USD 500,000.

Cyprus is considered a tax haven and it is believed that the ultimate source of this inward FDI is primarily Russia.

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets

Top Five Partners (Millions, US Dollars)

Total			Equity Securities			Total Debt Securities		
All Countries	14,108	100%	All Countries	1,924	100%	All Countries	12,185	100%
Luxembourg	2,782	19.71%	Luxembourg	928	48.23%	International Organizations	2,693	22.10%
International Organizations	2,728	19.33%	Ireland	528	27.44%	Luxembourg	1,854	15.21%
France	976	6.91%	France	102	5.30%	France	874	7.17%
Ireland	929	6.58%	United States	67	3.48%	United States	837	6.86%
United States	904	6.40%	Estonia	60	3.11%	Germany	832	6.82%

Luxembourg is considered a tax haven and it is believed that the ultimate source of this portfolio investment is primarily Russia.

14. Contact for More Information

-Guntars Vicmanis
-Commercial/Economic Specialis
-Samnera Velsa iela 1, Riga, Latvia, LV-1510
-+371 6710 7000
- RigaCommerce@state.gov

Trade & Project Financing

Methods of Payment

As elsewhere in Europe, various payment methods are available in Latvia, depending on the level of trust and business relationship between buyer and seller: wire transfers as pre-payment or after-payment, letters of credit, or payment by credit card are all commonly used.

Checks are not common as a payment method and are rarely accepted.

For more information about the methods of payment or other trade finance options, please read the Trade Finance Guide available at www.Export.gov/TradeFinanceGuide.

Banking Systems

The Latvian retail banking sector is dominated by Scandinavian-owned commercial banks, such as Swedbank and SEB. There are no state-owned commercial banks or other credit institutions. Please find detailed information on Latvian financial and capital markets in 2017 here:

<http://www.fktk.lv/en/media-room/press-releases/6989-bank-performance-in-latvia-2017-banking-sector-keeps-shrinking.html>.

Foreign Exchange Controls

There are no foreign exchange controls or restrictions on capital repatriation in Latvia. The supervision and licensing of institutions that provide foreign exchange is carried out by the Bank of Latvia.

US Banks & Local Correspondent Banks

Please see the list of banks operating in Latvia here: <http://www.fktk.lv/en/market/credit-institutions/banks.html>.

Project Financing

Foreign companies can obtain financing from local banks for project financing, in addition to EU funding. For information on financing your project with EU structural funds, see: <http://www.cfla.gov.lv/en/eu-funds-2014-2020/general-information>.

EU financial assistance programs provide a wide array of grants, loans, loan guarantees and co-financing for feasibility studies and projects in a number of key sectors (e.g., environmental, transportation, energy, telecommunications, tourism, public health). A number of centralized financing programs are also generating procurement and other opportunities directly with EU institutions.

The EU provides project financing through grants from the EU budget and loans from the European Investment Bank. Grants from the EU Structural and Investment Funds program are distributed through the member states' national and regional authorities.

For more information on European grants and tenders, please visit the following website: <https://build.export.gov/europeanunion/marketresearch/eufundingandgovernmentprocurementsectors/index.asp>

Multilateral Development Banks:

The European Bank for Reconstruction and Development (EBRD) offers a full range of financial services to U.S. investors in Latvia. EBRD offers financial products tailored to each client and its financing for private sector projects generally ranges from \$5 million to \$250 million, in the form of loans or equity.

More information can be found here: <http://www.ebrd.com/latvia.html>.

U.S. Commercial Service Liaison Offices at the Multilateral Development Banks (European Bank for Reconstruction and Development, World Bank)

The Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the European Bank for Reconstruction and Development and the World Bank. These institutions lend billions of dollars in developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help American businesses learn how to get involved in bank-funded projects, and advocate on behalf of American bidders. Learn more by contacting the Commercial Liaison Offices to the European Bank for Reconstruction and Development (<http://export.gov/ebrd>) and the World Bank (<http://export.gov/worldbank>)

Financing Web Resources

- Commercial Liaison Office to the European Bank for Reconstruction and Development

<http://export.gov/ebrd>

- Commercial Liaison Office to the World Bank

<http://export.gov/worldbank>

- Trade Finance Guide: A Quick Reference for U.S. Exporters, published by the International Trade Administration's Industry & Analysis team:

<http://www.export.gov/tradefinanceguide/index.asp>

- Export-Import Bank of the United States:

<http://www.exim.gov>

- Country Limitation Schedule:

http://www.exim.gov/tools/country/country_limits.html

- OPIC:

<http://www.opic.gov>

- SBA's Office of International Trade:

<http://www.sba.gov/oit/>

- The EU regional policies, the EU Structural and Cohesion Funds:

http://ec.europa.eu/regional_policy/index_en.htm

- EU Grants and Loans index:

http://ec.europa.eu/grants/index_en.htm

- EuropeAid Co-operation Office:

http://ec.europa.eu/europeaid/index_en.htm

- EU tenders Database:

<http://ted.europa.eu/TED/main/HomePage.do>

- The European Investment Bank:

<http://www.eib.org>

- EIB-financed projects:

<http://www.eib.org/projects/index.htm?lang=-en>

Business Travel

Business Customs

Business customs in Latvia are not significantly different from those in the United States and are similar to the rest of Northwestern Europe and Scandinavia. No particular dress code is required unless stipulated in the invitation, although business executives, lawyers, and bankers are generally expected to wear business attire at official meetings and lunches.

Although meetings with partners are not required to do business, personal relations are highly valued, and in most cases a meeting is expected. By employing a personal touch, a foreign businessperson will generally experience greater success in Latvia.

Business hours are from 8 a.m. until 5 p.m. or from 9 a.m. until 6 p.m., with one hour allocated for lunch. On days before national holidays, the work day may be shortened.

It is usual to have business luncheons or dinners.

Latvians observe most national holidays recognized in Western Europe, including Christmas and Easter. The most important national celebration, in addition to Christmas, is Ligo/Jani (Summer Solstice) on June 23 and 24.

Latvians celebrate name days in addition to their birthdays, and women expect to receive flowers. Local custom requires that, if the bouquet is made up of one type of flower, the total number of flowers must be an odd number, as an even number of flowers is often associated with the commemoration of a person who has died.

No gifts are expected during initial business contacts.

For additional information, please visit the website of the Latvian Institute: <http://www.latvia.eu/>

More info: <http://www.commisceo-global.com/country-guides/latvia-guide>.

Travel Advisory

For the latest security information, Americans living and traveling abroad should regularly monitor the Department's Bureau of Consular Affairs Internet site at <http://travel.state.gov>, where current worldwide cautions, public announcements, and travel warnings can be found. Up-to-date information on security can also be obtained by calling 1(888) 407-4747 toll free in the U.S. (from overseas: 1(202) 501-4444).

Latvia specific information is available here:

<http://travel.state.gov/content/passports/english/country/latvia.html>

Additional travel information can be found on the Embassy Riga home page at:

<https://lv.usembassy.gov/>.

Visa Requirements

U.S. citizens do not need a visa to travel to Latvia if they plan to stay no longer than 90 days in a half year, counting from the first day of entry. To remain in Latvia for more than 90 days, or to work, study, or reside in Latvia, a U.S. citizen must obtain a temporary residence permit. The 90-day period begins with entry to any of the Schengen group countries. Multiple visits to Schengen countries may not exceed 90 days in any 6 month period. More information on traveling to the Schengen area is available <https://travel.state.gov/content/passports/en/go/schengen-fact-sheet.html>.

To travel to Latvia, U.S. citizens must hold a valid U.S. citizen passport with a term of validity that exceeds the intended period of stay in Latvia by at least three months and a valid health insurance policy for international travel, which covers all costs relating to emergency medical care during the stay in Latvia, including the transportation costs from Latvia to the place of permanent residence of the individual in case of his/her severe medical condition or death.

Information regarding extension of the stay or how to receive an entry visa for the purpose of work, education, training, or other professional activity may be obtained from the Embassy of Latvia in the United States.

U.S. companies that require travel of foreign businesspersons to the United States should be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <https://travel.state.gov/content/travel/en/us-visas.html>

<https://lv.usembassy.gov/visas/>.

Currency

The official currency of Latvia is the Euro. All major credit and debit cards are accepted and ATMs for money withdrawal are widely available.

Telecommunications/Electronics

The Latvian telecommunications market is completely liberalized. The main market players are Latt telecom for fixed telephony and mobile operators LMT, Tele2, and Bite. In addition, there are many licensed companies that provide specialized services such as broadband or international pre-paid phone cards, etc.

Latvia has one of the fastest broadband Internet in the world. WI-FI is widely available in office buildings, hotels, near public phone booths, and at the airport.

The following mobile phone standards are operational in Latvia: GSM 900, GSM 1800 UMTS 900, UMTS 2100 LTE 800 (Band 20), LTE 1800 (Band 3), LTE 2100 (1) and LTE 2600 (Band 7).

Transportation

Riga International Airport is the main airport in the country. American Airlines, Delta, and United Airlines all offer code-share flights run by their partners in the region. The most popular air routes connecting Latvia with the United States lead through Amsterdam, Copenhagen, Frankfurt, Helsinki, London, and Stockholm.

Many internationally recognized car rental companies, such as National, Hertz, Avis, Sixt, and Budget, provide service for travel within the Baltic states.

The local public transportation system, including commuter trains, trolleys, and busses, is well developed and inexpensive. Travel is safe so long as one uses precautions similar to elsewhere in Europe. Tickets for public transport can be obtained from special ticket offices or directly on the transport, depending on the city and type of transport.

For more info visit: <http://www.latvia.travel/en/article/public-transport>.

Language

In Latvia, the state language is Latvian. The Latvian language belongs to the Baltic group of the Indo-European family of languages. Its closest and only living relative is Lithuanian. In the large cities and the eastern region of the country, Russian is also widely spoken. English is generally accepted as a business language.

Health

There are both private and state medical systems in Latvia. Medical education is at a high standard. Some services and skills that one may expect in the United States are less available. There are no recorded notable health risks, and public tap water is safe to drink. However, travelers must be alert to the risk of tick-borne encephalitis, especially when going to the countryside.

The U.S. Embassy in Latvia can provide a list of English-speaking physicians and lawyers. More information is available here: <https://lv.usembassy.gov/u-s-citizen-services/>.

Travelers are advised to purchase travel medical insurance coverage prior to visiting Latvia.

Local Time, Business Hours and Holidays

The local time in Latvia is Universal Time (Greenwich Mean Time) + 2 hours.

Daylight Savings Time or Summer Time is observed in Latvia. It begins at 2 a.m. local time on the last Sunday in March, and it ends at 2 a.m. local time on the last Sunday in October.

Latvia observes a five-day workweek, with eight working hours per day and 40 working hours per week. The work day typically lasts from 8 a.m. to 5 p.m. for manufacturing-related industries, or from 9 a.m. to 6 p.m. for service institutions, including a one-hour lunch.

National Holidays in Latvia in 2018

New Year's Day	1 Jan.
Good Friday	30 March
Easter Monday	2 April
Bridge Holiday for Labor Day/Convocation of the Constituent Assembly of the Republic of Latvia	30 April
Labor Day/Convocation of the Constituent Assembly of the Republic of Latvia	1 May
Proclamation of Restoration of Independence	4 May
Last Day of XXVI Latvian Song and Dance Festival	9 July
Latvian National Day	19 Nov.

Christmas Eve	24 Dec.
Christmas Day	25 Dec.
Second day of Christmas	26 Dec.
New Year's Eve	31 Dec.

Temporary Entry of Materials or Personal Belongings

There are no restrictions on entry for personal belongings, unless they are items regulated by customs regulations and subject to import license requirements, such as firearms, drugs, jewelry, tobacco, or alcohol. In such cases, the traveler will be asked to fill in a customs declaration form. For more information see here:

https://ec.europa.eu/taxation_customs/specific-use_en.

Travel Related Web Resources

- Embassy Riga home page:
<https://lv.usembassy.gov/>
- State Department Visa Website:
<http://travel.state.gov/visa/index.html>
- The Consular section of the U.S. Embassy in Latvia website:
<https://lv.usembassy.gov/u-s-citizen-services/>
- The Commercial section of the U.S. Embassy in Latvia website:
<https://lv.usembassy.gov/business/>
- U.S. Department of Commerce:
www.export.gov/latvia
- American Chamber of Commerce:
www.amcham.lv
- Latvian Institute:
<http://www.li.lv/en>
- Latvian State Revenue Service:
www.vid.gov.lv