



## Doing Business in Latvia: 2014

### Country Commercial Guide for U.S. Companies

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- [Chapter 1: Doing Business In Latvia](#)
- [Chapter 2: Political and Economic Environment](#)
- [Chapter 3: Selling U.S. Products and Services](#)
- [Chapter 4: Leading Sectors for U.S. Export and Investment](#)
- [Chapter 5: Trade Regulations, Customs and Standards](#)
- [Chapter 6: Investment Climate](#)
- [Chapter 7: Trade and Project Financing](#)
- [Chapter 8: Business Travel](#)
- [Chapter 9: Contacts, Market Research and Trade Events](#)
- [Chapter 10: Guide to Our Services](#)

[Return to table of contents](#)

## Chapter 1: Doing Business in Latvia

- [Market Overview](#)
- [Market Challenges](#)
- [Market Opportunities](#)
- [Market Entry Strategy](#)
- [Web Resources](#)

### Market Overview

[Return to top](#)

The United States and the European Union (EU), with its 28 member states, including Latvia, enjoy a mature economic relationship that is characterized by nearly \$4 trillion in two-way investment as well as a massive merchandise trade of \$787 billion in 2013 - double the level from 2000.<sup>1</sup> U.S. exports of goods and services to the EU-28 in 2013 reached approximately \$262 billion and imports from the EU, \$387 billion.<sup>2</sup> It is estimated that transatlantic commerce generates more than 15 million jobs.

Recognizing that the U.S.-EU economic relationship is already the world's largest, accounting for one-third of total trade in goods and services and nearly half of global economic output, President Obama, in his State of the Union address on February 12, 2013, announced the Administration's plans to begin negotiations on a Transatlantic Trade and Investment Partnership (T-TIP) with the EU. The negotiations were officially launched at the G8 Summit on June 17, 2013.

T-TIP is an ambitious and comprehensive trade and investment agreement that will promote transatlantic international competitiveness, jobs and growth. T-TIP aims to address non-tariff barriers that impede trade in goods and services and seeks to promote greater compatibility, transparency and cooperation in the regulatory and standards arenas. According to non-U.S. Government estimates, transatlantic zero-tariffs could boost U.S. and EU exports each by 17%.<sup>3</sup> A 25% reduction in non-tariff barriers could increase the combined EU and U.S. GDP by \$106 billion.<sup>4</sup> For up-to-date information on T-TIP, please visit the website of the [USTR](#).

According to forecasts by the European Commission (EC), full-year real GDP growth for 2014 is projected to rise for both the eurozone<sup>5</sup> (1.2%) and for the EU as a whole (1.5%). EC forecasts suggest stronger growth for 2015 at 1.8% for the Eurozone and 2.0% for the overall EU. The EC anticipates a return of confidence and a strengthening global

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<sup>1</sup> The Transatlantic Economy 2014, Annual Survey of Jobs, Trade and Investment between the U.S. and Europe; Daniel Hamilton and Joseph Quinlan

<sup>2</sup> US Dept of Commerce, Office of the EU

<sup>3</sup> The Transatlantic Economy 2014, Annual Survey of Jobs, Trade and Investment between the U.S. and Europe; Daniel Hamilton and Joseph Quinlan

<sup>4</sup> *ibid*

<sup>5</sup> The eurozone is an economic and monetary union (EMU) of 18 EU member states that have adopted the euro as their common currency and sole legal tender. The eurozone consists of Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain. Lithuania will adopt the Euro on January 1<sup>st</sup>, 2015, becoming the 19<sup>th</sup> eurozone member state.

economy over 2014, both of which should continue to help Europe rebound. According to the EC<sup>6</sup>:

- The EU country with the strongest growth in 2014 will be Latvia (4.2%); the weakest growth will be Cyprus (-4.8%);
- Two Eurozone countries, Cyprus (-4.8%) and Slovenia (-1%) will be in recession in 2014;
- 11.7% unemployment is forecast for 2015 in the Eurozone and 10.4% in the entire EU. Unemployment figures are expected to run from 4.7% in Austria to 24.6% in Spain in 2014. Youth unemployment is substantially higher in countries with negative growth.

Latvia is a small nation with a stable political environment and a dynamic economy that is at present one of the fastest growing countries in the EU. Latvia is similar in size to North Carolina, with a population of approximately 1.99 million. The country provides an attractive market for American IT equipment and services, capital machinery and equipment, medical and consumer products, and energy products. Located at the center of the three Baltic States, Latvia is a member of the European Union (EU) and provides a strategic location as a commercial, financial, and transportation hub for the Nordic/Baltic region and areas to the east. After suffering the worst economic decline in Europe between 2008 and 2010, the Latvian government enacted successful fiscal reforms, and Latvia's economy grew by 5.2 percent in 2012 and 4.1 percent in 2013. Latvia became a member of the Eurozone on January 1, 2014.

The commercial environment is generally friendly to foreign companies, and EU directives are implemented and observed. There are no controls on import, export, or the use and conversion of foreign currencies, which facilitates investment and the repatriation of profits. The Latvian government has adopted modern laws establishing copyrights, patents and trademarks and the means for enforcing their protection. Telecommunication services are modern, and the real estate market provides both modern residential and business space. English is widely spoken in government and business.

Many U.S. companies doing business in Latvia rate the business environment among the best in Central and Eastern Europe. On May 30, 2014, the credit rating agency Standard & Poor's gave Latvia the fourth highest investment grade A- indicating its economic strength and improving national wealth. The legal system, tax structures, and trade and other regulations have been significantly modified to harmonize with EU standards. Most EU directives have been incorporated into the Latvian legislative system.

Latvia has been a member of the WTO since 1999. The country joined the EU and NATO in 2004 and Latvia began the process to accede to the Organization for Economic Cooperation and Development (OECD) in May 2013.

## Market Challenges

[Return to top](#)

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<sup>6</sup> [http://ec.europa.eu/economy\\_finance/publications/european\\_economy/2014/pdf/ee2\\_en.pdf](http://ec.europa.eu/economy_finance/publications/european_economy/2014/pdf/ee2_en.pdf)

Due to the country's small size, if a company is considering doing business only in Latvia, local labeling requirements could prove costly relative to the potential customer base. Many companies focus on Latvia as part of the broader Baltic region or EU market. Because the market is small, it can be quickly saturated, and it can be difficult to keep business secrets.

American products face strong competition in the Latvian market from EU countries and the Commonwealth of Independent States (CIS). Due to historical trade relations, companies from Scandinavian countries and Germany approach the Latvian market with greater confidence.

Entrenched government bureaucracy and moderately high levels of corruption are impediments to the growth of U.S. trade and investment in Latvia. Some concerns exist regarding the protection of intellectual property, but recent legislative changes promise to give law enforcement additional tools to address these issues.

## **Market Opportunities**

[Return to top](#)

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 is growing rapidly.

Latvia has a flat corporate income tax rate of 15%. The country is well connected by approximately 80 direct flights to all major European cities, a weekly direct flight to New York, and plenty of connecting flights. Latvia's state-owned national air carrier, airBaltic, has made Riga a regional hub.

In 2014-2020, the Latvian government will administer approximately \$6.1 billion of EU structural funds. The Latvian government provides several incentives for investment including tax incentives, labor related incentives, incentives for research and development, and state credit guarantees. Please see the website of the Latvian Investment and Development Agency for detailed information on the available incentives and tax allowances:

<http://www.liaa.gov.lv/invest-latvia/investor-business-guide/incentives-investors>

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; computer and telecommunications services and equipment; forestry, farming, and woodworking equipment; transportation (including aviation); and agricultural products. Latvia's increased competitiveness, spurred by its handling of the financial crisis, has increased potential for investments in both the manufacturing and services sectors.

## **Market Entry Strategy**

[Return to top](#)

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, and 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.

[Return to table of contents](#)

## **Web Resources**

[Return to top](#)

Latvian Investment and Development Agency:

<http://www.liaa.gov.lv/invest-latvia/investor-business-guide/incentives-investors>

European Economic Forecast:

[http://ec.europa.eu/economy\\_finance/publications/european\\_economy/2014/pdf/ee2\\_en.pdf](http://ec.europa.eu/economy_finance/publications/european_economy/2014/pdf/ee2_en.pdf)

[Return to table of contents](#)

[Return to table of contents](#)

## **Chapter 2: Political and Economic 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>

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 3: Selling U.S. Products and Services

- [Using an Agent or Distributor](#)
- [Establishing an Office](#)
- [Franchising](#)
- [Direct Marketing](#)
- [Joint Ventures/Licensing](#)
- [Selling to the Government](#)
- [Distribution and Sales Channels](#)
- [Selling Factors/Techniques](#)
- [Electronic Commerce](#)
- [Trade Promotion and Advertising](#)
- [Pricing](#)
- [Sales Service/Customer Support](#)
- [Protecting Your Intellectual Property](#)
- [Due Diligence](#)
- [Local Professional Services](#)
- [Web Resources](#)

### Using an Agent or Distributor

[Return to top](#)

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. Since Latvia joined the European Union (EU), EU legislative acts regarding this subject have been incorporated into local law.

Companies wishing to use distribution, franchising, and agency arrangements need to ensure that the agreements they put into place are in accordance with EU and member state national laws. Council Directive 86/653/EEC establishes certain minimum standards of protection for self-employed commercial agents who sell or purchase goods on behalf of their principals. The Directive establishes the rights and obligations of the principal and its agents, the agent's remuneration and the conclusion and termination of an agency contract. It also establishes the notice to be given and indemnity or compensation to be paid to the agent. U.S. companies should be particularly aware that according to the Directive, parties may not derogate from certain requirements. Accordingly, the inclusion of a clause specifying an alternate body of law to be applied in the event of a dispute will likely be ruled invalid by European courts.

Key Link:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31986L0653:EN:HTML>

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. An importer of goods into Latvia must be a locally registered legal entity.

U.S. companies looking for agents or distributors in Latvia should contact the nearest U.S. Department of Commerce Export Assistance Center.

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

## **Establishing an Office**

[Return to top](#)

It is a relatively 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](#)

## **Franchising**

[Return to top](#)

Franchising is gradually growing in popularity. 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/spip.php?rubrique21>

To find out more about franchising in Latvia, see the website of the Baltic Franchising Association at:

<http://www.franchising.lv/index.php/en/>

## **Direct Marketing**

[Return to top](#)

Direct marketing is popular in some industries, and it is easy to attract sales consultants for such marketing strategies due to the relatively low average income 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. The following gives a brief overview of the most important provisions flowing from EU-wide rules on distance-selling and on-line commerce.

## **Processing Customer Data**



The EU has strict laws governing the protection of personal data, including the use of such data in the context of direct marketing activities.

### **Distance Selling Rules**

The EU's Directive on Distance Selling to Consumers (97/7/EC and amendments) sets out a number of obligations for companies doing business over a distance with consumers.

It can read like a set of onerous "do's" and "don'ts," but in many ways, it represents nothing more than a customer relations good practice guide with legal effect. Direct marketers must provide clear information on the identity of themselves as well as their supplier, full details on prices including delivery costs, and the period for which an offer remains valid – all of this, of course, before a contract is concluded. Customers generally have the right to return goods without any required explanation within seven days, and retain the right to compensation for faulty goods thereafter. Similar in nature is the Doorstep Selling Directive (85/577/EEC) which is designed to protect consumers from sales occurring outside of a normal business premises (e.g., door-to-door sales) and essentially assure the fairness of resulting contracts.

In 2011, the EU overhauled its consumer protection legislation and merged several existing rules into a single rulebook - "the Consumer Rights Directive". The provisions of this Directive will apply to contracts concluded after June 13, 2014, and will replace current EU rules on distance selling to consumers and doorstep selling along with unfair contract terms and consumer goods and associated guarantees. The Directive contains provisions on core information to be provided by traders prior to the conclusion of consumer contracts. It also regulates the right of withdrawal, includes rules on the costs for the use of means of payment and bans pre-ticked boxes.

In 2013, the EU adopted rules on Alternative Dispute Resolution which provide consumers the right to turn to quality alternative dispute resolution entities for all types of contractual disputes including purchases made online or offline, domestically or across borders. A specific Online Dispute Resolution Regulation will set up an EU-wide online platform to handle consumer disputes that arise from online transactions. The platform will be operational at the end of 2015.

Key Links:

*Consumer Affairs Homepage:*

[http://ec.europa.eu/consumers/index\\_en.htm](http://ec.europa.eu/consumers/index_en.htm)

*Consumer Rights:*

[http://ec.europa.eu/justice/consumer-marketing/rights-contracts/directive/index\\_en.htm](http://ec.europa.eu/justice/consumer-marketing/rights-contracts/directive/index_en.htm)

### **Distance Selling of Financial Services**

Financial services are the subject of a separate directive that came into force in June 2002 (2002/65/EC). This piece of legislation amended three prior existing Directives and is designed to ensure that consumers are appropriately protected with respect to financial transactions taking place where the consumer and the provider are not face-to-face. In addition to prohibiting certain abusive marketing practices, the Directive establishes criteria for the presentation of contract information. Given the special nature of financial markets, specifics are also laid out for contractual withdrawal.

Key Link:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32002L0065:EN:NOT>

### **Direct Marketing over the Internet**

The e-commerce Directive (2000/31/EC) imposes certain specific requirements connected to the direct marketing business. Promotional offers must not mislead customers and the terms that must be met to qualify for them have to be easily accessible and clear. The Directive stipulates that marketing e-mails must be identified as such to the recipient and requires that companies targeting customers on-line must regularly consult national opt-out registers where they exist. When an order is placed, the service provider must acknowledge receipt quickly and by electronic means, although the Directive does not attribute any legal effect to the placing of an order or its acknowledgment. This is a matter for national law. Vendors of electronically supplied services (such as software, which the EU considers a service and not a good) must also collect value added tax (see Electronic Commerce section below).

Key Link: [http://ec.europa.eu/internal\\_market/e-commerce/index\\_en.htm](http://ec.europa.eu/internal_market/e-commerce/index_en.htm)

### **Joint Ventures/Licensing**

[Return to top](#)

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. 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 the Latvian Chamber of Commerce and Industry. 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://www.export.gov/eac/index.asp>

### **Selling to the Government**

[Return to top](#)

The public procurement market in the EU is currently regulated by three Directives and in 2014, the EU adopted new legislation in this area. New EU Directives were adopted for the general and utilities sectors as well as one on concession contracts:

- Directive 2004/18 on Coordination of Procedures for the Award of Public Works, Services, and Supplies Contracts;
- Directive 2004/17 on Coordination of Procedures of Entities Operating in the Utilities Sector, which covers the following sectors: water, energy, transport, and postal services; and

- Directive 2009/81 on Coordination of Procedures for the Award of Certain Works, Supply and Service Contracts by contracting authorities in the fields of defense and security.

There is a separate Directive addressing the procurement of defense and sensitive security equipment.

According to some estimates, the size of the EU public procurement market is thought to be between 340 billion euros - 440 billion euros. More details on the size of the EU public procurement market are available in “The Annual Public Procurement Implementation Review”:

[http://ec.europa.eu/internal\\_market/publicprocurement/docs/implementation/20121011-staff-working-document\\_en.pdf](http://ec.europa.eu/internal_market/publicprocurement/docs/implementation/20121011-staff-working-document_en.pdf)

Remedies directives cover legal means for companies that face discriminatory public procurement practices.

The U.S. and the EC are signatories to the World Trade Organization’s (WTO) Government Procurement Agreement (GPA), which grants access to most public supplies and services and some work contracts published by national procurement authorities of the countries that are parties to the Agreement. In practice, this means that U.S.-based companies are eligible to bid on supplies and services contracts from European public contracting authorities above the agreed thresholds:

[http://ec.europa.eu/internal\\_market/publicprocurement/rules/gpa-wto/index\\_en.htm](http://ec.europa.eu/internal_market/publicprocurement/rules/gpa-wto/index_en.htm)

However, there are restrictions for U.S. suppliers in the EU utilities sector both in the EU Utilities Directive and in EU coverage of the GPA. The Utilities Directive allows EU contracting authorities to either: 1) reject non-EU bids where the proportion of goods originating in non-EU countries exceeds 50% of the total value of the goods constituting the tender; or 2) apply a 3% price difference to non-EU bids in order to give preference to the EU bid. These restrictions are applied when no reciprocal access for EU companies in the U.S. market is offered. Those restrictions, however, are waived for the electricity sector.

While authorities of EU member states have to apply EU Public Procurement Directive when procuring goods and services, the EU institutions follow different procurement rules, as explained in our reports on “Selling goods and services to the EU institutions – Update 2014” and “Tenders for Government Contracts in the EU”:

<http://export.gov/europeanunion/marketresearch/index.asp>

Government procurement in Latvia is governed by the Public Procurement Law (PPL), which came into force in 2006. 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 should consult with legal counsel and the U.S. Embassy for guidance.

[PPL in English.](#)

All EU government tender notices can be viewed in English at: <http://ted.europa.eu>

## **Distribution and Sales Channels**

[Return to top](#)

Latvia has three major ports (Riga, Ventspils, and Liepaja) as well as a major airport in the capital city Riga, which has become a transportation hub. In addition, Latvia is well connected to former Soviet Union countries via railway. Riga is the major distribution center for the country.

Distribution and sales will depend on a company's overall strategy and may not be significantly different from other EU countries. Latvian laws generally do not regulate this topic.

## **Selling Factors/Techniques**

[Return to top](#)

Selling factors/techniques are similar to those applicable in other EU countries. Please see information on language-specific labeling requirements in Chapter 5 of this document.

## **Electronic Commerce**

[Return to top](#)

Electronic commerce (e-commerce) is growing rapidly in Latvia. There are genuine market opportunities for U.S. business in e-commerce. In 2013, 71.2 percent of total population of the country were active Internet users. 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. European Council Directive 2002/38/EC further developed the EU rules for charging Value Added Tax. These rules were indefinitely extended following adoption of Directive 2008/8/EC.

Businesses affected by EU Directive 2002/38 are either U.S.-based and selling ESS to non-business EU customers, or are EU-based businesses selling ESS to customers outside the EU. There are a number of compliance options for businesses. The Directive creates a special scheme that simplifies registering with each member state. The Directive allows companies to register with a single VAT authority of their choice. Companies have to charge different rates of VAT according to where their customers are located, but VAT reports and returns are submitted to just one authority. The VAT authority responsible for providing the single point of registration service is then responsible for reallocating the collected revenue among the other EU VAT authorities.

For more, go to the EC website:

[http://ec.europa.eu/taxation\\_customs/taxation/vat/traders/e-commerce/index\\_en.htm](http://ec.europa.eu/taxation_customs/taxation/vat/traders/e-commerce/index_en.htm)

As of January 1, 2011, Latvian authorities exempt mail-order and Internet sales imports, including orders from Amazon.com and similar online vendors, from VAT, provided the value of the shipment did not exceed 10 euro.

## **Trade Promotion and Advertising**

[Return to top](#)

Advertising in Latvia is regulated by the Advertising Law.

[Advertising Law](#) in English.

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 newspapers are "Dienas Bizness," published in Latvian, and "Biznes i Baltija," published in Russian. 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 websites of local trade show organizers: <http://www.latexpo.lv/en/> and <http://www.bt1.lv/>

Key Link: [Latvian Association of Press Publishers](#)

## Pricing

[Return to top](#)

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 provides oversight to ensure that no cartel agreements are made. The value added tax (VAT) in Latvia is 21% and the corporate income tax is 15%. For information on taxes and fees, please visit website of the State Revenue Service of Latvia at: <https://www.vid.gov.lv>

## Sales Service/Customer Support

[Return to top](#)

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

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/>

Conscious of the discrepancies among member states in product labeling, language use, legal guarantee and liability, the redress of which inevitably frustrates consumers in cross-border shopping, the EU institutions have launched a number of initiatives aimed at harmonizing national legislation. Suppliers within and outside the EU should be aware of existing and upcoming legislation affecting sales, service and customer support.

## **Product Liability**

Under the 1985 Directive on Liability of Defective Products, amended in 1999, the producer is liable for damage caused by a defect in his product. The victim must prove the existence of the defect and a causal link between defect and injury (bodily as well as

material). A reduction of liability of the manufacturer is granted in cases of negligence on the part of the victim.

Key link:

<http://ec.europa.eu/enterprise/policies/single-market-goods/product-liability/>

### ***Product Safety***

The 1992 General Product Safety Directive introduces a general safety requirement at the EU level to ensure that manufacturers only place safe products on the market. It was revised in 2001 to include an obligation for the producer and distributor to notify the Commission in case of a problem with a given product, provisions for its recall, the creation of a European Product Safety Network, and a ban on exports of products to third countries that are not deemed safe in the EU. The legislation is still undergoing review.

Key link: [http://ec.europa.eu/consumers/safety/prod\\_legis/index\\_en.htm](http://ec.europa.eu/consumers/safety/prod_legis/index_en.htm)

### ***Legal Warranties and After-Sales Service***

Under the 1999 Directive on the Sale of Consumer Goods and Associated Guarantees, professional sellers are required to provide a minimum two-year warranty on all consumer goods sold to consumers (natural persons acting for purposes outside their trade, businesses, or professions), as defined by the directive. The remedies available to consumers in case of non-compliance are:

- Repair of the good(s);
- Replacement of the good(s);
- A price reduction; or
- Rescission of the sales contract.

Key link: <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:01999L0044-20111212&qid=1395670475658&from=EN>

Other issues pertaining to consumers' rights and protections, such as the New Approach Directives, CE marking, quality control, and data protection are dealt with in Chapter 5 of this report.

## **Protecting Your Intellectual Property**

[Return to top](#)

### **Protecting Your Intellectual Property in the EU:**

Several general principles are important for effective management of intellectual property ("IP") rights in the EU. First, it is important to have an overall strategy to protect your IP. Second, IP is protected differently in the EU than in the United States. Third, rights must be registered and enforced in the EU under local laws. Your U.S. trademark and patent registrations will not protect you in the EU. There is no such thing as an "international copyright" that will automatically protect an author's writings throughout the entire world. Protection against unauthorized use in a particular country depends on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the EU market. It is vital that companies understand that intellectual property is primarily a private right and that the US government generally, cannot enforce rights for private individuals in EU. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in EU law. The U.S. Commercial Service can provide a list of local lawyers upon request.

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in the EU require constant attention. Work with legal counsel familiar with EU laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both EU or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

### **IP Resources**

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at [www.StopFakes.gov](http://www.StopFakes.gov).

- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at [www.stopfakes.gov](http://www.stopfakes.gov).
- For U.S. small and medium-size companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association that provides one hour of free IP legal advice for companies with concerns in Angola, Argentina, Brazil, China, Colombia, Egypt, Ghana, India, Indonesia, Kenya, Mexico, Mozambique, Nigeria, Russia, Saudi Arabia, Senegal, South Africa, Thailand, Turkey and Vietnam. For details and to register, visit: <http://www.stopfakes.gov/business-tools/international-ip-advisory-program>
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: [www.StopFakes.gov](http://www.StopFakes.gov) This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products) and allows you to register for Webinars on protecting IP.
- The U.S. Commerce Department has positioned IP attachés in key markets around the world. For contact information, please see: [http://www.uspto.gov/ip/global/attache/Attache\\_Contacts\\_2012-08.doc](http://www.uspto.gov/ip/global/attache/Attache_Contacts_2012-08.doc)

Although Latvia has enacted all relevant EU standards for the protection of intellectual property rights, these standards are not always adequately enforced. Problems include counterfeit goods, pirated software, music, and motion pictures, and the hosting of file-sharing websites. According to estimates by the Business Software Alliance, 54 percent of software in Latvia in 2012 was pirated. There have been reports of the use of unlicensed software by Latvian government offices. The Latvian National Police has a unit that focuses on IPR enforcement and cybercrime, and new legislation lowering evidentiary burdens in infringement cases is expected to have a positive effect. For more information please see chapter six [Protection of Property Rights](#).

## Due Diligence

[Return to top](#)

There are many companies that offer due diligence services, and the quality of their services have risen during recent years. However, some of these companies do not provide services that correspond to international standards. 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. Please contact the Commercial Specialist at U.S. Embassy Riga at the following e-mail address: [RigaCommerce@state.gov](mailto:RigaCommerce@state.gov)

## Local Professional Services

[Return to top](#)

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>.

## Web Resources

[Return to top](#)

U.S. Department of Commerce Export Assistance Centers:

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

U.S. Embassy list of English-speaking lawyers:

[http://photos.state.gov/libraries/latvia/530876/Consular%20PDFs/ListofAttorneys\\_28FEB2013.pdf](http://photos.state.gov/libraries/latvia/530876/Consular%20PDFs/ListofAttorneys_28FEB2013.pdf)

Report on the legal aspects of franchising in the EU:

[http://buyusainfo.net/docs/x\\_9605709.pdf](http://buyusainfo.net/docs/x_9605709.pdf)

Baltic Franchising Association:

<http://www.franchising.lv/index.php/en/>

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>

LATEXPO:

<http://www.latexpo.lv/en/>

BT1:

<http://www.bt1.lv/?link=10000000>

State Revenue Service of Latvia:

<http://www.vid.gov.lv/default.aspx?hl=2>

European Union's toolkit on intellectual property rights

[http://www.stopfakes.gov/sites/default/files/europeanunion\\_toolkit.pdf](http://www.stopfakes.gov/sites/default/files/europeanunion_toolkit.pdf)

EU Websites:

Coordination of the laws of the member states relating to self-employed commercial agents (Council Directive 86/653/EEC):

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31986L0653:EN:HTML>

Agreements of Minor importance which do not appreciably restrict Competition under Article 81(1) of the Treaty establishing the European Community

[http://eurlex.europa.eu/LexUriServ/site/en/oj/2001/c\\_368/c\\_36820011222en00130015.pdf](http://eurlex.europa.eu/LexUriServ/site/en/oj/2001/c_368/c_36820011222en00130015.pdf)

Regulation on late payment:

[http://ec.europa.eu/enterprise/policies/single-market-goods/documents/late-payments/index\\_en.htm](http://ec.europa.eu/enterprise/policies/single-market-goods/documents/late-payments/index_en.htm)

European Ombudsman:

<http://www.ombudsman.europa.eu/home/en/default.htm>

EU's General Data Protection Directive (95/46/EC):

[http://ec.europa.eu/justice\\_home/fsj/privacy/index\\_en.htm](http://ec.europa.eu/justice_home/fsj/privacy/index_en.htm)

Safe Harbor:

<http://www.export.gov/safeharbor/>

Information on contracts for transferring data outside the EU:

[http://ec.europa.eu/justice\\_home/fsj/privacy/modelcontracts/index\\_en.htm](http://ec.europa.eu/justice_home/fsj/privacy/modelcontracts/index_en.htm)

EU Data Protection Homepage

[http://ec.europa.eu/justice/policies/privacy/index\\_en.htm](http://ec.europa.eu/justice/policies/privacy/index_en.htm)

Distance Selling Rules:

[http://ec.europa.eu/consumers/cons\\_int/safe\\_shop/dist\\_sell/index\\_en.htm](http://ec.europa.eu/consumers/cons_int/safe_shop/dist_sell/index_en.htm)

Distance Selling of Financial Services:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32002L0065:EN:NOT>

E-commerce Directive (2000/31/EC):

[http://ec.europa.eu/internal\\_market/e-commerce/index\\_en.htm](http://ec.europa.eu/internal_market/e-commerce/index_en.htm)

VAT on Electronic Service:

[http://ec.europa.eu/taxation\\_customs/taxation/vat/how\\_vat\\_works/e-services/index\\_en.htm](http://ec.europa.eu/taxation_customs/taxation/vat/how_vat_works/e-services/index_en.htm)

The Unfair Commercial Practices Directive:

[http://ec.europa.eu/comm/consumers/cons\\_int/safe\\_shop/fair\\_bU.S.\\_pract/index\\_en.htm](http://ec.europa.eu/comm/consumers/cons_int/safe_shop/fair_bU.S._pract/index_en.htm)

Information to Patients - Major developments:

[http://ec.europa.eu/enterprise/pharmaceuticals/patients/patients\\_key.htm](http://ec.europa.eu/enterprise/pharmaceuticals/patients/patients_key.htm)

Nutrition and health claims made on foods:  
[Regulation 1924/2006](#)

Provisions of Nutritional Labeling  
[Nutritional Labeling Directive 90/496/EC](#)

EU-27 FAIRS Subject Report Health Claims - EU Authorization Procedure 2008:  
[GAIN Report E48055](#)

Guidance document on how companies can apply for health claim authorizations:

Summary document from EFSA  
[http://www.efsa.europa.eu/en/efsajournal/doc/nda\\_op\\_ej530\\_guidance\\_summary\\_en.pdf](http://www.efsa.europa.eu/en/efsajournal/doc/nda_op_ej530_guidance_summary_en.pdf)

Health & Nutrition Claims  
[http://ec.europa.eu/food/food/labellingnutrition/claims/index\\_en.htm](http://ec.europa.eu/food/food/labellingnutrition/claims/index_en.htm)

Tobacco  
[http://ec.europa.eu/health/tobacco/policy/index\\_en.htm](http://ec.europa.eu/health/tobacco/policy/index_en.htm)

Product Liability:  
[http://europa.eu/legislation\\_summaries/consumers/consumer\\_safety/l32012\\_en.htm](http://europa.eu/legislation_summaries/consumers/consumer_safety/l32012_en.htm)

Product Safety  
[http://ec.europa.eu/consumers/safety/prod\\_legis/index\\_en.htm](http://ec.europa.eu/consumers/safety/prod_legis/index_en.htm)

Legal Warranties and After-sales Service:  
[http://ec.europa.eu/comm/consumers/cons\\_int/safe\\_shop/guarantees/index\\_en.htm](http://ec.europa.eu/comm/consumers/cons_int/safe_shop/guarantees/index_en.htm)

Copyright: [http://ec.europa.eu/internal\\_market/copyright/documents/documents\\_en.htm](http://ec.europa.eu/internal_market/copyright/documents/documents_en.htm)

Harmonization of certain aspects of Copyright and related rights in the Information Society - Copyright Directive (2001/29/EC):  
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32001L0029:en:NOT>

Industrial Property  
[http://ec.europa.eu/internal\\_market/indprop/index\\_en.htm](http://ec.europa.eu/internal_market/indprop/index_en.htm)

European Patent Office (EPO)  
<http://www.european-patent-office.org>

Office for Harmonization in the Internal Market (OHIM)  
<http://oami.europa.eu/>

World Intellectual Property Organization (WIPO) Madrid  
<http://www.wipo.int/madrid/en>

Directive on Harmonizing Trademark Laws:  
[http://ec.europa.eu/internal\\_market/indprop/tm/index\\_en.htm](http://ec.europa.eu/internal_market/indprop/tm/index_en.htm)

U.S. Websites:

IPR Toolkit: [http://www.stopfakes.gov/sites/default/files/europeanunion\\_toolkit.pdf](http://www.stopfakes.gov/sites/default/files/europeanunion_toolkit.pdf)

EU Public Procurement:

<http://export.gov/europeanunion/grantstendersandfinancing/cseutendersdatabase/index.asp>

Local Professional Services: <http://www.buyusa.gov/europeanunion/services.html>

EU Member State Country Commercial Guides - Market Research Library: [EU Member States' Country Commercial Guides](#)

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 4: Leading Sectors for U.S. Export and Investment

In his 2010 State of the Union address, President Obama announced the National Export Initiative (NEI) to renew and revitalize U.S. efforts to promote American exports abroad. The Obama Administration made it a top priority to improve the conditions that directly affect the private sector's ability to export – working to remove trade barriers abroad, helping firms to overcome hurdles in market entry and assisting with financing.

The Department of Commerce and the Commercial Service continue to be a major force in this effort. To contribute to NEI efforts within the European Union, Commercial Service EU has focused its work on: 1) avoiding the creation of unnecessary regulatory and standards barriers to transatlantic trade and investment in key emerging sectors; 2) working with the EU to remove common market access barriers in third countries and enforcing and protecting intellectual property rights; and 3) promoting entrepreneurship and innovation in support of SME development, job creation and economic growth.

U.S. Government engagement in such sectors as automotive (e-vehicles), chemicals, energy and environment (smart grids, renewables), health and medical technologies, and information and communications technology will continue to contribute towards meeting the goals of the NEI.

### General economic data and Latvia-U.S. bilateral trade statistics

2013	
GDP	31757.1
Total Exports	16691
Total Imports	13280.8
Imports from the U.S.	494.4
Exports to the U.S.	272.6
2013 Exchange Rate (Euro Zone): 1 USD	.7530
<i>*2014 USD-EURO average est.</i>	<i>.7297*</i>

Data Sources: Central Statistical Bureau of Latvia, U.S. Census Bureau  
Unit: USD millions

### Commercial Sectors

- [Computer Services \(CSV\)](#)
- [Computers and Peripherals \(CPT\), Computer Software \(CSF\)](#)
- [Transportation Services \(TRN\)](#)
- [Renewable Energy Equipment \(REQ\)](#)
- [Telecommunications Services \(TES\)](#)
- [Forestry/Woodworking Equipment \(FOR\)](#)
- [Drugs/Pharmaceuticals \(DRG\)](#)

- Travel and Tourism Services (TRA)

## **Agricultural Sectors**

## Computer Services (CSV)

### Overview

[Return to top](#)

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 we expect that trend to continue. The Latvian government has adopted the e-Latvia program, which strives to modernize overall communications with the Latvian public and streamline documentation procedures. The most important elements of the program are the coordination and modernization of critical national information systems and the successful implementation of an e-governance system. 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 ICT products, services, and support. In 2013 71.2 percent of total population of the country were active Internet users. The total ICT sector turnover reached approximately \$4 billion.

In 2011 the European Commission approved a funding plan in Latvia worth around \$139 million for the deployment of superfast broadband networks. The plan, which is currently being implemented, aims to bring Internet access at speeds between 30 Mbps and 100 Mbps to both consumers and businesses all over the country.

For these reasons, the information and communications technologies (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. The Latvian Information and Communications Technology Association have approximately 2,000 member companies.

### Sub-Sector Best Prospects

[Return to top](#)

Good prospects can be found in almost any computer services sphere if market size and sector maturity are taken into account. Latvia's highly educated, multi-lingual, 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

[Return to top](#)

The popularity of the Internet in Latvia has highlighted the necessity for computer and network security. This sector will grow, especially taking into account the 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**

[Return to top](#)

Latvian Internet Association: <http://www.lia.lv/>

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>



## Computers and Peripherals (CPT), Computer Software (CSF)

### Overview

[Return to top](#)

Computer hardware has a significant share of the Latvian ICT market. Sales have been accelerated by the implementation of the Latvian Education Information System (LIIS) and the implementation of the e-government program.. The LIIS program has been replaced by an expanded Information and Communication Technologies for Education Quality Program. 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.

### Sub-Sector Best Prospects

[Return to top](#)

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 growing market niche. The principal consumers of these products in Latvia are private individuals who obtain computers for home use. Government acquisitions of computer hardware and software are expected to grow. 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 cyber security software, as businesses become more aware of threats.

### Opportunities

[Return to top](#)

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, and Mikrotik show the viability of such plans.

### Web Resources

[Return to top](#)

Latvian Electrical Engineering and Electronics Association:

<http://www.letera.lv/about.html?l=3>

Latvian Information Technology Telecommunication Association: <http://www.likta.lv/>

Latvian Investment and Development Agency: <http://www.liaa.gov.lv>

International Telecommunication Union: <http://www.itu.int>

## Transportation Services (TRN)

### Overview

[Return to top](#)

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. Transportation services in Latvia have experienced high growth in added value in recent years. Latvia's geography, infrastructure, proximity to Russia, and increasingly close ties with other former Soviet countries give this sector great potential. 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.

### Sub-Sector Best Prospects

[Return to top](#)

Latvia has three major sea ports: Riga, Liepaja, and Ventspils. Each is actively working on development and investment projects. All three ports offer support mechanisms for potential investors. The best prospects are in developing different cargo terminals in the specified sea ports.

### Opportunities

[Return to top](#)

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.

There are many opportunities in Latvia given its good access to ports and railways to Russia and its high labor competitiveness. Now that Russia has acceded to the World Trade Organization, analysts project growth in trade between Russia and Europe (and the rest of the world). Latvia is responding to this projected growth by actively 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

[Return to top](#)

Transit Latvia: <http://www.transport.lv/default.htm>

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

Latvian Investment and Development Agency: <http://www.liaa.gov.lv>

Riga Free Port: <http://www.freeportofriga.lv/>

Ventspils Free Port: <http://www.investinventspils.lv/>

Liepaja Free Port: <http://www.liepaja-sez.lv/>

## Renewable Energy Equipment (REQ)

### Overview

[Return to top](#)

Latvia already has one of the most "green" supplies of energy in the world, due to substantial hydro-electric capacity. 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 by 6.9 percent, 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, Latvia is looking to move beyond hydro power 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 is also involved in negotiations for a possible LNG terminal either in cooperation with other Baltic countries, or independently.

### Sub-Sector Best Prospects

[Return to top](#)

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

[Return to top](#)

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.

The Latvian government provides support for the production of energy from renewable energy resources (wind, biomass, etc.), and is currently revising the existing support mechanisms for renewables. If the European Commission agrees to co-finance a regional liquefied natural gas (LNG) terminal in the Baltics (negotiations for where the regional terminal might be located are ongoing), LNG and gas infrastructure technology and services could be in greater demand.

### Web Resources

[Return to top](#)

Ministry of Economy, Energy Department: <http://www.em.gov.lv>

Latvian Investment and Development Agency: <http://www.liaa.gov.lv>

Public Utilities Commission: <http://www.sprk.gov.lv>

Housing and Energy Conservation Bureau: <http://www.ekubirojs.lv/?lang=en>

Latvian Green Technology Cluster: <http://www.kbi.lv/eng>

Latvian Renewable Energy Association: <http://www.aea.lv/en/about-us>



## Telecommunications Services (TES)

### Overview

[Return to top](#)

The telecommunications sector has grown rapidly in Latvia during the last decade. In 2002, as an EU aspirant country, Latvia liberalized its telecommunications market through amendments to the Law on Telecommunications. Although the former monopoly Lattelecom remains strong in the fixed-line segment, it does not dominate the sector as a whole. In November 2010, the Latvian Competition Council approved a merger of two large cable television/Internet providers, Baltkom Group and Izzi Group, to form the largest single cable television provider in Latvia. Lattelecom, however, retains a major market share in the pay TV market.

Latvia has an optical fiber network that is connected to Scandinavia and Western Europe. The major telecommunication providers are Lattelecom, Latvenergo, and Optron. Lattelecom is co-owned by the leading Scandinavian telecommunications group TeliaSonera. The company has digitalized the country-wide telecommunications network and offers excellent quality telecommunications. Latvenergo is a member of the alliance For Connecting Europe (4cE). The 4cE basic network connects Denmark, Germany, Austria, Poland, the Baltic States, and the Czech Republic and provides data transmission, voice, and video transmission.

The strongest sub-sectors of the telecommunications sector are digital-line installation and mobile telecommunications services. The entrance of new operators in the Latvian mobile telecommunications market has brought further development and competition. There are three major mobile operators in Latvia: LMT, Tele2 and BITE.

Supported by various new technologies, such as EDGE, GPRS, and HSDPA, Latvian GSM operators offer a wide range of m-payment and e-payment services. The CDMA 2000 standard is also available in Latvia. Samsung is the most popular smart phone brand in Latvia, followed by LG and Nokia. . LMT began offering packages for Apple's iPhone 5 in November 2012.

### Sub-Sector Best Prospects

[Return to top](#)

Best prospects include digital-line installation, mobile telecommunications services, and B2B solutions for telecommunications companies.

### Opportunities

[Return to top](#)

Software, hardware, VoIP accessories, accessories for mobile phones.

### Web Resources

[Return to top](#)

Public Utilities Commission: <http://www.sprk.gov.lv/>

The Ministry of Transport: [www.sam.gov.lv](http://www.sam.gov.lv)

Latvian Information and Communications Technology Association: [www.likta.lv](http://www.likta.lv)

## Forestry/Woodworking Equipment (FOR)

### Overview

[Return to top](#)

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 saw mill 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. From 1995-2005, Latvia tried unsuccessfully to reestablish the pulp and paper industry, but this niche remains open. Currently, pulpwood is exported to Finland and Sweden, and there are plenty of opportunities to develop smaller pulp and paper mills in Latvia. The sector accounts for roughly 20% of Latvia's exports with 80% of the production designed specifically for exports.

### Sub-Sector Best Prospects

[Return to top](#)

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

### Opportunities

[Return to top](#)

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

### Web Resources

[Return to top](#)

Latvian Investment and Development Agency: <http://www.liaa.gov.lv>

Latvian Forest Industry Federation: <http://www.latvianwood.lv/>

Latvia's State Forests: [www.lvm.lv/eng/](http://www.lvm.lv/eng/)

Polaris Process: <http://www.polarisprocess.com/sectors/woodworking/#>

## Drugs/Pharmaceuticals (DRG)

### Overview

[Return to top](#)

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 entirely 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.

U.S. development funding helped to establish a research center in Latvia dedicated to drug-resistant tuberculosis. This center cooperates with the U.S. Centers for Disease Control and has helped Latvia to develop expertise in this field.

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. FDA certification is not enough to sell drugs in Latvia, although FDA results will be helpful in the certification process.

### Sub-Sector Best Prospects

[Return to top](#)

There are excellent opportunities for both innovative and generic drugs.

### Opportunities

[Return to top](#)

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

[Return to top](#)

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>

## Travel and Tourism Services (TRA)

### Overview

[Return to top](#)

Currently, tourism is one of the fastest growing sectors in Latvia. This growth has been steady over the past several years. It has been spurred by the Government of Latvia's implementation of the EU Open Skies policy and incentives for air carriers that attract additional passengers to Riga International Airport. In 2013, the number of serviced passengers reached 4.8 million passengers.

Capitalizing on its status as a European Capital of Culture for 2014, Latvia is emerging on a global scale 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 Hilton Worldwide, Accor Hotels, and Kempinski Hotels have started their entry into the Latvian market.

### Sub-Sector Best Prospects

[Return to top](#)

This market is still developing, and almost any product can still find a niche if appropriately priced and marketed.

### Opportunities

[Return to top](#)

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

### Web Resources

[Return to top](#)

State Tourism Development Agency: <http://www.tava.gov.lv/en>  
Riga International Airport: <http://www.riga-airport.com/en>



**Overview:**

U.S. exports of agricultural products to Latvia in 2013 reached the level of US \$ 65 million. High-value and consumer ready products destined for the retail and food processing sectors and food ingredients destined for the hotel/restaurant/food processing sectors are driving the U.S. export expansion. Local demand for the U.S. products is driven in part to: demand for greater convenience, more openness to non-traditional foods, and a growing interest in health foods, organics, and niche markets.

The Agricultural Affairs Office routinely receives inquiries from the local food importers seeking to expand their range of the U.S. food products. Best prospects for U.S. products are with products as: tree nuts such as almonds, wines, and distilled spirits, seafood such as– salmon, and processed fruit and vegetables such as prunes and dry cranberries along with fruit and vegetable juices.

The agricultural sector in Latvia is important, and continues to develop in the post-Soviet era. U.S.-manufactured tractors and other equipment are well-represented. Farmers' groups, such as the Farmers Union, have expressed interest in U.S. equipment, farming technology, and consulting services.

Latvian government policies are generally unfavorable to biotechnology. Although most food/feed safety and import control issues are handled at the EU level, these local policies can negatively affect U.S. exports. Nevertheless, good opportunities for U.S. exports exist for products in general, with best market prospects previously identified to follow.

**Best Sub-sector Prospects for Agricultural Products**

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.

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

**1. Tree Nuts (HS 0802)**

Tree nuts sourced from the United States consist primarily of almonds. Almonds increasingly are a popular ingredient in the confectionary, home baking and snack industries. The United States' leading competitor in the Latvian market is Spain (inclusive of transshipment arriving via Lithuania).

<b>Commodity Group:</b>	<b>Almonds</b>			
<b>Harmonized Schedule Code(s):</b>	<b>HS 080212</b>			
<b>Value in US\$1,000</b>				
<b>Year</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014(f)</b>

<b>Total Imports</b>	<b>2,400</b>	<b>2,766</b>	<b>2,950</b>	<b>3,000</b>
<b>Total Imports from U.S.</b>	<b>1,319</b>	<b>1,570</b>	<b>1,300</b>	<b>1,350</b>

## 2. Wine (HS 2204)

Latvia is emerging as the gateway for wines into the three eastern Baltic markets. Italy, France, and Spain are the leading suppliers holding a combined market share of nearly 60 percent. U.S. wines, together with other “new-world” wines, are developing an ever-expanding following among Latvians. Given EU transshipments, the 2012 trade estimate of actual U.S. wine sales in Latvia via direct and in-direct routes is \$1,200 thousand.

<b>Commodity Group:</b>	<b>Wine</b>			
<b>Harmonized Schedule Code(s):</b>	<b>HS2204</b>			
<b>Value in US\$1,000</b>				
<b>Year</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014(f)</b>
<b>Total Imports</b>	<b>133,665</b>	<b>139,000</b>	<b>168,000</b>	<b>170,000</b>
<b>Total Imports from U.S.</b>	<b>811</b>	<b>996</b>	<b>800</b>	<b>850</b>

## 3. Wood incl. Hardwood Lumber (HS 4407, 4408, 4409)

The housing market is in recovery mode after suffering a severe downturn during the 2008-2010 periods, creating new opportunities for wood products (softwood and hardwood panels, etc.) in the local market.

<b>Commodity Group:</b>	<b>Wood Sawn or Chipped Lengthwise</b>			
<b>Harmonized Schedule Code(s):</b>	<b>HS 4407</b>			
<b>Value in US\$1,000</b>				
<b>Year</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014(f)</b>
<b>Total Imports</b>	<b>49,486</b>	<b>63,173</b>	<b>70,531</b>	<b>80,000</b>
<b>Total Imports from U.S.</b>	<b>347</b>	<b>116</b>	<b>199</b>	<b>600</b>

<b>Commodity Group:</b>	<b>Veneer Sheets</b>			
<b>Harmonized Schedule Code(s):</b>	<b>HS 4408</b>			
<b>Value in US\$1,000</b>				
<b>Year</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014(f)</b>
<b>Total Imports</b>	<b>16,746</b>	<b>16,087</b>	<b>24,446</b>	<b>28,000</b>
<b>Total Imports from U.S.</b>	<b>0</b>	<b>0</b>	<b>106</b>	<b>50</b>

<b>Commodity Group:</b>	<b>Wood, continuously shaped,</b>			
<b>Harmonized Schedule Code(s):</b>	<b>HS 4409</b>			
<b>Value in US\$1,000</b>				
<b>Year</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014(f)</b>
<b>Total Imports</b>	<b>4,965</b>	<b>4,080</b>	<b>5,181</b>	<b>5,600</b>
<b>Total Imports from U.S.</b>	<b>331</b>	<b>305</b>	<b>162</b>	<b>80</b>

**Web Resources:**

## Agricultural Reports

### 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><sup>139</sup>. 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-27 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>

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 5: Trade Regulations, Customs and Standards

- [Import Tariffs](#)
- [Trade Barriers](#)
- [Import Requirements and Documentation](#)
- [U.S. Export Controls](#)
- [Temporary Entry](#)
- [Labeling and Marking Requirements](#)
- [Prohibited and Restricted Imports](#)
- [Customs Regulations and Contact Information](#)
- [Standards](#)
- [Trade Agreements](#)
- [Web Resources](#)

### Import Tariffs

[Return to top](#)

The Integrated Tariff of the Community, referred to as TARIC (Tarif Intégré de la Communauté), is designed to show the various rules which apply to specific products being imported into the customs territory of the EU or, in some cases, exported from it. 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.

Key Link:

[http://ec.europa.eu/taxation\\_customs/customs/customs\\_duties/tariff\\_aspects/customs\\_tariff/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm)

### Trade Barriers

[Return to top](#)

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:

<http://www.ustr.gov/sites/default/files/2014%20NTE%20Report%20on%20FTB%20European%20Union.pdf>

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:

<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://www.trade.gov/tcc> or the U.S. Mission to the European Union at <http://export.gov/europeanunion/>

The TARIC (Tarif Intégré de la Communauté), described above, is available to help determine if a license is required for a particular product.

### ***Import Documentation***

#### ***The Single Administrative Document***

The official model for written declarations to customs is the Single Administrative Document (SAD). Goods brought into the EU customs territory are, from the time of their entry, subject to customs supervision until customs formalities are completed. Goods are covered by a Summary Declaration which is filed once the items have been presented to customs officials. The customs authorities may, however, allow a period for filing the Declaration which cannot be extended beyond the first working day following the day on which the goods are presented to customs.

The Summary Declaration is filed by:

- the person who brought the goods into the customs territory of the Community or by any person who assumes responsibility for carriage of the goods following such entry; or
- the person in whose name the person referred to above acted.

The Summary Declaration can be made on a form provided by the customs authorities. However, customs authorities may also allow the use of any commercial or official document that contains the specific information required to identify the goods. The SAD serves as the EU importer's declaration. It encompasses both customs duties and VAT and is valid in all EU member states. The declaration is made by whoever is clearing the goods, normally the importer of record or his/her agent.

More information on the SAD can be found at:

[http://ec.europa.eu/taxation\\_customs/customs/procedural\\_aspects/general/sad/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/procedural_aspects/general/sad/index_en.htm)

Regulation (EC) No 450/2008 laying down the Community Customs Code (so-called the "Modernized Customs Code") aimed at the adaptation of customs legislation and at introducing the electronic environment for customs and trade. This Regulation entered into force on June 24, 2008 and was due to be applicable once its implementing provisions were in force by June 2013. However, the Modernized Customs Code was recast as a Union Customs Code (UCC) before it became applicable. The Union Customs Code (UCC) Regulation entered into force in October 2013 and repealed the MCC Regulation; its substantive provisions will apply only on May 1<sup>st</sup> 2016. Until this time, the Community Customs Code and its implementing provisions continue to apply.

[http://ec.europa.eu/taxation\\_customs/customs/customs\\_code/union\\_customs\\_code/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/customs_code/union_customs_code/index_en.htm)

***EORI***

Since July 1, 2009, all companies established outside of the EU are required to have an Economic Operator Registration and Identification (EORI) number if they wish to lodge a customs declaration or an Entry/Exit Summary declaration. All U.S. companies should use this number for their customs clearances. If a U.S. company wishes to apply for AEO status or apply for simplifications in customs procedures within the EU, it must first obtain an EORI number. Companies should request an EORI number from the authorities of the first EU member state to which they export. Once a company has received an EORI number, it can use it for exports to any of the 28 EU member states. There is no single format for the EORI number.

More information about the EORI number can be found at [http://ec.europa.eu/taxation\\_customs/dds2/eos/eori\\_home.jsp?Lang=en](http://ec.europa.eu/taxation_customs/dds2/eos/eori_home.jsp?Lang=en)

### **U.S. - EU Mutual Recognition Arrangement (MRA)**

Since 1997, the U.S. and the EU have had an [agreement](#) on customs cooperation and mutual assistance in customs matters. For additional information, please see [http://ec.europa.eu/taxation\\_customs/customs/policy\\_issues/international\\_customs\\_agreements/usa/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/policy_issues/international_customs_agreements/usa/index_en.htm)

In 2012, the U.S. and the EU signed a new Mutual Recognition Arrangement (MRA) aimed at matching procedures to associate one another's customs identification numbers. The MCC introduced the Authorized Economic Operator (AEO) program (known as the "security amendment"). This is similar to the U.S.' voluntary Customs-Trade Partnership Against Terrorism (C-TPAT) program in which participants receive certification as a "trusted" trader. AEO certification issued by a national customs authority is recognized by all member state's customs agencies. An AEO is entitled to two different types of authorization: "customs simplification" or "security and safety." The former allows for an AEO to benefit from simplifications related to customs legislation, while the latter allows for facilitation through security and safety procedures. Shipping to a trader with AEO status could facilitate an exporter's trade as its benefits include expedited processing of shipments, reduced theft/losses, reduced data requirements, lower inspection costs, and enhanced loyalty and recognition.

The U.S. and the EU recognize each other's security certified operators and will take the respective membership status of certified trusted traders favorably into account to the extent possible. The favorable treatment provided by mutual recognition will result in lower costs, simplified procedures and greater predictability for transatlantic business activities. The newly signed arrangement officially recognizes the compatibility of AEO and C-TPAT programs, thereby facilitating faster and more secure trade between U.S. and EU operators. The agreement is being implemented in two phases. The first commenced in July 2012 with the U.S. customs authorities placing shipments coming from EU AEO members into a lower risk category. The second phase took place in early 2013, with the EU re-classifying shipments coming from C-TPAT members into a lower risk category. The U.S. customs identification numbers (MID) are therefore recognized by customs authorities in the EU, as per Implementing Regulation 58/2013 (which amends EU Regulation 2454/93 cited above):

[http://ec.europa.eu/taxation\\_customs/resources/documents/customs/procedural\\_aspects/general/implementing\\_regulation\\_58\\_2013\\_en.pdf](http://ec.europa.eu/taxation_customs/resources/documents/customs/procedural_aspects/general/implementing_regulation_58_2013_en.pdf)

Additional information on the MRA can be found at:

<http://www.cbp.gov/newsroom/national-media-release/2013-02-08-050000/eu-us-fully-implement-mutual-recognition-decision>

### **Batteries**

EU battery rules changed in September 2006 following the publication of the Directive on batteries and accumulators and waste batteries and accumulators ([Directive 2006/66](#)). This Directive replaces the original Battery Directive of 1991 (Directive 91/157). The 2006 Directive applies to all batteries and accumulators placed on the EU market including automotive, industrial and portable batteries. It aims to protect the environment by restricting the sale of batteries and accumulators that contain mercury or cadmium (with an exemption for emergency and alarm systems, medical equipment and cordless power tools) and by promoting a high level of collection and recycling. It places the responsibility on producers to finance the costs associated with the collection, treatment, and recycling of used batteries and accumulators. The Directive also includes provisions on the labeling of batteries and their removability from equipment. In 2012, the European Commission published a FAQ document to assist interested parties in interpreting its provisions. For more information, see our market research report: [http://www.buyusainfo.net/docs/x\\_4062262.pdf](http://www.buyusainfo.net/docs/x_4062262.pdf)

### **REACH**

REACH, "Registration, Evaluation and Authorization and Restriction of Chemicals", is the system for controlling chemicals in the EU and it came into force in 2007 (Regulation 1907/2006). Virtually every industrial sector, from automobiles to textiles, is affected by this policy. REACH requires chemicals produced or imported into the EU in volumes above 1 metric ton per year to be registered with a central database handled by the European Chemicals Agency (ECHA). Information on a chemical's properties, its uses and safe ways of handling are part of the registration process. The next registration deadline is **May 31, 2018**. U.S. companies without a presence in Europe cannot register directly and must have their chemicals registered through their importer or EU-based 'Only Representative of non-EU manufacturer'. A list of Only Representatives (ORs) can be found on the website of the U.S. Mission to the EU: <http://export.gov/europeanunion/reachclp/index.asp>

U.S. companies exporting chemical products to the European Union must update their Material Safety Data Sheets (MSDS) to be REACH compliant. For more information, see the guidance on the compilation of safety data sheets: [http://echa.europa.eu/documents/10162/17235/sds\\_en.pdf](http://echa.europa.eu/documents/10162/17235/sds_en.pdf)

U.S. exporters to the EU should carefully consider the REACH 'Candidate List' of Substances of Very High Concern (SVHCs) and the 'Authorization List'. Substances on the Candidate List are subject to communication requirements prior to their export to the EU. Companies seeking to export products containing substances on the 'Authorization List' will require an authorization. The Candidate List can be found at: <http://echa.europa.eu/web/guest/candidate-list-table>. The Authorization List is available at <http://echa.europa.eu/addressing-chemicals-of-concern/authorisation/recommendation-for-inclusion-in-the-authorisation-list/authorisation-list>

### ***WEEE Directive***

EU rules on Waste Electrical and Electronic Equipment (WEEE), while not requiring specific customs or import paperwork, may entail a financial obligation for U.S. exporters. The Directive requires U.S. exporters to register relevant products with a national WEEE authority or arrange for this to be done by a local partner. The WEEE Directive was revised on July 4, 2012 and the scope of products covered was expanded to include all electrical and electronic equipment. This revised scope will apply from August 14, 2018 with a phase-in period that has already begun. U.S. exporters seeking more information on the WEEE Directive should visit: <http://export.gov/europeanunion/weeerohs/index.asp>

### ***RoHS***

The ROHS Directive imposes restrictions on the use of certain chemicals in electrical and electronic equipment. It does not require specific customs or import paperwork however, manufacturers must self-certify that their products are compliant. The Directive was revised in 2011 and entered into force on January 2, 2013. One important change with immediate effect is that RoHS is now a CE Marking Directive. The revised Directive expands the scope of products covered during a transition period which ends on July 22, 2019. Once this transition period ends, the Directive will apply to medical devices, monitoring and control equipment in addition to all other electrical and electronic equipment. U.S. exporters seeking more information on the RoHS Directive should visit: <http://export.gov/europeanunion/weeerohs/index.asp>

### ***Cosmetics Regulation***

On November 30, 2009, the EU adopted a new regulation on cosmetic products which has applied since July 11, 2013. The law introduces an EU-wide system for the notification of cosmetic products and a requirement that companies without a physical presence in the EU appoint an EU-based responsible person.

In addition, on March 11, 2013, the EU imposed a ban on the placement on the market of cosmetics products that contain ingredients that have been subject to animal testing. This ban does not apply retroactively but does capture new ingredients. Of note, in March 2013, the Commission published a Communication stating that this ban would not apply to ingredients where safety data was obtained from testing required under other EU legislation that did not have a cosmetic purpose. For more information on animal testing, see: <http://ec.europa.eu/consumers/sectors/cosmetics/animal-testing>

For more general information, see:

[http://export.gov/europeanunion/accessingeumarketsinkeyindustrysectors/eg\\_eu\\_044318.asp](http://export.gov/europeanunion/accessingeumarketsinkeyindustrysectors/eg_eu_044318.asp)

### ***Agricultural Documentation***

**Phytosanitary Certificates:** Phytosanitary certificates are required for most fresh fruits, vegetables, and other plant materials.

**Sanitary Certificates:** For commodities composed of animal products or by-products, EU countries require that shipments be accompanied by a certificate issued by the competent authority of the exporting country. This applies regardless of whether the product is for human consumption, for pharmaceutical use, or strictly for non-human use (e.g., veterinary biologicals, animal feeds, fertilizers, research). The vast majority of



these certificates are uniform throughout the EU, but the harmonization process is not complete. During this transition period, certain member state import requirements continue to apply. In addition to the legally required EU health certificates, a number of other certificates are used in international trade. These certificates, which may also be harmonized in EU legislation, certify origin for customs purposes and certain quality attributes. Up-to-date information on harmonized import requirements can be found at the following website: <http://www.usda-eu.org/trade-with-the-eu/eu-import-rules/certification/fairs-export-certificate-report/>.

### **Sanitary Certificates (Fisheries)**

In April 2006, the European Union declared the U.S. seafood inspection system as equivalent to the European one. Consequently, a specific public health certificate must accompany U.S. seafood shipments. The U.S. fishery product sanitary certificate is a combination of Commission Decision 2006/199/EC for the public health attestation and of Regulation 1012/2012 for the general template and animal health attestation. Unlike for fishery products, the U.S. shellfish sanitation system is not equivalent to that of the EU's. The EU and the U.S. are currently negotiating a veterinary equivalency agreement on shellfish. In the meantime, the EU still has a ban in place (since July 1, 2010), that prohibits the import of U.S. bivalve mollusks, in whatever form, into EU territory. This ban does not apply to wild roe-off scallops.

Since June 2009, the only U.S. competent authority for issuing sanitary certificates for fishery and aquaculture products is the U.S. Department of Commerce, National Marine Fisheries Service (NOAA-NMFS).

In addition to sanitary certificates, all third countries wishing to export fishery products to the EU are requested to provide a catch certificate. This catch certificate certifies that the products in question have been caught legally.

For detailed information on import documentation for seafood, please contact the NOAA Fisheries office at the U.S. Mission to the EU ([stephane.vrignaud@trade.gov](mailto:stephane.vrignaud@trade.gov)) or visit the following NOAA dedicated web site: [http://www.seafood.nmfs.noaa.gov/EU\\_Export.html](http://www.seafood.nmfs.noaa.gov/EU_Export.html)

### **U.S. Export Controls**

[Return to top](#)

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) is responsible for implementing and enforcing the Export Administration Regulations (EAR), which regulate the export and re-export of some commercial items, including "production" and "development" technology.

The items that BIS regulates are often referred to as dual-use, since they have both commercial and military applications. Further information on export controls is available at: <http://www.bis.doc.gov/licensing/exportingbasics.htm>

BIS has developed a list of red flags, or warning signs, intended to discover possible violations of the EAR. These are posted at: <http://www.bis.doc.gov/enforcement/redflags.htm>

BIS also has "Know Your Customer" Guidance at: <http://www.bis.doc.gov/Enforcement/knowcust.htm>

If there is reason to believe a violation is taking place or has occurred, report it to the Department of Commerce by calling the 24-hour hotline at 1 (800) 424-2980, or via the confidential lead page at: <https://www.bis.doc.gov/forms/eeleadsntips.html>

The EAR does not control all goods, services, and technologies. Other U.S. government agencies regulate more specialized exports. For example, the U.S. Department of State has authority over defense articles and services. A list of other agencies involved in export control can be found on the BIS website.

It is important to note that in August 2009, the President directed a broad-based interagency review of the U.S. export control system, with the goal of strengthening national security and the competitiveness of key U.S. manufacturing and technology sectors by focusing on current threats, as well as adapting to the changing economic and technological landscape. As a result, the Administration launched the Export Control Reform Initiative (ECR Initiative) which is designed to enhance U.S. national security and strengthen the United States' ability to counter threats such as the proliferation of weapons of mass destruction.

The Administration is implementing the reform in three phases. Phases I and II reconcile various definitions, regulations, and policies for export controls, all the while building toward Phase III, which will create a single control list, single licensing agency, unified information technology system, and enforcement coordination center.

For additional information on ECR see: <http://export.gov/ecr/index.asp>

BIS provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two day seminars and focus on the basics of exporting as well as more advanced topics. A list of upcoming seminars can be found at: <https://www.bis.doc.gov/seminarsandtraining/index.htm>

For further details about the Bureau of Industry and Security and its programs, please visit the BIS website at: <http://www.bis.doc.gov/>

## **Temporary Entry**

[Return to top](#)

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

**For Latvia-specific information please consult the website of the Latvian Investment and Development Agency: <http://www.liaa.gov.lv/invest-latvia/investor-business-guide/trade-and-customs>. Labeling and Marking Requirements**

[Return to top](#)

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. Additional information available at the website of the Consumer Rights Protection Center of Latvia:  
<http://www.ptac.gov.lv/page/271>

An overview of EU mandatory and voluntary labeling and marking requirements has been compiled in a market research report that is available at:  
[http://buyusainfo.net/docs/x\\_366090.pdf](http://buyusainfo.net/docs/x_366090.pdf)

## **Prohibited and Restricted Imports**

[Return to top](#)

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 how to access the TARIC, see the Import Requirements and Documentation section above.

Key Link:

[http://ec.europa.eu/taxation\\_customs/customs/customs\\_duties/tariff\\_aspects/customs\\_tariff/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm)

## **Customs Regulations and Contact Information**

[Return to top](#)

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/default.aspx?tabid=8&id=6665&hl=2>

National Customs Board of Latvia  
<https://www.vid.gov.lv/default.aspx?tabid=9&id=2095&hl=2>

Homepage of Customs and Taxation Union Directorate (TAXUD) Website  
Key Link: [http://ec.europa.eu/taxation\\_customs/customs/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/index_en.htm)

## Standards

[Return to top](#)

- [Overview](#)
- [Standards Organizations](#)
- [Conformity Assessment](#)
- [Product Certification](#)
- [Accreditation](#)
- [Publication of Technical Regulations](#)
- [Labeling and Marking](#)
- [Contacts](#)

## Overview

[Return to top](#)

Products tested and certified in the United States to American standards are likely to have to be retested 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. For a list of new approach legislation, go to <http://ec.europa.eu/enterprise/newapproach/nando/index.cfm?fuseaction=directive.main>.

The concept of new approach legislation is likely to disappear 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. Since 2010/2011 existing legislation has been reviewed to bring them in line with the NLF concepts.

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.

### *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 Foreign Agricultural Service's website: <http://www.usda-eu.org/>

## Standards Organizations

[Return to top](#)

EU standards setting is a process based on consensus initiated by industry or mandated by the European Commission and carried out by independent standards bodies, acting at the national, European or international level. There is strong encouragement for non-governmental organizations, such as environmental and consumer groups, to actively participate in European standardization.

Many standards in the EU are adopted from international standards bodies such as the International Standards Organization (ISO). The drafting of specific EU standards is handled by three European standards organizations:

1. CENELEC, European Committee for Electrotechnical Standardization (<http://www.cenelec.eu/> )
2. ETSI, European Telecommunications Standards Institute (<http://www.etsi.org/>)
3. CEN, European Committee for Standardization, handling all other standards (<http://www.cen.eu/cen/pages/default.aspx>)

Standards are created or modified by experts in Technical Committees or Working Groups. The members of CEN and CENELEC are the national standards bodies of the member states, which have "mirror committees" that monitor and participate in ongoing European standardization. CEN and CENELEC standards are sold by the individual member states standards bodies. ETSI is different in that it allows direct participation in its technical committees from non-EU companies that have interests in Europe and gives away some of its individual standards at no charge on its website. In addition to the three standards developing organizations, the European Commission plays an important role in standardization through its funding of the participation in the standardization process of small- and medium-sized companies and non-governmental organizations, such as environmental and consumer groups. The Commission also provides money to the standards bodies when it mandates standards development to the European Standards Organization for harmonized standards that will be linked to EU technical legislation. Mandates – or requests for standards - can be checked on line at: [http://ec.europa.eu/enterprise/policies/european-standards/standardisation-requests/index\\_en.htm](http://ec.europa.eu/enterprise/policies/european-standards/standardisation-requests/index_en.htm)

The European Standardization system and strategy was reviewed in 2011 and 2012. The new standards regulation 1025, adopted in November 2012, clarifies the relationship between regulations and standards and confirms the role of the three European standards bodies in developing EN harmonized standards. The emphasis is also on referencing international standards where possible. For information, communication and technology (ICT) products, the importance of interoperability standards has been recognized. Through a newly established mechanism, a "Platform Committee" reporting to the European Commission will decide which deliverables from fora and consortia might be acceptable for public procurement specifications. The European standards bodies have been encouraged to improve efficiency in terms of

delivery and to look for ways to include more societal stakeholders in European standardization.

Key Link: [http://ec.europa.eu/enterprise/policies/european-standards/standardisation-policy/index\\_en.htm](http://ec.europa.eu/enterprise/policies/european-standards/standardisation-policy/index_en.htm)

## **Conformity Assessment**

[Return to top](#)

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. Conformity assessment bodies in individual member states are listed in NANDO, the European Commission's website.

Key Link: <http://ec.europa.eu/enterprise/newapproach/nando/>

To promote market acceptance of the final product, there are a number of voluntary conformity assessment programs. CEN's certification system is known as the Keymark. Neither CENELEC nor ETSI offer conformity assessment services.

## **Product Certification**

[Return to top](#)

To sell products in the EU market of 28 member states as well as in Norway, Liechtenstein and Iceland, U.S. exporters are required to apply CE marking whenever their product is covered by specific product legislation. CE marking product 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.

Products manufactured to standards adopted by CEN, CENELEC or ETSI, and referenced in the Official Journal as harmonized standards, are presumed to conform to the requirements of EU Directives. The manufacturer then applies the CE marking and issues a declaration of conformity. With these, the product will be allowed to circulate freely within the EU. A manufacturer can choose not to use the harmonized EU standards, but then must demonstrate that the product meets the essential safety and performance requirements. Trade barriers occur when design, rather than performance, standards are developed by the relevant European standardization organization, and when U.S. companies do not have access to the standardization process through a European presence.

The CE marking addresses itself primarily to the national control authorities of the member states, and its use simplifies the task of essential market surveillance of regulated products. As market surveillance was found lacking, the EU adopted the New Legislative Framework, which went into force in 2010. As mentioned before, this framework is like a blueprint for all CE marking legislation, harmonizing definitions, responsibilities, European accreditation and market surveillance.

The CE marking is not intended to include detailed technical information on the product, but there must be enough information to enable the inspector to trace the product back to the manufacturer or the local contact established in the EU. This detailed information should not appear next to the CE marking, but rather on the declaration of conformity (which the manufacturer or authorized agent must be able to provide at any time, together with the product's technical file), or the documents accompanying the product.

## Accreditation

[Return to top](#)

Independent test and certification laboratories, known as notified bodies, have been officially accredited by competent national authorities to test and certify to EU requirements.

"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: <http://www.latak.lv/en/>

## Publication of Technical Regulations

[Return to top](#)

The Official Journal is the official publication of the European Union. It is published daily on the internet and consists of two series covering adopted legislation as well as case law, studies by committees, and more (<http://eur-lex.europa.eu/JOIndex.do?ihmlang=en>). It lists the standards reference numbers linked to legislation ([http://ec.europa.eu/enterprise/policies/european-standards/harmonised-standards/index\\_en.htm](http://ec.europa.eu/enterprise/policies/european-standards/harmonised-standards/index_en.htm)).

National technical Regulations are published on the Commission's website [http://ec.europa.eu/enterprise/tris/index\\_en.htm](http://ec.europa.eu/enterprise/tris/index_en.htm) to allow other countries and interested parties to comment.

### **NIST Notify U.S. Service**

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>

## Labeling and Marking

[Return to top](#)

Manufacturers should be mindful that, in addition to the EU's mandatory and voluntary schemes, national voluntary labeling schemes might still apply. These schemes may be highly appreciated by consumers, and thus, become unavoidable for marketing purposes.

Manufacturers are advised to take note that all labels require metric units although dual labeling is also acceptable. The use of language on labels has been the subject of a Commission Communication, which encourages multilingual information, while preserving the right of member states to require the use of the language of the country of consumption.

The EU has mandated that certain products be sold in standardized quantities. Council Directive 2007/45/EC harmonizes packaging of wine and spirits throughout the EU. Existing national sizes will be abolished with a few exceptions for domestic producers. Key Link: [http://ec.europa.eu/enterprise/sectors/legal-metrology-and-prepack/prepacked-products/index\\_en.htm](http://ec.europa.eu/enterprise/sectors/legal-metrology-and-prepack/prepacked-products/index_en.htm)

### *The Eco-label*

The EU eco-label is a voluntary label which U.S. exporters can display on products that meet high standards of environmental awareness. The eco-label is intended to be a marketing tool to encourage consumers to purchase environmentally-friendly products. The criteria for displaying the eco-label are strict, covering the entire lifespan of the product from its manufacture, use, and disposal. These criteria are reviewed every three to five years to take into account advances in manufacturing procedures. There are currently 13 different product groups, and more than 17000 licenses have been awarded.

Applications to display the eco-label should be directed to the competent body of the member state in which the product is sold. The application fee will be somewhere between €275 and €1600 depending on the tests required to verify if the product is eligible, and an annual fee for the use of the logo (typically between \$480 to \$2000), with a 20% reduction for companies registered under the [EU Eco-Management and Audit Scheme](#) (EMAS) or certified under the international standard [ISO 14001](#). Discounts are available for small and medium sized enterprises (SMEs).

Key Links:

[Eco-label Home Page](#)

## **Contacts**

[Return to top](#)

Latvian Standard (LVS)  
157, Kr. Valdemara Street  
Riga, Latvia LV-1013  
Tel: +371 67 362 464  
Fax: +371 67 371 324  
E-mail: [lvs@lvs.lv](mailto:lvs@lvs.lv)  
Web: [https://www.lvs.lv/en/services/services\\_EP.asp](https://www.lvs.lv/en/services/services_EP.asp)

Latvian National Accreditation Bureau  
157, Kr. Valdemara Street  
Riga, Latvia LV-1013  
Tel: +371 67 373 051  
Fax: +371 67 362 990,  
E-mail: [latak@latak.lv](mailto:latak@latak.lv)  
Web: <http://latak.lv/en/>



## Trade Agreements

[Return to top](#)

For a list of trade agreements with the EU and its member states, as well as concise explanations, please see: [http://tcc.export.gov/Trade\\_Agreements/index.asp](http://tcc.export.gov/Trade_Agreements/index.asp).

## Web Resources

[Return to top](#)

### EU websites:

Online customs tariff database (TARIC):

[http://ec.europa.eu/taxation\\_customs/customs/customs\\_duties/tariff\\_aspects/customs\\_tariff/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm)

The Modernized Community Customs Code (MCCC):

[http://europa.eu/legislation\\_summaries/customs/do0001\\_en.htm](http://europa.eu/legislation_summaries/customs/do0001_en.htm)

ECHA: <http://echa.europa.eu>

Taxation and Customs Union:

[http://ec.europa.eu/taxation\\_customs/customs/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/index_en.htm)

Security and Safety Amendment to the Customs Code - Regulation (EC) 648/2005:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2005:117:0013:0019:en:PDF>

Electronic Customs Initiative: Decision N° 70/2008/EC

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:023:0021:0026:EN:PDF>

Modernized Community Customs Code Regulation (EC) 450/2008):

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:145:0001:0064:EN:PDF>

Legislation related to the Electronic Customs Initiative:

[http://ec.europa.eu/taxation\\_customs/customs/policy\\_issues/electronic\\_customs\\_initiative/electronic\\_customs\\_legislation/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/policy_issues/electronic_customs_initiative/electronic_customs_legislation/index_en.htm)

Export Help Desk

[http://exporthelp.europa.eu/thdapp/index\\_en.html](http://exporthelp.europa.eu/thdapp/index_en.html)

### International Level:

What is Customs Valuation?:

[http://ec.europa.eu/taxation\\_customs/customs/customs\\_duties/declared\\_goods/european/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/customs_duties/declared_goods/european/index_en.htm)

Customs and Security: Two communications and a proposal for amending the Community Customs Code:

[http://ec.europa.eu/taxation\\_customs/customs/policy\\_issues/customs\\_security/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/policy_issues/customs_security/index_en.htm)

Establishing the Community Customs Code: Regulation (EC) n° 648/2005 of 13 April 2005

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2005:117:0013:0019:en:PDF>

Pre Arrival/Pre Departure Declarations:

[http://ec.europa.eu/taxation\\_customs/customs/procedural\\_aspects/general/prearrival\\_predeparture/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/procedural_aspects/general/prearrival_predeparture/index_en.htm)

AEO: Authorized Economic Operator:

[http://ec.europa.eu/taxation\\_customs/customs/policy\\_issues/customs\\_security/aeo/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/policy_issues/customs_security/aeo/index_en.htm)

Contact Information at National Customs Authorities:

[http://ec.europa.eu/taxation\\_customs/taxation/personal\\_tax/savings\\_tax/contact\\_points/index\\_en.htm](http://ec.europa.eu/taxation_customs/taxation/personal_tax/savings_tax/contact_points/index_en.htm)

New Approach Legislation:

<http://ec.europa.eu/enterprise/newapproach/nando/index.cfm?fuseaction=directive.main>

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>

Standardisation – Mandates:

[http://ec.europa.eu/enterprise/policies/european-standards/standardisation-requests/index\\_en.htm](http://ec.europa.eu/enterprise/policies/european-standards/standardisation-requests/index_en.htm)

ETSI – Portal – E-Standardisation :

[http://portal.etsi.org/Portal\\_Common/home.asp](http://portal.etsi.org/Portal_Common/home.asp)

CEN – Sector:

<http://www.cen.eu/work/areas/Pages/default.aspx>

CEN - Standard Search:

<http://esearch.cen.eu/esearch/>

Nando (New Approach Notified and Designated Organizations) Information System:

<http://ec.europa.eu/enterprise/newapproach/nando/>

Mutual Recognition Agreements (MRAs):

<http://ec.europa.eu/enterprise/newapproach/nando/index.cfm?fuseaction=mra.main>

European Co-operation for Accreditation:

<http://www.european-accreditation.org/home>

Eur-Lex – Access to European Union Law:  
<http://eur-lex.europa.eu/en/index.htm>

Standards Reference Numbers linked to Legislation:  
[http://ec.europa.eu/enterprise/policies/european-standards/harmonised-standards/index\\_en.htm](http://ec.europa.eu/enterprise/policies/european-standards/harmonised-standards/index_en.htm)

What's New:  
[http://ec.europa.eu/enterprise/news/index\\_en.htm](http://ec.europa.eu/enterprise/news/index_en.htm)

National technical Regulations:  
[http://ec.europa.eu/enterprise/tris/index\\_en.htm](http://ec.europa.eu/enterprise/tris/index_en.htm)

NIST - Notify U.S.:  
<http://www.nist.gov/notifyus/>

Metrology, Pre-Packaging – Pack Size:  
[http://ec.europa.eu/enterprise/sectors/legal-metrology-and-prepack/prepacked-products/index\\_en.htm](http://ec.europa.eu/enterprise/sectors/legal-metrology-and-prepack/prepacked-products/index_en.htm)

European Union Eco-label Homepage:  
<http://ec.europa.eu/environment/ecolabel/>

U.S. websites:

National Trade Estimate Report on Foreign Trade Barriers:  
<http://www.ustr.gov/about-us/press-office/reports-and-publications/2012-1>

Agricultural Trade Barriers:  
<http://www.usda-eu.org/>

Trade Compliance Center:  
<http://tcc.export.gov/>

U.S. Mission to the European Union:  
<http://useu.usmission.gov/>

The New EU Battery Directive:  
[http://www.buyusainfo.net/docs/x\\_8086174.pdf](http://www.buyusainfo.net/docs/x_8086174.pdf)

The Latest on REACH:  
<http://export.gov/europeanunion/reachclp/index.asp>

WEEE and RoHS in the EU:  
<http://export.gov/europeanunion/weeerohs/index.asp>

Overview of EU Certificates:  
<http://www.usda-eu.org/trade-with-the-eu/eu-import-rules/certification/fairs-export-certificate-report/>

Center for Food Safety and Applied Nutrition:  
<http://www.fda.gov/Food/default.htm>

EU Marking, Labeling and Packaging – An Overview  
[http://buyusainfo.net/docs/x\\_366090.pdf](http://buyusainfo.net/docs/x_366090.pdf)

The European Union Eco-Label:  
[http://buyusainfo.net/docs/x\\_4284752.pdf](http://buyusainfo.net/docs/x_4284752.pdf)

Trade Agreements:  
[http://tcc.export.gov/Trade\\_Agreements/index.asp](http://tcc.export.gov/Trade_Agreements/index.asp)

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 6: Investment Climate

- [Openness to Foreign Investment](#)
- [Conversion and Transfer Policies](#)
- [Expropriation and Compensation](#)
- [Dispute Settlement](#)
- [Performance Requirements and Incentives](#)
- [Right to Private Ownership and Establishment](#)
- [Protection of Property Rights](#)
- [Transparency of Regulatory System](#)
- [Efficient Capital Markets and Portfolio Investment](#)
- [Competition from State Owned Enterprises](#)
- [Corporate Social Responsibility](#)
- [Political Violence](#)
- [Corruption](#)
- [Bilateral Investment Agreements](#)
- [OPIC and Other Investment Insurance Programs](#)
- [Labor](#)
- [Foreign-Trade Zones/Free Ports](#)
- [Foreign Direct Investment Statistics](#)
- [Contact Point at Post](#)

### Openness to Foreign Investment

[Return to top](#)

#### ***Attitude Toward FDI***

The Latvian government actively encourages foreign direct investment and works with investors to improve the country's business climate. To strengthen these efforts, the Latvian government has introduced the POLARIS process, a mechanism designed to create an alliance between the public sector, including national and local governments; the private sector, covering both national and international companies; and major Latvian academic and research institutions to encourage foreign direct investment 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.

#### ***Other Investment Policy Reviews***

Although there have been no policy reviews specifically involving Latvia, the WTO published its latest review of the European Union on July 18, 2013. ([http://www.wto.org/english/tratop\\_e/tpr\\_e/tp384\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tp384_e.htm)).

#### ***Industrial Strategy***

Latvia has established a National Industrial Policy (NIP) covering 2013-2020, 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: [http://www.em.gov.lv/images/modules/items/finl\\_en%20\(1\).pdf](http://www.em.gov.lv/images/modules/items/finl_en%20(1).pdf).

### ***Limits on Foreign Control***

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, however, 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. 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 will allow EU citizens to purchase Latvia's agricultural land and forests. Other restrictions apply (to both Latvian citizens and foreigners) to the acquisition of land in Latvia's border areas, Baltic Sea and Gulf of Riga dune areas, and other protected areas.

### ***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), Latttelecom (Information and Communication), and Latvian Mobile Telephone (Information and Communication).

### ***Screening of FDI***

In keeping with European Union and World Trade Organization requirements, there is generally no screening of foreign investment. However, in cases of greenfield investment requiring licenses regulated by the Public Services Regulatory Commission, or when the state offers tax exemptions or other concessions, significant due diligence measures may be applied. Tender regulations for greenfield investment projects are prepared on a case-by-case basis.

Business activities are regulated by the Commercial Law, the latest version of which came into force on January 1, 2002. The Commercial Law serves as the legal

framework for establishing, registering, operating, and closing a business in Latvia. The law specifies five possible business legal entities: individual merchants, partnerships (general and limited), and corporations (joint stock and limited liability companies). Legislation that went into effect in 2010 offers special tax treatment for qualifying “micro-enterprises.” Latvia has established the Large and Strategically Important Investment Project Coordination Committee to promote the successful implementation of imperative investment projects and to organize cooperation between governmental institutions, municipalities, educational institutions, special economic zones and free ports. The Committee is led by the Prime Minister as the chairman of the board and the Minister of Economics as the deputy chairman.

### **Competition Law**

The competition environment is supervised by the Competition Council (CC). More information can be accessed at: <http://www.kp.gov.lv/en>

### **Investment Trends**

In December 2012, the Latvian government announced its full repayment ahead of schedule of an International Monetary Fund (IMF) loan that it had received to mitigate the effects of its 2008-2009 economic crisis. During the crisis, Latvia saw a reduction in FDI and a drop in GDP of almost 25 percent. FDI flows already exceed pre-crisis levels and the Latvian government expects to conclude 2014 with economic growth of 4.2 percent. The chart below shows Latvia's rank on several prominent international measures of interest to potential investors.

**TABLE 1:** The following chart summarizes several well-regarded indices and rankings.

<b>Measure</b>	<b>Year</b>	<b>Rank or value</b>	<b>Website Address</b>
TI Corruption Perceptions index	2013	(49 of 177)	<a href="http://cpi.transparency.org/cpi2013/results/">http://cpi.transparency.org/cpi2013/results/</a>
Heritage Foundation's Economic Freedom index	2013	(42 of 177)	<a href="http://www.heritage.org/index/ranking">http://www.heritage.org/index/ranking</a>
World Bank's Doing Business Report "Ease of Doing Business"	2013	(24 of 189)	<a href="http://doingbusiness.org/rankings">http://doingbusiness.org/rankings</a>
Global Innovation Index	2013	(33 of 142)	<a href="http://www.globalinnovationindex.org/content.aspx?page=gii-full-report-2013#pdfopener">http://www.globalinnovationindex.org/content.aspx?page=gii-full-report-2013#pdfopener</a>
World Bank GNI per capita	2012	14,120USD	<a href="http://data.worldbank.org/indicator/NY.GNP.PCAP.CD">http://data.worldbank.org/indicator/NY.GNP.PCAP.CD</a>

## **Conversion and Transfer Policies**

[Return to top](#)

### **Foreign Exchange**

On January 1, 2014, Latvia adopted the euro as its currency.

There are no restrictions on exchanging currencies or capital movement. Foreign investors are allowed to extract their profits in any currency with no restraints. As of April 17, 2014, one euro is worth \$1.384.

### ***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 Central Bank of Latvia's web site: [www.bank.lv](http://www.bank.lv).

## **Expropriation and Compensation**

[Return to top](#)

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

## **Dispute Settlement**

[Return to top](#)

### ***Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts***

The 1993 Law on Judicial Power introduced a three-tier court system. Judicial power is exercised by town, city, and rural districts; regional courts; and the Supreme Court. In addition, the Constitutional Court reviews the compatibility of decrees and acts of the President of the Republic, the government, and local authorities with the constitution and the law. Unless otherwise stipulated by law, district courts are the courts of first instance in all civil, criminal, and administrative cases. Regional courts are vested with the authority of appellate review for district court verdicts. In addition, regional courts are courts of first instance for cases specified in the Civil Code. Such cases include cases on the protection of patent rights, trademarks, and geographical indications; and cases on the insolvency and liquidation of credit institutions. The Supreme Court consists of the Senate and two Chambers of Court: the Civil Chamber of Court and the Criminal Chamber of Court.

City and regional courts are administered by the Ministry of Justice ([www.tm.gov.lv](http://www.tm.gov.lv)). The Supreme Court and Constitutional Court are independent. The Ministry has enacted reforms which have reduced the backlog of cases in the lower courts. Nevertheless, 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.

### ***Bankruptcy***

There are two laws governing bankruptcy procedure: the Law on Insolvency, which came into force on January 1, 2008, amended in November 2010; and the Law on Credit Institutions (regulating bankruptcy procedures for banks and other financial sector companies), which came into effect in 1995. Recent changes to the Law on Insolvency were designed to make the process more efficient and accessible to physical persons.



According to the World Bank's Doing Business Report 2014 Latvia ranked 43rd out of 189 countries in terms of ease of resolving insolvency.

### ***Investment Disputes***

Investment disputes concerning U.S. or other foreign investors and Latvia are generally rare.

### ***International Arbitration***

A register of arbitration institutions was established in 2005. According to the information available in the register, there are 213 arbitration institutions registered in Latvia ([www.ur.gov.lv](http://www.ur.gov.lv)). 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 UNCITRAL model law, thus providing full compliance with international standards. The law also governs the enforcement of rulings of foreign non-arbitral courts and foreign arbitrations. The full text of the law in English can be found at: [www.vvc.gov.lv](http://www.vvc.gov.lv).

### ***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 of 1958 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.

### ***Duration of Dispute Resolution***

Investment and commercial dispute resolution proceedings in Latvia typically take between two and three years, if the case is reviewed at all possible levels and the involved parties do not deliberately delay the proceedings. It should be noted that the length of these proceedings can differ significantly depending on the Latvian region in which the case is filed.

## **Performance Requirements and Incentives**

[Return to top](#)

### ***Investment Incentives***

The Latvian government extends national treatment to foreign investors. Therefore most investment incentives and requirements apply equally to local and foreign businesses. Latvia has two 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. Long-term investments exceeding 7 million euros (approximately \$9.66 million) are considered large scale and thus receive a tax rebate on initial long-term investment of 25 percent of the investment amount up to 50 million euro and 15 percent above 50 million euro.

### ***Research and Development***

The Latvian government offers incentive schemes for investment, both foreign and domestic, in several free ports, special economic zones, and in special support regions, as well as through the POLARIS process. The process provides free support for

investors from the preparation phase up until the investment project is completed. For more information on these programs, see [www.liaa.gov.lv](http://www.liaa.gov.lv) and [www.polarisprocess.com](http://www.polarisprocess.com).

### ***Performance 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 law, foreign citizens can enter Latvia for temporary business activities for up to three months in a half-year period. For longer periods of time, foreigners are required to obtain residence and work permits.

A physical 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.

## **Right to Private Ownership and Establishment**

[Return to top](#)

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 prohibited by the law. Private enterprises have competitive equality with public enterprises with respect to access to markets and business operations.

## **Protection of Property Rights**

[Return to top](#)

### ***Real Property***

Latvia has full legal rights to property and, according to World Bank's Doing Business Report 2014, is ranked 33rd out of 189 countries in terms of ease of 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. In 1993, the Latvian Parliament passed legislation to protect copyrights, trademarks, and patents. In 2000, the Parliament adopted the Law on Copyrights. The law 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; court action can also be sought in such cases. In copyright violation cases, the interested party can request that the use of the pirated works be prohibited, that pirated copies be destroyed, and that remuneration for losses be paid (including for 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.

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

- Patent Co-operation Treaty (September 1993);
- Budapest Treaty on the International Recognition of the Deposit of Micro-organisms for the Purposes of Patent Procedure (December 1994);
- Madrid Agreement on International Registration of Trade Marks (January 1995);
- Nice Agreement on International Classification of Goods and Services for the Purposes of Trade Mark Registration (January 1995);
- Rome Convention for the Protection of the Rights of Performers, Producers of Phonograms, and Broadcasting Organizations (with a note to not apply article 12 of the convention concerning phonograms of producers that are not nationals of contracting states) (August 1999); and
- Geneva Agreement on Trade Marks (December 1999).

Concerns exist regarding the enforcement of these intellectual property protection standards in Latvia. As in much of Eastern and Central Europe, piracy rates are relatively high. Previously, there have been some reports of infringement of software licensing agreements by government offices.

#### **Contact at Copyright Offices**

- **Ms. Ilona Tomšone**
- **Director of Legal Division, Ministry of Culture of the Republic of Latvia**
- **(371) 67330 211**
- **pasts@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**

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

Embassy point of contact: Guntars Vicmanis [VicmanisG@state.gov](mailto:VicmanisG@state.gov)

Local lawyers list: [http://riga.usembassy.gov/legal\\_assist\\_en2.html](http://riga.usembassy.gov/legal_assist_en2.html)

#### **Transparency of Regulatory System**

[Return to top](#)

The Latvian government has amended its laws and regulatory procedures in an effort to bring Latvia's legislation in compliance with the European Union 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.

## **Efficient Capital Markets and Portfolio Investment**

[Return to top](#)

### ***Money and Banking System, Hostile Takeovers***

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.

The regulatory framework for commercial banking incorporates all principal requirements of European Union directives. A unified capital and financial markets regulator was launched on July 1, 2001, replacing the Securities Market Commission, the Insurance Inspectorate, and the Bank of Latvia's Banking Supervision Department. 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 came into effect in August 2008 and a Deposit Guarantee Law came into effect in January 2003. 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 2013 stood at approximately \$38.3 billion. At the end of 2013, 79 percent of total loans had no payment arrears. More information is available at:

<http://www.bankasoc.lv/en/statistics/> and

[http://fktk.lv/texts\\_files/0\\_FKTK\\_Infografika\\_banku\\_dati\\_2013\\_ENG.pdf](http://fktk.lv/texts_files/0_FKTK_Infografika_banku_dati_2013_ENG.pdf).

Securities markets are regulated by the 2000 Law on the Consolidated Capital Markets Regulator, the 2004 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](http://www.nasdaqomxbaltic.com)) began operations in 1995. France assisted Latvia in setting up the securities market based on a continental European model. In 1997, the RSE was admitted to the International Federation of Stock Exchanges as a corresponding emerging market. The RSE was the first exchange in Eastern Europe to create an index in cooperation with Dow Jones.

## **Competition from State Owned Enterprises**

[Return to top](#)

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 is working to implement the requirements of the EU's Third Energy Package, which would further open the electricity

market to private power producers, 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.

Senior managers of SOEs report to independent boards of directors, which in turn report to the line ministries. Many SOEs previously had a council in addition to a Board of Directors, but these councils were eliminated in 2009 due to widespread allegations that they provided little guidance and served only to provide jobs for politically connected individuals.

SOEs are required by law to publish an annual report and to submit their books to an independent audit.

### ***Sovereign Wealth Funds***

Latvia does not have a sovereign wealth fund.

## **Corporate Social Responsibility**

[Return to top](#)

On January 9, 2004, Latvia joined the OECD Declaration on International Investment and Multinational Enterprises. Adherence to these OECD principles and standards reinforces the efforts of the Latvian government to pursue investment-friendly economic reforms. Awareness of and adherence to principles of corporate social responsibility (CSR) 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. As a result, several initiatives have been developed. One of the most successful is the Sustainability Index. For more information on this program, see: [www.ilgtspejasindekss.lv](http://www.ilgtspejasindekss.lv).

## **Political Violence**

[Return to top](#)

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. Civil unrest is generally not a problem in Latvia. While Latvia has experienced peaceful demonstrations related to internal political issues, there have been rare incidents when peaceful demonstrations 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 that can be found on the Embassy's web site: [riga.usembassy.gov](http://riga.usembassy.gov).

## **Corruption**

[Return to top](#)

Latvian law enforcement institutions, foreign business representatives, and non-governmental organizations, such as Transparency International, have identified corruption and the perception of corruption as persistent problems in Latvia. According to the 2013 Corruption Perception Index by Transparency International, Latvia ranks

49th out of 177 countries (in order from the lowest perceived level of public sector corruption to the highest). Among EU member states, Latvia ranks 20th out of 28.

In an effort to strengthen its anti-corruption program, the Latvian government has adopted several laws and regulations, including the 1998 Law on Money Laundering (amended in 2009), and the 2002 Law on Conflicts of Interest (replacing the 1995 Anti-Corruption Law). 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 expands 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 has signed the Council of Europe’s Criminal Convention on Corruption and the United Nations Convention against Corruption. Latvia will become a member of the OECD Anti-Bribery Convention on May 30, 2014.

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, there have been only a limited number of government officials prosecuted and convicted for corruption. On April 1, 2013, new amendments to the Latvian Criminal Law came into effect which broaden the definition of state and local government employees to enable wider anti-bribery enforcement. The amendments also create 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.

The primary institution responsible for combating corruption is an independent anti-corruption agency -- the Anti-Corruption Bureau (known by its Latvian acronym KNAB) -- whose task is to carry out operational activities on fighting incidents of corruption. The Crime Prevention Council chaired by the Prime Minister is in charge of coordinating and supervising all state authorities’ activities to prevent crime and corruption. The Prosecutor General’s Office also plays an important role in fighting corruption.

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 were no reports that noncitizens or the foreign media have been denied access.

The U.S. Department of Commerce offers services to U.S. businesses seeking to address business-related corruption issues. For example, the U.S. Foreign Commercial Service provides services that assist U.S. companies in conducting their due diligence as part of the company’s overarching compliance program when choosing business partners or agents overseas. The U.S. Foreign Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its Website at [www.trade.gov/cs](http://www.trade.gov/cs).

### **Contact at Corruption Prevention and Combating Bureau (KNAB)**

- **Corruption Prevention and Combating Bureau**
- **Brivibas Str. 104 block 2, Riga, LV 1001, Latvia**
- **(371) 67356161**
- **knab@knab.gov.lv**

### **Contact at DELNA (Transparency International)**

- **Association "Society for transparency - Delna"**
- **A.Čaka street 49-4, Riga, LV-1011**
- **(371) 67285585**
- **ti@delna.lv**

## **Bilateral Investment Agreements**

[Return to top](#)

Latvia has concluded bilateral investment agreements with Armenia, Austria, Azerbaijan, Belarus, Belgium, Bulgaria, Canada, China, Croatia, the Czech Republic, Denmark, Egypt, Estonia, Finland, France, Germany, Georgia, Greece, Hungary, Iceland, India, Israel, Kazakhstan, Kyrgyzstan, Korea, Kuwait, Lithuania, Luxembourg, Moldova, the Netherlands, Norway, Poland, Portugal, Romania, Singapore, the Slovak Republic, Spain, Sweden, Switzerland, Turkey, Ukraine, the United Kingdom, the United States, Uzbekistan, and Vietnam. The agreement with the United States came into force in December 1996.

Currently the EU and the United States are negotiating the Transatlantic Trade and Investment Partnership (TTIP).

### ***Bilateral Taxation Treaties***

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

## **OPIC and Other Investment Insurance Programs**

[Return to top](#)

Overseas Private Investment Corporation (OPIC) political risk insurance coverage is available for U.S. investments in Latvia. Latvia is a member of the Multilateral Investment Guarantee Agency (MIGA).

On January 1, 2014, Latvia adopted the euro as its currency at an exchange rate of \$1.384 per 1 euro as of April 17, 2014.

## **Labor**

[Return to top](#)

The official rate of registered unemployment at the end of 2013 was 11.9 percent according to the Latvian State Employment Agency. Unemployment is significantly higher in rural areas. A high percentage of the workforce has completed at least secondary or vocational education. Foreign managers agree that Latvians generally are hardworking, reliable, and quick to learn. Foreign managers also 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 a legally specified minimum, which since January 1, 2014, is 320 euros (approximately \$442) per month. Union influence on the wage setting process is limited. Trade unions do not have significant influence on the labor market.

One challenge that employers have faced since Latvia joined the EU is that many skilled employees can find employment opportunities in other EU countries. Unofficial statistics suggest that more than 200,000 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.

In 2013, several reports indicated a shortage of available workers in the manufacturing, wholesale and retail, and transport and storage sectors. The largest share of registered unemployment is comprised of persons with only primary or secondary education who do not have specialized skills.

The Labor Law addresses discrimination issues, provides detailed provisions on the rights and obligations of employees' representatives, and created the Conciliation Commission – an institution that can be established in any workplace.

Full-time employees in Latvia work 40 hours a week. Normally, there are five working days per week, but employers are allowed to schedule six working days per week. Employees are entitled to four calendar weeks of annual paid vacations per year. An employer is prohibited from entering into an employment contract with a foreign individual who does not have a valid work permit.

Latvia has committed to adhere to the ILO Convention protecting workers' rights.

## **Foreign-Trade Zones/Free Ports**

[Return to top](#)

There are four 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 an eastern Latvian region that borders Russia.

Somewhat different rules apply to each of the four 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; or the Rezekne SEZ Administration. The SEZs will be in place until 2035.

## **Foreign Direct Investment Statistics**

[Return to top](#)

**TABLE 2: Key Macroeconomic data, U.S. FDI in Latvia**



	Central Bank of Latvia Statistics Database of Latvia		World Bank Bureau of Economic Analysis	
<b>Economic Data</b>	Year	Amount	Year	Amount
Latvia Gross Domestic Product (GDP) (Millions U.S. Dollars)	2012	29,227	2012	28,370
<b>Foreign Direct Investment</b>	Year	Amount	Year	Amount
U.S. FDI in Latvia (Millions U.S. Dollars, stock positions)	2012	336	2012	13
Latvia's FDI in the United States (Millions U.S. Dollars, stock positions)	2012	0	2012	non-zero value between -\$500,000 and +\$500,000
Total inbound stock of FDI as % of Latvia's GDP	2012	1.15%	2012	0.046%

\*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.

**TABLE 3: Sources and Destination of FDI**

Direct Investment from/in Latvia Data					
From Top Five Sources/To Top Five Destinations (U.S. Dollars, Millions)					
Inward Direct Investment			Outward Direct Investment		
Total Inward	13,577	100%	Total Outward	950	100%
Sweden	3,184	23%	Switzerland	174	18%
Netherlands	1,080	8%	Lithuania	163	17%
Cyprus	865	6%	Estonia	97	10%
Estonia	734	5%	Poland	56	6%
Norway	726	5%	Cyprus	53	6%

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

Source: <http://cds.imf.org>

**TABLE 4: Sources of Portfolio Investment  
Latvia, 2012**

Portfolio Investment Assets								
Top Five Partners (Millions, U.S. Dollars)								
Total			Equity Securities			Total Debt Securities		
World	4,925	100%	World	1,419	100%	World	3,506	100%
Luxembourg	888	18%	Luxembourg	622	44%	United States	584	17%
United States	636	13%	Ireland	269	19%	Germany	384	11%
Ireland	448	9%	France	101	7%	Netherlands	272	8%
Germany	402	8%	Estonia	59	4%	Luxembourg	266	8%
Netherlands	273	6%	Finland	57	4%	Canada	249	7%

Source: <http://cpis.imf.org>

**Contact Point at Post**

[Return to top](#)

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

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 7: Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
- [Project Financing](#)
- [Web Resources](#)

### **How Do I Get Paid (Methods of Payment)**

[Return to top](#)

Like 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, after-payment, letter of credit, or payment by credit card are all commonly used.

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

### **How Does the Banking System Operate**

[Return to top](#)

Please use this link to find Information on the Latvian Financial and Capital Market:  
<http://www.fktk.lv/en/>.

### **Foreign-Exchange Controls**

[Return to top](#)

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.

### **U.S. Banks and Local Correspondent Banks**

[Return to top](#)

Most of the large Latvian banks are associated with Scandinavian or German capital. SEB and Swedbank, NORDEA, SAMPO, and DNB are all represented on the market. Nearly all Latvian banks have a correspondent relationship with banks in the United States and can carry out money transfers in U.S. dollars.

### **Project Financing**

[Return to top](#)

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.esfondi.lv/>

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

## **Web Resources**

[Return to top](#)

### EU websites:

The EU regional policies, the EU Structural and Cohesion Funds:  
[http://ec.europa.eu/regional\\_policy/index\\_en.htm](http://ec.europa.eu/regional_policy/index_en.htm)

EU Grants and Loans index: [http://ec.europa.eu/grants/index\\_en.htm](http://ec.europa.eu/grants/index_en.htm)

EuropeAid Co-operation Office: [http://ec.europa.eu/europeaid/index\\_en.htm](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>.

### U.S. websites:

Market research section on the website of the U.S. Mission to the EU:  
<http://export.gov/mrktresearch/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](http://www.exim.gov/tools/country/country_limits.html)

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.ustda.gov/>

SBA's Office of International Trade  
<http://www.sba.gov/about-offices-content/1/2889>

U.S. Agency for International Development: <http://www.usaid.gov>

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 8: Business Travel

- [Business Customs](#)
- [Travel Advisory](#)
- [Visa Requirements](#)
- [Telecommunications](#)
- [Transportation](#)
- [Language](#)
- [Health](#)
- [Local Time, Business Hours and Holidays](#)
- [Temporary Entry of Materials and Personal Belongings](#)
- [Web Resources](#)

### Business Customs

[Return to top](#)

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. However, managers, lawyers, and bankers are generally expected to wear business suits 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. A personal touch will make it easier for a foreigner to do business 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. Business breakfasts are a recent introduction and are not yet widely embraced.

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. However 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.lv/welcome-latvia>

### Travel Advisory

[Return to top](#)

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:

<http://riga.usembassy.gov/>

## Visa Requirements

[Return to top](#)

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.

That 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 here:

<http://travel.state.gov/content/passports/english/go/schengen-fact-sheet.html#FAQ>

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: <http://travel.state.gov/visa/>

The consular section of the Latvian Embassy in the United States:

<http://www.mfa.gov.lv/en/usa/consular/>

## Telecommunications

[Return to top](#)

The Latvian telecommunications market is completely liberalized. The main market players are Lattelecom 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 available mainly in Riga in office buildings, hotels, near public phone booths, and at the airport. This technology is growing in popularity.

The most popular mobile phone standard is GSM 900/1800.

## **Transportation**

[Return to top](#)

Riga International Airport is the main airport in the country. Uzbekistan Airways operates a weekly Tashkent-Riga-New York route. This is the only route that flies directly between the United States and the Baltic states. U.S. travelers often choose to fly through one of the European airport hubs. 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 train, trolley, and bus, 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/regional-transportation>

## **Language**

[Return to top](#)

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, especially in Riga.

## **Health**

[Return to top](#)

There are both private and state medical systems in Latvia. Medical education is at a high standard, though there is a shortage of some medical equipment. 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.

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

## **Local Time, Business Hours, and Holidays**

[Return to top](#)

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 work-day week, with eight working hours per day and 40 working hours per week. The work day typically lasts from 8 a.m. till 5 p.m. for manufacturing-related industries, or from 9 a.m. till 6 p.m. for service institutions, including a 1 hour lunch.

### **National Holidays in Latvia in 2014**

New Year's Day	1 Jan.
Good Friday	18 April
Easter Monday	21 April
Labor Day/Convocation of the Constituent Assembly of the Republic of Latvia	1 May
Proclamation of Restoration of Independence	5 May
Midsummer's Eve (Ligo)	23 June
Summer Solstice (Jani)	24 June
Latvian National Day	18 Nov.
Christmas Eve	24 Dec.
Christmas Day	25 Dec.
Boxing Day	26 Dec.
New Year's Eve	31 Dec.

### **Temporary Entry of Materials and Personal Belongings**

[Return to top](#)

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: [Latvian Customs](#)

### **Web Resources**

[Return to top](#)

Embassy Riga home page: <http://riga.usembassy.gov/>

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

The Consular section of the U.S. Embassy in Latvia website:  
<http://riga.usembassy.gov/citizenservices.html>

The Commercial section of the U.S. Embassy in Latvia website:  
[http://riga.usembassy.gov/business\\_en.html](http://riga.usembassy.gov/business_en.html)

U.S. Department of Commerce: [www.export.gov/latvia](http://www.export.gov/latvia)



American Chamber of Commerce: [www.amcham.lv](http://www.amcham.lv)

Latvian Institute: <http://www.li.lv/index.php?lang=en>

Latvian State Revenue Service: [www.vid.gov.lv](http://www.vid.gov.lv)

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 9: Contacts, Market Research and Trade Events

- [Contacts](#)
- [Market Research](#)
- [Trade Events](#)

### Contacts

[Return to top](#)

Cabinet of Ministers of the Republic of Latvia: <http://www.mk.gov.lv/en/mk/sastavs/>

Latvian Chamber of Commerce and Industry: <http://www.chamber.lv/en>

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

Foreign Investors Council in Latvia: <http://www.ficil.lv/eng.htm>

Guntars Vicmanis, Commercial Specialist, Latvia

U.S. Embassy, Samnera Velsa iela 1

Riga, LV-1510

Latvia

Tel: +371 6710-7000

Fax: +371 6710-7050

e-mail: [RigaCommerce@state.gov](mailto:RigaCommerce@state.gov)

Kevin Burgwinkle, Economic/Political Officer,

U.S. Embassy, Samnera Velsa iela 1

Riga, LV-1510

Latvia

Tel: +371 6710-7000

Fax: +371 6710-7050

e-mail: [RigaCommerce@state.gov](mailto:RigaCommerce@state.gov)

### U.S. Foreign Commercial Service Partnership Post in Sweden:

Julie Snyder

Regional Senior Commercial Officer

U.S. Department of Commerce

Partnership Post in Sweden

U.S. Embassy

Dag Hammarskjolds v. 31

115 89 Stockholm, Sweden

Phone: +46 8 783 53 46

Fax: +46 8 660 91 81

[julie.snyder@trade.gov](mailto:julie.snyder@trade.gov)

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

## **U.S. Foreign Agricultural Service Office in Warsaw:**

Michael Henney  
Agriculture Attaché  
U.S. Embassy Warsaw  
Al. Ujazdowskie 29/31  
00-540 Warsaw  
Tel.: +48/22 504-2336  
Fax: +48/22 504-2320  
E-mail: [agwarsaw@state.gov](mailto:agwarsaw@state.gov)

### **Market Research**

[Return to top](#)

To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/mrktresearch/index.asp> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, and is free.

### **Trade Events**

[Return to top](#)

Please click on the link below for information on upcoming trade events.

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

[http://riga.usembassy.gov/events\\_en.html](http://riga.usembassy.gov/events_en.html)

Latvian Fairs: <http://www.bt1.lv/>

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 10: Guide to Our Services

The President's National Export Initiative aims to double exports over five years by marshaling Federal agencies to **prepare U.S. companies to export successfully, connect them with trade opportunities and support them once they do have exporting opportunities.**

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: [www.export.gov](http://www.export.gov)

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link: <http://www.export.gov/latvia/>

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the **U.S. Department of Commerce's Trade Information Center at (800) USA-TRAD(E).**

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

[Return to table of contents](#)