



Ministry of Economics  
Republic of Latvia

# LATVIA: ON THE WAY TO HIGH ADDED VALUE ECONOMY

Arvils Ašeradens  
Deputy Prime Minister - Minister for Economics

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# On the rise



## GDP GROWING FASTER

2017. 1st quarter : **+3.9%**

Total: 25 B EUR (2016)



GDP growth, % (CSB, forecasts of ME)



## GROWING EXPORT

2017. Jan/Feb: **+10%**

Total: 14.5 B EUR, or 58% GDP (2016)



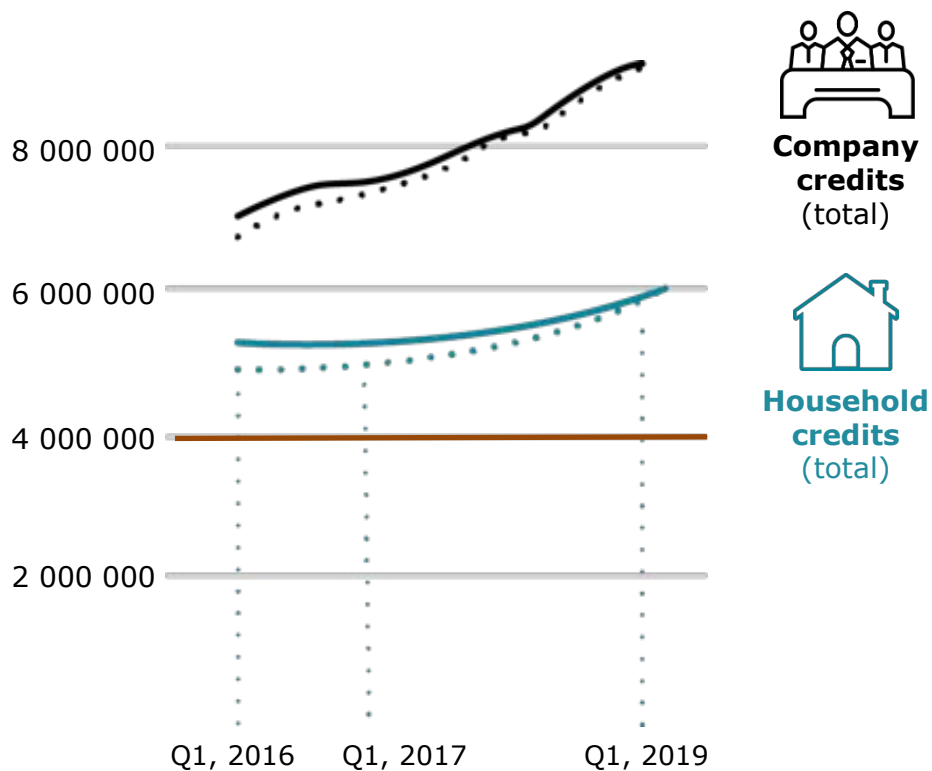
Export growth % (CSB, forecasts of ME)



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# On the rise

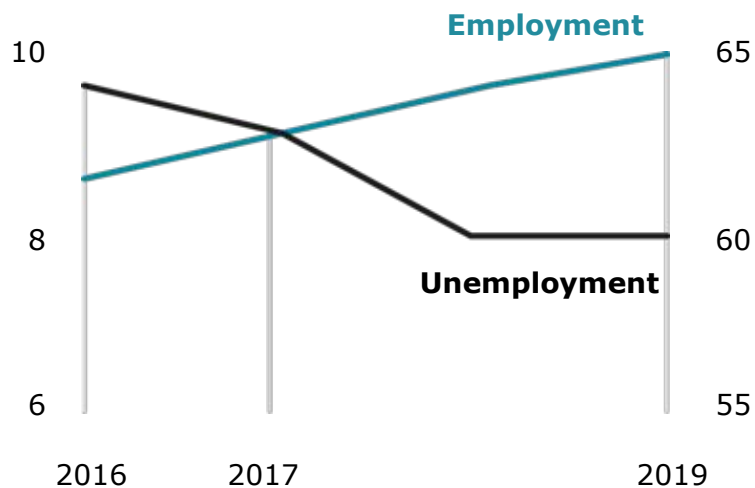
## CREDIT GROWTH



Total credit, thousand EUR (FOMC, forecasts of P.Strautins)

## UNEMPLOYMENT – LOWEST IN 5 YEARS TIME

**Total: 893 thousand employed  
(2016)**



Employment and unemployment levels, % (CSB, forecasts of ME)



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# Innovations & higher value added



## VALMIERA GLASS

- Turnover (2015) - 103 M EUR
- Profit - 5,5 M EUR
- Export - 95%
- Clients: Heathrow Airport, Vodafone Arena stadium, Boeing, BMW, Porsche



*Heathrow Airport*



## CROSS TIMBER SYSTEMS

- Turnover (2016) – 4,4 M EUR
- Turnover (2017) forecast – 8 M EUR
- Export > 90 % (Sweden, Norway, Switzerland)



*Hacksta Lindstrom / Akersberga*



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# Innovations & higher value added

## upb

### UPB HOLDINGS

- Turnover (2015): 108 M EUR
- Profit (2015): 4.1 M EUR
- Export - 70%
- Projects: Norwegian media center,
- concert hall «Lielais Dzintars»



Norwegian media center

## MikroTik

### MIKROTIK

- Turnover (2015): 202 M EUR
- Profit: 61 M EUR
- Largest exporter to third world countries and areas (2016)
- Clients: Siemens, Mitsubishi, NASA, SAAB

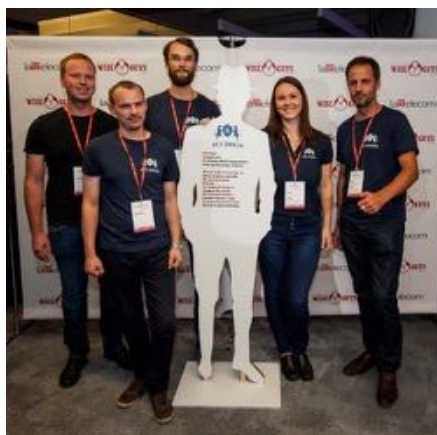


MikroTik Router and Wireless Products



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# Latvian Start-ups on the go



edurio

mintos

TWINO



sonarworks

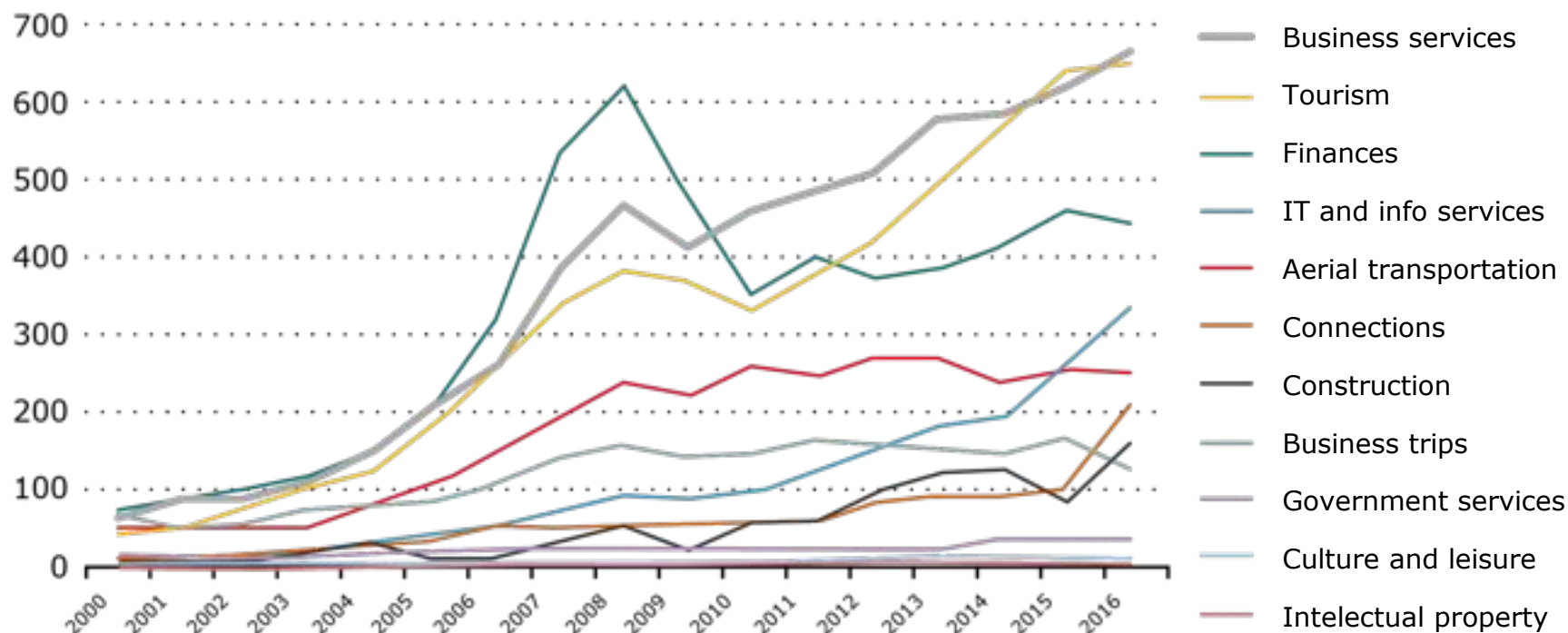
... and 236 other



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# Growing new services sector

## MAIN SERVICE CATEGORIES FOR EXPORT, M EUR, FROM YEAR 2000



Source: Latvijas banka, forecast of P.Strautins

# Government of action



1.

**SECURITY  
AND  
DEFENCE**

2.

**DEMOGRAPHY  
AND HEALTH  
CARE**

3.

**EDUCATION,  
RESEARCH,  
INNOVATION**

4.

**TAX  
REFORM**

5.

**BUSINESS  
ENVIRONMENT**



# Security and Defence



Increased funding by  
**22%**



Strengthened and  
equipped eastern  
border



Approved national security  
and national counter-  
terrorism plan



Strengthened capacity  
of economic crime  
combating unit

# Demographic and healthcare



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**20 M EUR to  
supporting  
birthrate**



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**Strategy for  
longer and  
healthier  
working life**



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**Smart  
immigration**



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**Healthcare  
reform**

# Education, Research, Innovation



**Start-up**



**Technology  
transfer centers**



**National innovation  
system**



**Higher education three  
pillar financing plan**



**New educator salary system,  
updated education  
institution network**

# Tax reform



## OBJECTIVES



**Increased export  
and  
competitiveness**



**Reduction of  
inequality**



**Tax revenue 1/3  
of GDP**

# Business environment



**Rule of law and  
better regulation**



**Client oriented  
state institutions**



**Innovation and  
digitalization**



**Openness to  
investors**



**Competitive tax  
system**



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# In Ministry of Economics



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# Achievements in 2016



**Developed and  
implemented  
startup law**



**Support to  
energy intensive  
manufacturers**



**Developed EU  
funding  
programmes  
2014.-2020.  
818,95 M EUR**



**Smart  
Immigration**

Latvija 100 

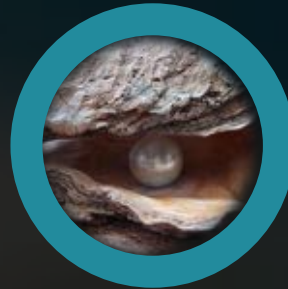
Ceļā uz Viedvalsti

On the way to Smart Nation

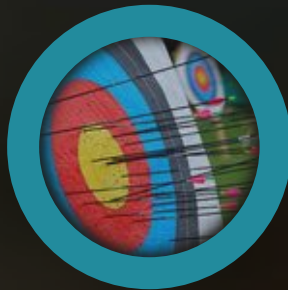


## Sustainable Latvian economic growth with increasing competitiveness in international markets

*Latvia National development plan for 2014. – 2020.*



ICT sector added value of the turnover is among the highest in the economy- 42%

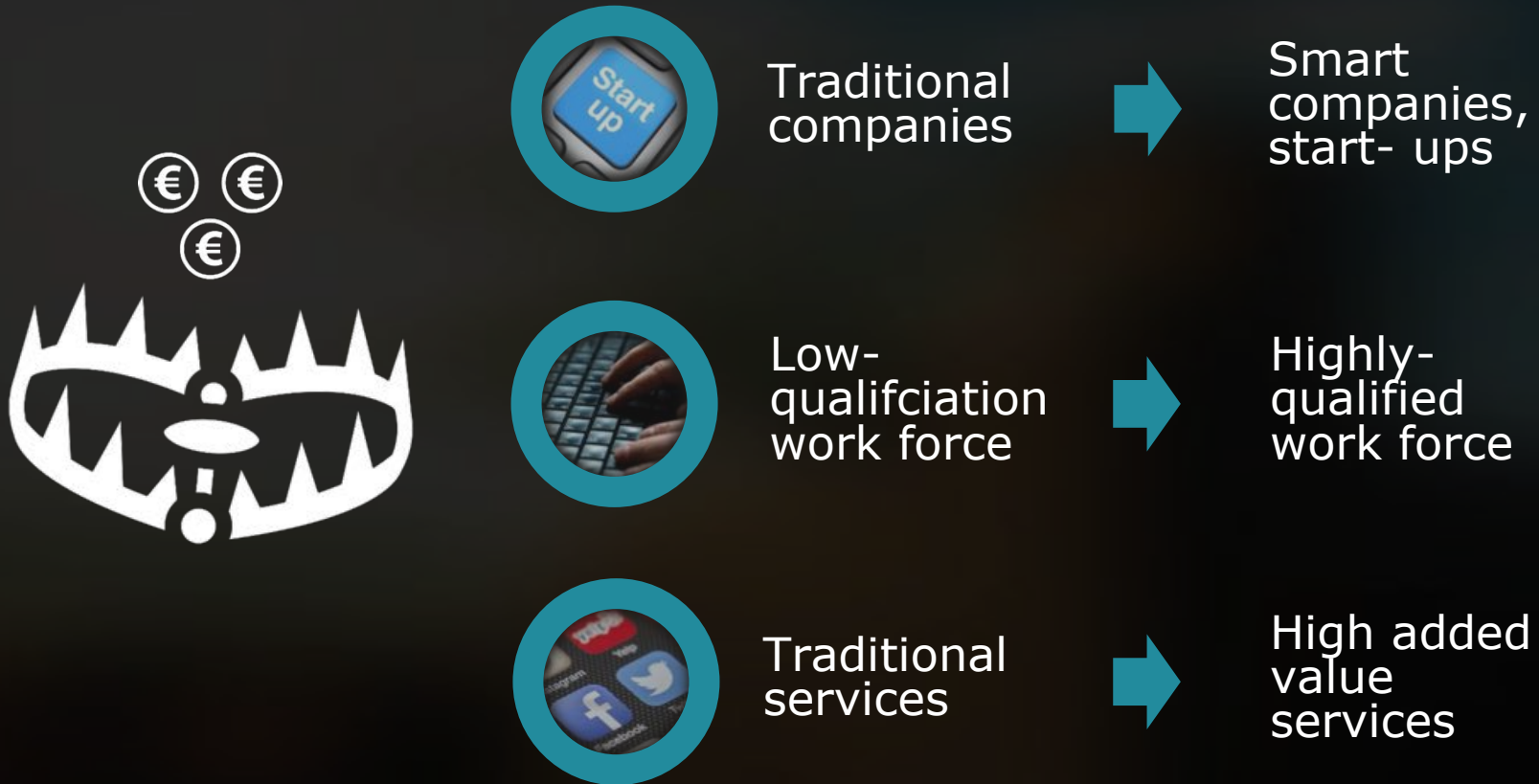


ICT solutions can improve the effectiveness of the core business by 30%



1 employee in ICT sector creates 7 additional jobs

# Smart Nation will help us to overcome the middle income trap



Data driven  
economy and  
society



Networking



# Smart Nation

Powerful  
technology



Smart &  
capable people





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# Priorities till 2020



## PRODUCTIVITY



## INVESTMENT



## HUMAN CAPITAL



## EXPORT





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# Objectives till 2020

## INVESTMENT IN R&D

0,62% → **1,5%**

(as a share of GDP)



**10 INVESTMENTS**

with at least **3**  
from Fortune 500

## SHARE OF INNOVATIVE ENTERPRISES

30% → **40%**



**LATVIA – BALTIC STARTUP  
DESTINATION No 1**

**800 M EUR**  
attracted in investment

**360+** start-ups

## SHARE OF HIGH-TECH PRODUCTS IN EXPORT

9% → **11%**



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# Actions



## 1. KNOWLEDGE & RESOURCES

### Smart immigration

Human capital development

Innovation & technology transfer system



## 2. BUSINESS ENVIRONMENT

Start-up ecosystem

### 0 bureaucracy

Insolvency regulation

### «Consult first»

0% on reinvested profit

Openness of economy



## 3. INVESTMENT

EU Funds 2014.-2020.

### Restart of FDI attraction

Export credit guarantees

Latvija 100 

Ceļā uz Viedvalsti

On the way to Smart Nation