MISSION Latvia

Making Latvia Work for Investors

Clear delivery on priorities and concrete asks for partnership

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Director General LIAA

31.10.2025

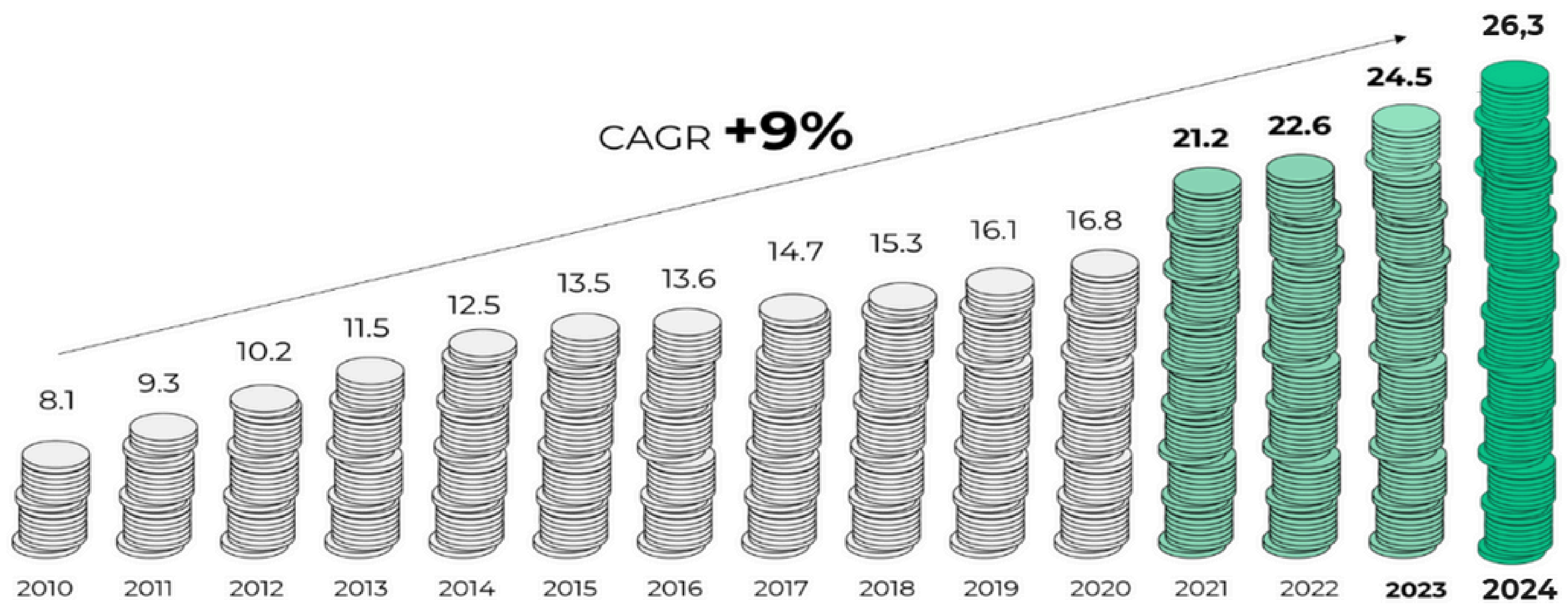
Investment overview

Latvia – Attractive investment location

Latvia's FDI has tripled since 2010, reaching a record €26.3 B in 2024

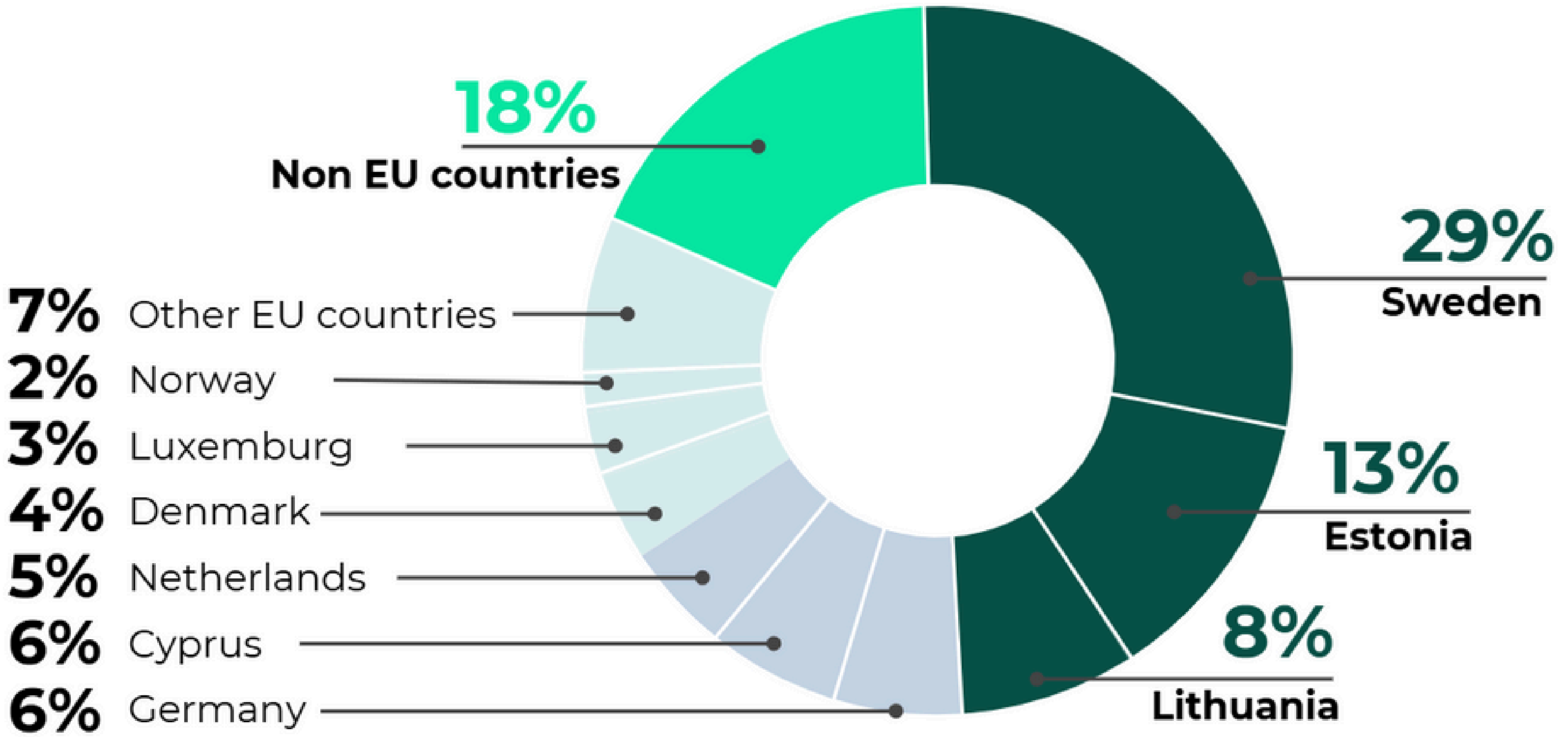
78% of FDI comes from the EU/EEA – proving strong investor confidence in EU leading economies

LIAA ranked the Baltics' No.1 investment agency (EY Attractiveness Survey Europe 2025)



FDI in Latvia 2010-2024, billions of EUR

Source: FICIL Sentiment Index 2024, www.ficil.lv



FDI into Latvia by investor country as of 2024

Source: EY "Attractiveness Survey Europe 2025

Investment results

In 2024

Investment volume

655,4 M EUR

(+6% compared to 2023)

Projects

45

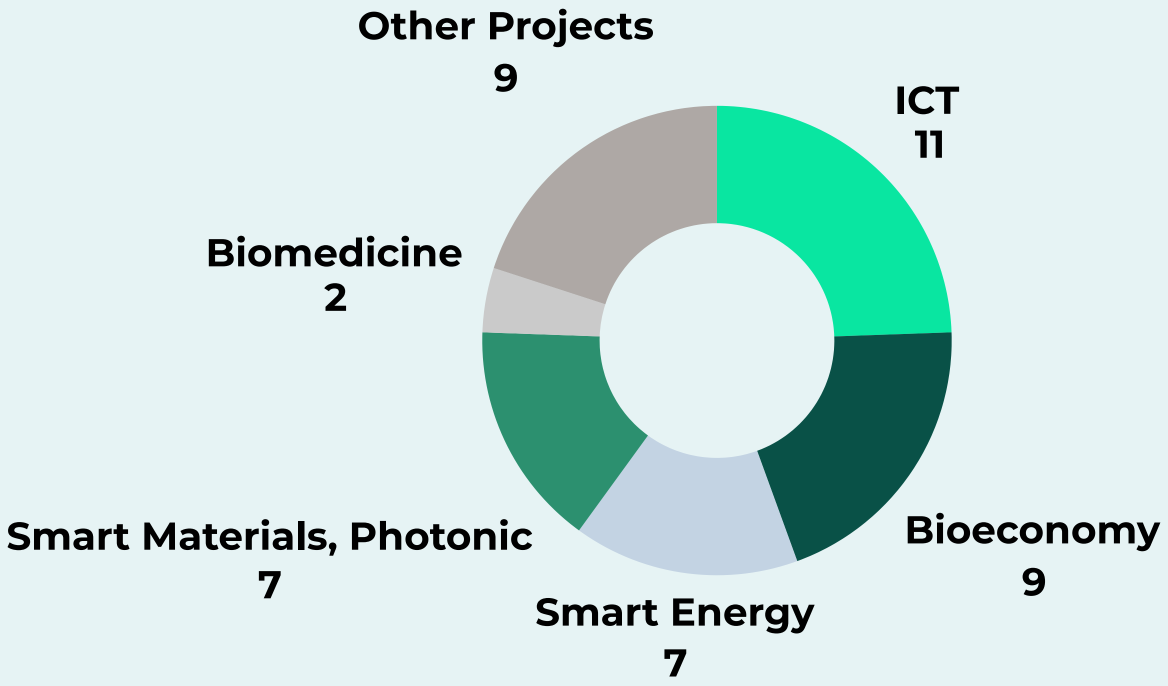
Jobs

2023

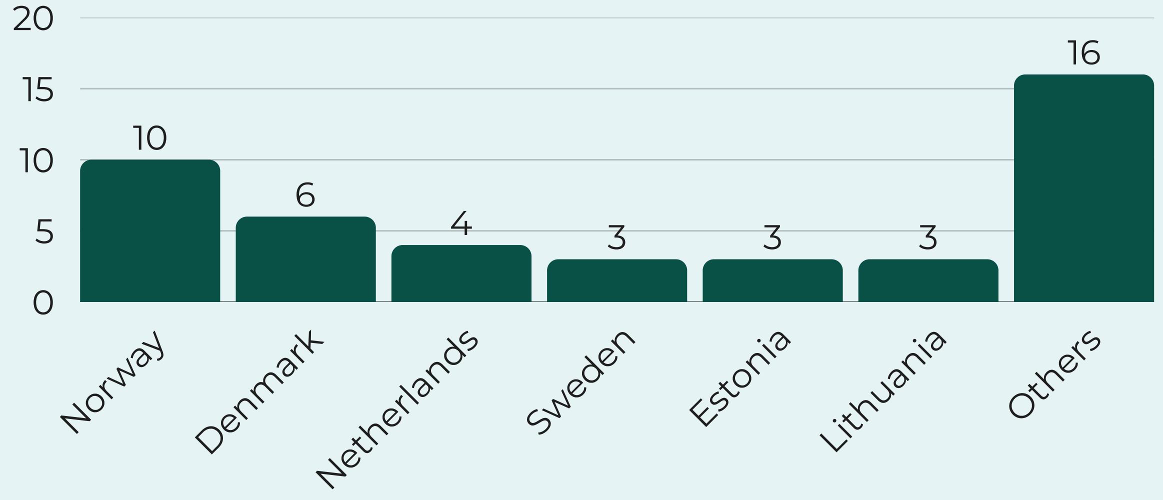
FICIL & EY research:

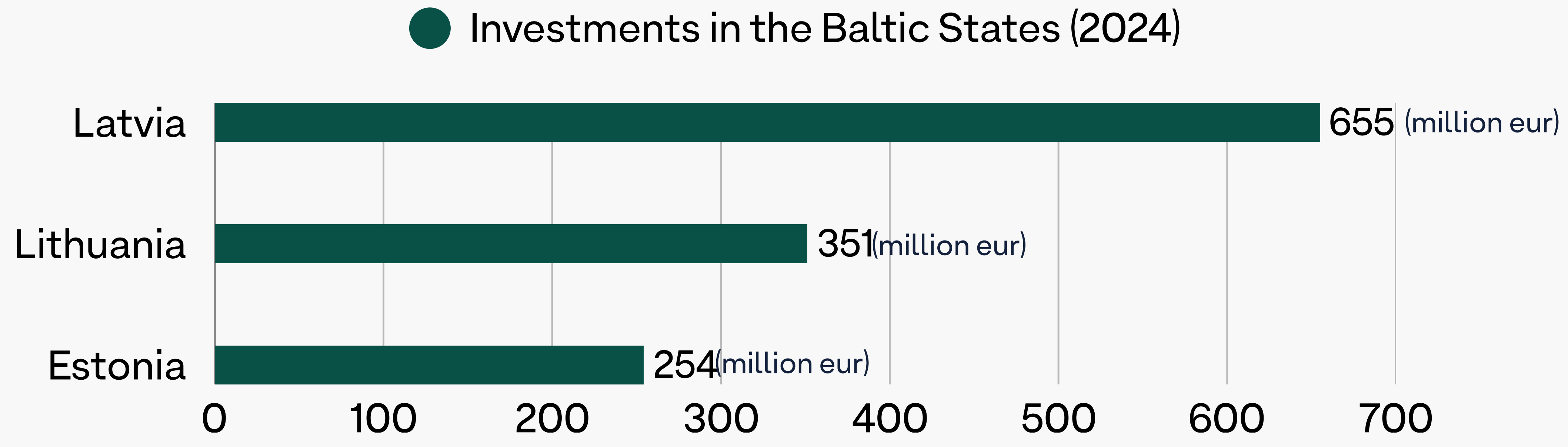
- FICIL sentiment index +50%
- EY study on success stories +50%

Sectors



Countries of Origin of Success Stories

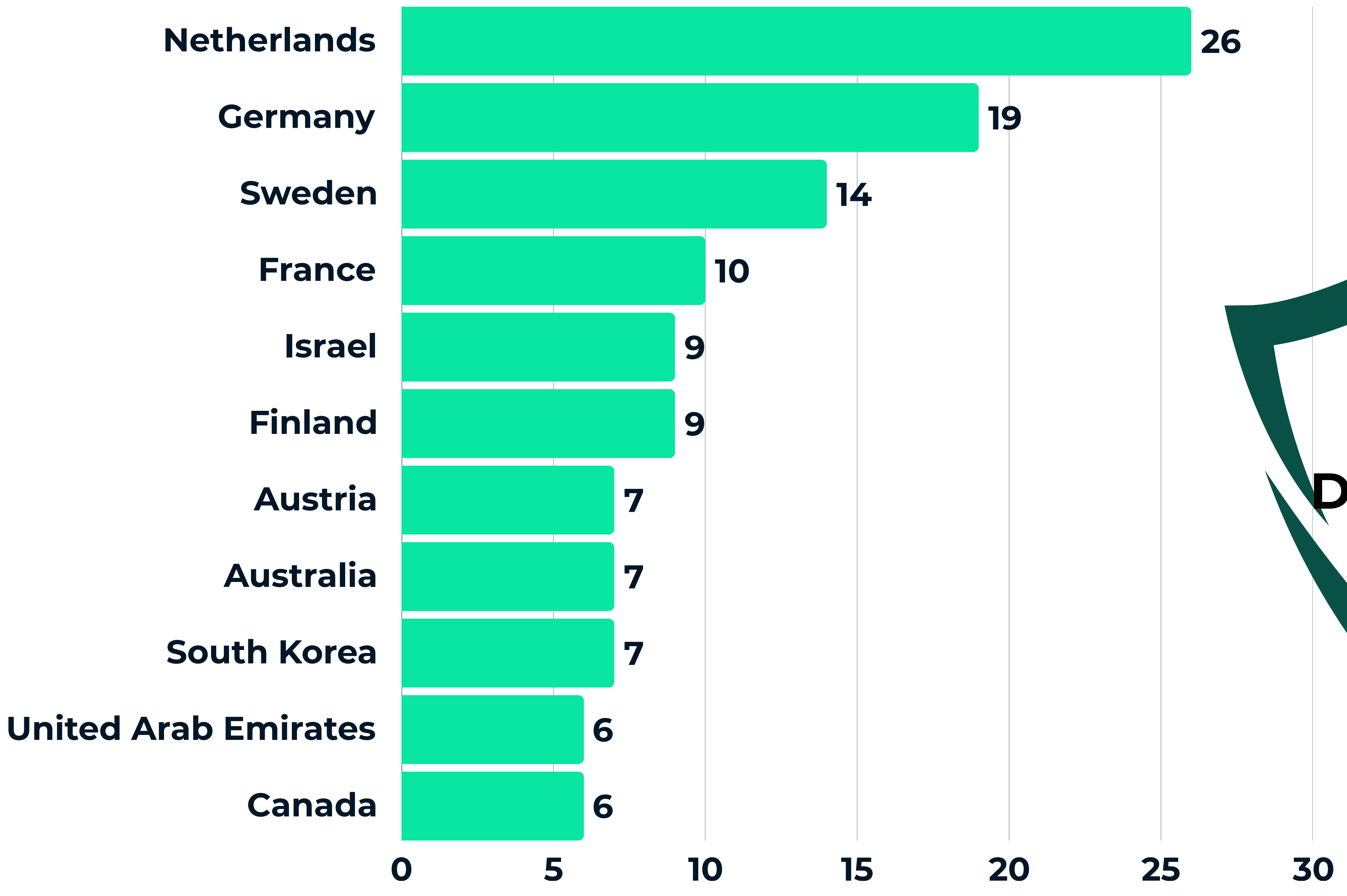




Mission €1 B

Scaling Latvia's Investment Ambition

Top 11 Countries of Origin for Investment Projects



Source: *LIAA data, retrieved on 22 October 2025*

37
Investment Projects (total)
Defence/Dual use

1,5 B

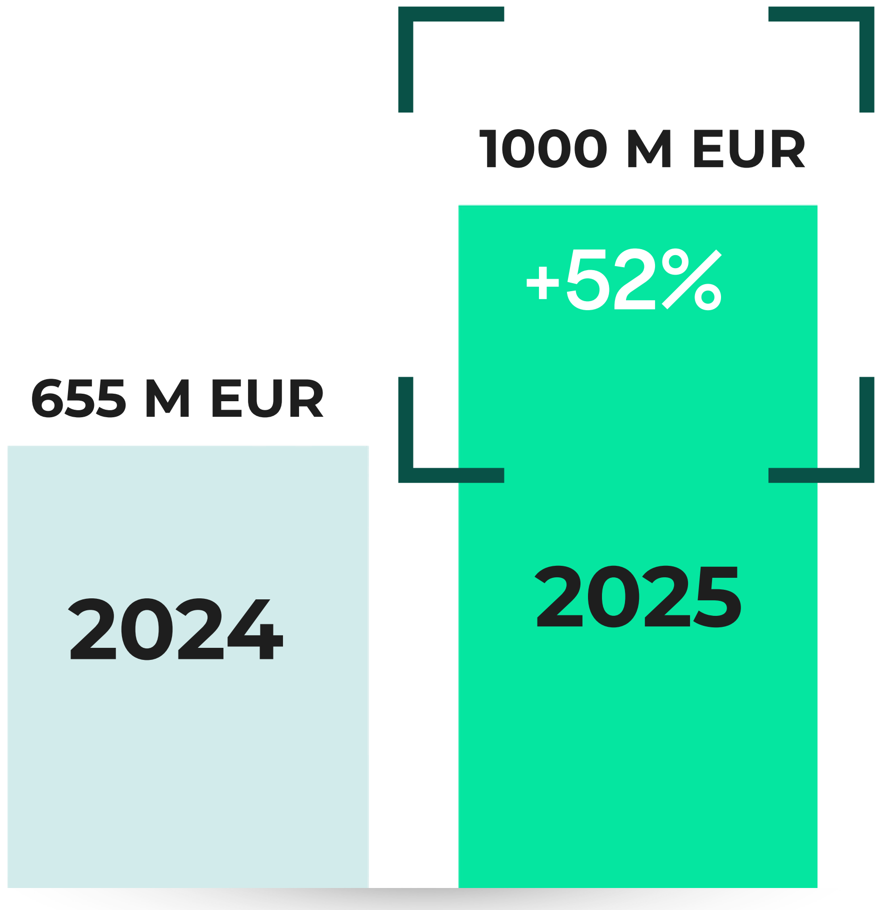


Chart: FDI Attraction Target for 2025

Nr. of FDI projects (total)
179

Projected jobs
7443

Investment potential, EUR
>16 B

Focus – Future-ready industries

Built for Scale. Driven by Innovation.

DIGITAL TECHNOLOGIES

Secure.
Limitless.
Intelligent.

SMART ENERGY

Clean.
Scalable.
Renewable

MANUFACTURING & ENGENEERING

Efficient.
Smart.
Strong.

BIOECONOMY & LIFE SCIENCES

Precise.
Natural.
Data-driven.

DEFENSE

Dual-use.
Resilient.
Industrial.

Joint priorities (FICIL – Government)

In Latvia, investment is a priority

Standart speed

Fast track 2x faster

2025 Strategic Investment Council – Key Highlights

- **Defense sector prioritized** – €700 M+ in dual-use and military projects; LIAA appointed as lead agency.
- **Fast-track mechanism** – "Green Corridor" introduced to accelerate strategic investments.
- **Local business support** – Nearly €900 M in projects reviewed across energy, high-tech, and manufacturing to boost exports and integrate Latvian companies into global value chains.

- **Developing** and **allocating support mechanisms** and instruments for investment projects.
- **80%** of issues **resolved** in 2024; **fast-track available** for priority cases.

We Are Proud Of

Strategic Investment Council Impact

Strategic Support

- National interest status for defence industry expansion.
- Fast-track planning for local residential development.

Investor Clarity

- Clear dividend taxation rules for U.S. investors, avoiding extra tax burden.

Regulatory Improvements

- Legal amendments enabling underground CO_2 storage.
- Reforms in state timber auction system to ensure raw material supply.

Renewable Energy Development

- Removal of barriers for wind park projects through land access and regulation clarification, supporting ELWIND offshore initiative.

Reducing Red Tape in Real Estate

- Public-land leases up to 70 years (effective 01.01.2026).
- Pre-emption to the building owner on developed plots (effective 01.01.2026.

Construction & Real Estate: Clearer Rules

Delivered:

- Lean build process: duplicate acts removed; fewer daily logs; author supervision optional (except heritage); phased commissioning; early site works allowed.
- Industrialised buildings: “building passport” replaces full project; prefabs ≤150 m² by notification (no permit).

Target:

- Reduce costs, speed up project implementation, improve predictability.

Focus:

- Approvals & utility data: shorter binding deadlines; no fees for technical conditions; essentials-only scope; validity 2 years; utilities provide up-to-date as-built data.
- Single digital registration (2026): once-only data flow BIS–State Land Service–Land Register.
- Track KPIs (days to permit, document count, cost).

Business impact for investors:

- Less bureaucracy.
- Quicker projects.
- Clearer Rules.
- Lower risk.

Defence & Dual-Use Industry

Your Safety, Our Priority

Delivered:

- Defence Industry & Innovation Strategy 2025–2036 approved.
- Implementation Plan 2025 launched.

Target:

- ≥20% from Latvian suppliers by 2028 → ≥30% later.
- ≥1.5% of defence budget allocated to innovation.

Focus Areas:

- Grow defence industry to 3% of GDP by 2028, 5% by 2036.
- Integrate more Latvian companies into NAF (National Armed Forces) & NATO programmes.
- Develop predictable export contracts and clear certification pathways.

Business impact for investors:

- Stable demand and multi-year contracts.
- Faster testing and certification in cooperation with NAF.
- Increased R&D and financing opportunities.
- Dual-use spillovers in electronics, materials, and quantum cyber.

Source: Government communique (Sept 2024) & ministry updates (2025)

We Are Proud Of

Strategic Industrial Partnerships

Latvia co-leads the Drone Coalition for Ukraine

- Investing €20M+ annually in drone capabilities and local industry.

Patria Armoured Vehicles

- **Latvia produces Patria 6x6** Armoured Personnel Carriers in Valmiera under the Common Armoured Vehicle System program with Finland, Sweden, and Germany.
- 42 vehicles donated to Ukraine in 2025, showcasing Latvia’s manufacturing and solidarity.

ASCOD Infantry Fighting Vehicles

- €373M **contract signed** with GDELS and Patria to assemble ASCOD IFVs **in Latvia**.
- Enhances NATO-level combat readiness and local industrial capacity.

Rheinmetall Ammunition Plant

- €275M joint venture signed to build a 155mm artillery shell factory in Latvia.
- Operated by Rheinmetall (51%) and Latvian State Defence Corporation (49%).
- Expected to create 150+ jobs and strengthen NATO supply chains.

Easier Banking, Tax & Refinancing

Delivered:

- Risk-based AML/CFT approach now applied by banks.
- One standard investor onboarding form in use.
- Transfer pricing documentation accepted in English from 1 May 2025.

Taxes:

- Latvia ranked #2 in 2024 for tax competitiveness.
- Fixed basic allowance and two Personal Income Tax rates introduced from 2025.

Target:

- Proportionate, predictable onboarding across banks.
- Clear path to refinancing for viable companies.

Focus:

- Continued de-risking supervision with banks.
- Adoption of a Corporate Refinancing Law (2025–2027) to enable viable debt restructuring.

Business impact for investors:

- Faster account opening and smoother *Know Your Customer* process.
- Simpler payroll and tax compliance.
- Easier refinancing for growth and turnarounds.

Source: Government communique (Sept 2024) & ministry updates (2025).

Fair Competition: Shadow-Economy & E-Invoicing

Delivered:

- Shadow Economy Reduction Plan 2024–2027 in force.
- E-invoicing system live for the public sector (2025).
- Visible enforcement results against illicit trade and undeclared work (e.g. seizures, criminal proceedings).

Target:

- Ensure ERP systems e-invoice are ready (EN 16931 / PEPPOL) by 2026-2027.

Focus:

- Mandatory B2B e-invoicing from 1 Jan 2028.
- Broader AI-based risk analysis (in cooperation with RTU).
- Stronger benchmarking of indirect taxes.

Business impact for investors:

- Fairer competition and cleaner supply chains.
- Faster VAT refunds.
- Lower compliance risk.
- Better partner transparency.

Source: Government communique (Sept 2024) & ministry updates (2025).

Energy Strategy & Regulatory Reform: Grid, Tariffs, Permits

Delivered:

- Latvia's Energy Strategy 2050.
- RES development regulation redesign.
- Single point of contact.

Target:

- Environmental permitting reform: tangible improvements for investors and society through standardized, harmonized permits and stronger compliance oversight.
- Clear rules for CCUS and hydrogen: expand regulation to unlock cost-effective industrial decarbonization and enable new green energy markets.
- Lower costs & stronger resilience: reduced electricity transmission tariffs expected from 2026; additional EU funding secured for grid-stability investments.

Guiding principles:

- Competitive end-user energy costs.
- Sustainable and secure energy system.
- Standardization as the basis for administrative simplification.

Business impact for investors:

- Clear investment signals that foster regulatory stability.
- One of the EU's most progressive grid-connection regimes.
- Improved procedural efficiency and compliance control, supporting a level playing field.

Source: Government communique (Sept 2024) & ministry updates (2025).

NECP Delivery: Wind, SAF/H_2 & Permitting

Delivered:

- NECP implementation is a joint Government–FICIL priority.
- Commitment to provide a clear regulatory framework for wind parks.
- Latvia is an associated partner in the Hydrogen Valley to support the SAF (sustainable aviation fuel) transition.

Target:

- Clear, bankable rules and investor messaging for NECP and wind-park development to unlock financing.
- SAF/hydrogen pilots progressing to adoption in aviation and industry.

Focus:

- Finalise wind-park rules and communicate NECP milestones.
- Adapt legislation for SAF/hydrogen and move pilot packages forward.
- Continue reducing construction/permitting bureaucracy (incl. “special regulatory environment”).

Business impact for investors:

- More predictable energy capacity and prices.
- Lower Scope 2 risk for industrial sites.
- Faster and clearer permitting.
- Green aviation options for cargo and executive travel- improving project bankability.

Source: Government communique (Sept 2024) & ministry updates (2025).

Digital State, Data & Procurement

Delivered:

- DAGR state data backbone live (43 providers, 2M+ daily transactions).
- "Once-only" data-sharing law adopted.
- Simplified procurement rules with centralisation and KPIs.
- State cloud-broker function initiated.

Target:

- All base registers integrated into DAGR by 2030.
- AI Guidelines & Action Plan by 2026.
- Cloud-broker fully operational.
- Consistent procurement KPIs in use.

Focus:

- Roll out e-procurement pilots for mobile services.
- Complete base-register integration.
- Publish and implement AI governance.
- Continue trimming permitting/admin steps.

Business impact for investors:

- Lower admin cost and cycle time via data re-use.
- Cleaner, real-time data pipelines.
- More transparent tenders with KPIs.
- Better conditions for GovTech/B2G solutions and faster project starts.

Source: Government communique (Sept 2024) & ministry updates (2025).

Human Capital: Productivity & Talents

Delivered:

- Labour Law reform to enhance labour-market flexibility.
- Revision of service pension conditions.
- Data-driven labour- market needs analysis.
- Governance - strategic coordination, clear accountability, efficient use of resources.

Target:

- Strengthening the capicity of the State Employment Agency with a focus on the labour market.
- Flexibility of the education system for faster response to the labour market.
- Stable funding tied to labour-market demand.

Focus:

- Data-based forecasting for strategic planning.
- Skills Funds: co-funded upskilling with employers.
- Active sectoral involvement in defining labour-market needs.
- Stronger coordination between government, education, employers.

Business impact for investors:

- Easier access to skilled talents.
- Faster upskilling and onboarding.
- Flexible labour framework.

Source: Government communique (Sept 2024) & ministry updates (2025).

Creative & Cultural Industries: Growth & Soft Power

Delivered:

- Transparent film co-financing.
- Regular presence at top festivals.
- Latvian animation success (e.g., FLOW).
- Nordic–Baltic animation network.
- New international BA in Animation.

Target:

- €500k/year for international representation.
- Presence at 25 major events annually.
- Public–private models for cultural diplomacy/export.

Focus:

- Launch programme and PPPs.
- Promote Latvia as film/animation location.
- Link creatives with tech, gaming, XR, defence simulation.
- Global promotion of Latvian IP.

Business impact for investors:

- Stronger brand and soft power.
- New export and co-investment opportunities.
- Wider reach for talent and content.

Source: Government communique (Sept 2024) & ministry updates (2025).

State Participation & SOEs: Clear, Predictable Rules

Delivered:

- Draft VPIL Art. 88 expansion in Parliament: public entities may set up/acquire firms for long-term economic goals incl. exports.
- SOE Governance Law amendments in Parliament.

Target:

- Large Exporting Company" category – to be discussed (incl. potential participation of public entities/PPP vehicles).
- Cabinet/Municipality approves the initial list and groups firms by funding sources; criteria and list to be published.

Focus:

- Finalise and adopt amendments.
- Publish criteria and initial list.
- Clarify dividend/reinvestment rules.
- Report on identified deficiencies, incl. board/ council nominations.
- Ensure competitive neutrality and prudent resource use.

Business impact for investors:

- Lower legal/policy risk.
- Faster JV/PPP decisions.
- Clear dividend logic.
- Less bureaucracy.
- More bankable state-backed export platforms.

Source: Government communique (Sept 2024) & ministry updates (2025).

Next 12 Months – What You Will See

Government Commitment: Ongoing Actions

Goal: Reduce bureaucracy and administrative burden through systemic improvements.

Key Focus Areas:

Simplify state functions

→ Review and streamline public administration roles and responsibilities.

Improve services

→ Make state-provided services more accessible and user-friendly.

Update regulatory framework

→ Revise and simplify regulations to foster trust and transparency.

Support well-being & business growth

→ Enable a better environment for citizens and enterprises.

Impact:

→ Stronger public trust, improved quality of life, and a more competitive business climate.

MISSION Latvia

It’s time for discussion

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