**India-Latvia Business Prospects: Advantage India**

**(A paper by Mr. Kartik Desai, President, Indo-Latvia Chamber of Commerce)**

In order to promote India-Latvia trade and economic relations, the Embassy of India to Sweden and Latvia and the Latvian Ministry of Economics, in collaboration with their Indian and Latvian partners, are organizing a 2-day India-Latvia Business Conference in Riga on 24 & 25 May 2017. The event will hold seminars and roundtables, which, among others, would include the following sectors:

1. **Transport & Logistics**: Latvia, with free port facility in the European Union, offers excellent opportunities for Indian companies to establish their distribution hubs for the markets in Europe, Russia, CIS and other Baltic countries.
2. Duty free imports and storage
3. High Profit Tax exemptions.
4. Excellent Geographic location: Very close proximity to rich economies of Scandinavia, Western Europe, Russia, CIS and Baltic Countries.
5. Low-cost logistics: The port charges, transport and warehousing facilities are one of the cheapest in Europe. Most of the prominent European giants have their warehousing facilities in Latvia. This also provides an excellent opportunity to expand export of Indian Agro and other products including pharmaceuticals.
6. Industrial subsidy: Latvia offers subsidy out of EU funds for setting up of industries by foreign entities.
7. Real estate: On an average real estate prices in Latvia are quite cheap, as compared to India.
8. Bhandar Project: It is a reefer cargo warehousing project, being promoted at Freeport of Riga, to promote Indian exports of perishable items. This project is also a vital platform to cater to EU, Russian and CIS markets.
9. Baltovents International Business Hub: A Project of Permanent Exhibition Centre to house over 3000 companies to set up their offices and showcase their products, coupled with a network of common warehousing facilities, with free port status, and excellent connectivity across EU, Russia, and CIS is also being launched in Latvia, with a special focus on India centric sections in it, specially designed to facilitate promotion of Indian Exports to European Union. Detailed modalities shall be presented at the conference.

1. **Latvian Startup Law**:The new law on Startups, legislated on 23 November 2016 by the Latvian Parliament, entails several benefits. Prime among this is the subsidy on payment of Employee Social Tax. While the normal Social Tax rates are 33%, the Startup companies will need to pay only Euro 252 per employee in Social Tax, irrespective of the amount of salary paid. The balance of Social Tax will be paid out of EU funds as a subsidy. All companies registered for less than 5 years in Latvia, and having revenue of Euro 2 million and a minimum venture Capital of Euro 30,000 will qualify under this scheme.
2. **EU Funding**: European Union grants in the form of subsidies and project funding are being disbursed for several priority sectors to Latvia. Prime among them are Infrastructural Development, Industrial Development, Rural Development, and Research & Innovation. The Foreign companies setting up projects in this sector, and/or having collaboration with Latvian companies, would also qualify for such benefits. Latvia holds a prominent position in European Union - The Vice Chairman of European Commission (2014-2019) Mr. Valdis Dombrovskis is a former Prime Minister of Republic Latvia, and additionally holds as a Commissioner for Euro, Commissioner for Social Dialogue, and Commissioner for Brexit representing European Union.
3. **Research & Innovation**: While Latvia has a state of the art infrastructure for research facilities as well established with the help of EU Funding, a well-qualified team of scientists in various segments, and its proximity to Sweden, Norway, Finland, Germany, etc., is privy to some of the world's best technologies. Medicine, IT, Electronics, Engineering, Astronomy, Aviation, etc., are some of the prime sectors that would be of interest to Indian companies.
4. **IT & Electronics**: Latvia offers one of the fastest internet facility in the world, and has highly advanced Research & Development facilities. Several global IT and Electronics majors, including Swedish, German, Finnish and Norwegian, have their Industries in Latvia.
5. **Astronomy**: Latvia has its own centre for Astronomy from the Soviet times. Its expertise in IT, combined with EU Support, has given Latvia a special identity in EU.
6. **Defence**: Ever since Soviet times, Latvia served as a major facility to service Russian Submarines & Frigates. Latvia is a NATO member and home to a NATO base in Northern Europe. Current Chairman of Political Committee of NATO Parliamentary Assembly, Mr. Ojars Eriks Kalnins is a Latvian, who is also the Chairman of Foreign Affairs Committee of Republic of Latvia.
7. **Textiles**: Though being a small country, Latvia has over 50 big Textile units, and in certain sectors like lingerie, etc., has been a leader in Europe. While it imports substantial amounts of Textile Raw material, Textile machinery spares, etc., it offers good opportunities for Home Textiles, Apparel, Fashion and Footwear Industries. Almost all leading European Brands have a prominent presence all across Latvia. It also offers good prospects for Indian Textile giants to promote their distribution hubs.
8. **Life Sciences:** **Health Care, Ayurveda, Yoga and Pharmaceuticals**: Latvia offers highly advanced Research & Development facilities. Ayurveda and Yoga are quite popular among the Latvians. Latvia as on date imports most medicines.
9. Most Modern medicines are imported.
10. Integrative Medicines: Ayurveda and Yoga are well received as integrated health care programmes. The University of Latvia has been offering training modules in Ayurveda. Several Qualified Latvian Doctors of Modern Medicine have undergone systematic training in Ayurveda courses at the University of Latvia. There is a greater awareness among Latvians for Ayurvedic products and Yoga.
11. Manufacturing of Pharma Formulations: While setting up of Industries and Research & Innovation projects is subsidised/funded by EU, availing of free port facilities, the only of its kind in EU, offers excellent opportunities for Indian Pharma sector.
12. Hospitals & health care facilities: Development of new hospitals in Latvia, and its peripheral facilities are also on the priority list in Latvia.
13. **Metal Industries**: Latvia is one of the cheapest sources of Steel, Steel Scrap, Iron ore, Coal, etc., as also the high-tech Metal working Industries. It offers good opportunities for Indian giants of Auto Parts, Machinery manufacturers, etc., to increase its threshold in European/Russian/CIS markets.
14. **Infrastructural Development**: Latvia offers good opportunities to Indian Companies to expand footprints in Europe, with several trillions of Euros worth of vital projects at work in Europe, in close proximity to Latvia. It offers good opportunities for Ceramic, Hardware, Marble & Granite, Cement, Steel Industries, etc.
15. **Rail Project**: The Baltic Rail, a Euro 5 Billion project in process, offers excellent opportunities to Indian companies in this sector. Tenders are expected to be floated in June 2017 and onwards. India with its established expertise in Rail sector could foresee substantial opportunities in this sector. High ranking bureaucrats from Latvian Transport Ministry have been visiting India to explore possibilities to procure ingredients for this Rail Project, and have besides proposed an Indo-Baltic Rail freight corridor.
16. **Timber & Forestry**: Large parts of Latvia consist of Pine Forests. It constitutes a substantial part of its revenue, just next to Transport & Logistic sector. Low cost pine wood is an essential raw material for Paper, Viscose, and Rayon Cord Industry, for which India is one of the world's largest producers, but has to depend on import of pine wood. Latvia offers great procurement opportunities to Indian Industries in these sectors.
17. **Make in India initiatives**: While Latvia is advanced in Innovative technologies, Green Technologies, IT & Electronics, Clean Water management, etc., several Latvian majors are looking for India's high skilled & cheap work force to lead an edge in Euro 15 Trillion EU Markets. Optic Fibre, Micro Grid, Waste Management, IT, Electronics, etc., are some of the areas that Latvians would be happy to explore in India. Besides, Metal & Machinery Manufacturing, Industrial Automation, etc., would be other major interests.
18. **Aviation**: Latvian National Carrier Air Baltic, flying to over 60 destinations in Europe is inviting collaboration proposals for further expansion. Riga International Airport at the Latvian Capital city of Riga, has also undertaken its expansion and modernisation projects. That includes High Speed Rail connection to connect Riga Airport to Berlin (Germany), Warsaw (Poland), Kaunas (Lithuania), Tallinn (Estonia), St. Petersburg (Russia), and Helsinki (Finland).
19. **Higher Education**: In Latvia, higher education is subsidised by EU funds, benefits of which are extended to Foreign Students. ERASMUS Scholarships are also being granted to meritorious foreign students. With State of the art Educational & Research facilities, at a low cost, Latvia provides excellent opportunities for Indian scholars who wish to Study in European environment. Latvia is also open to extend mutual co-operation with Indian Universities, invite Indian faculties and students alike, to use their excellent study & research facilities.

**LATVIA AND EUROPEAN UNION:**

* 1. Latvia is a full-fledged Member of European Union, a single market of 28 Countries.
  2. Latvia is a Member of Schengen Visa regime, enabling borderless travel across all member countries of European Union (except U.K.), and in addition, also to Switzerland, Norway, Liechtenstein, and Monaco.
  3. EU is borderless, allowing free movement of labour, cargo and services across all of its member countries. Hence, EU is seen as a single entity for the purpose of trade and Commerce.
  4. \*The GDP of EU for 2015 was Euro 14.702 trillion (\*\*US $15.975 trillion - Nominal), as compared to India's US $2.30 trillion (INR 153 trillion - Nominal) for 2015-16, meaning it offers 6.95 times greater economic opportunities for Indian Industries/Exporters to expand. (\*EU is a single market of 509 million people).
  5. \*Total Imports of EU in 2015 were Euro 1.729 trillion (\*\*US $1.878 trillion), of which India's share was only 2.28% (Euro 39.46 billion (\*\*US $42.877 billion). Latvian Free Port facility offers huge opportunities for Indian exports to expand in EU.
  6. \*EU projections for 2016 are a GDP of Euro 14.774 trillion, maintaining itself as the world's second largest economy.

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\* Source: European Commission.

\*\* Euro statistics converted to US $ at the opening rate as on 1.1.2016

@ Euro 1 = US $1.0866.

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