

Ekonomikas ministrija

Latvia-Canada Economic Cooperation

Deputy Prime Minister, Minister for Economics Arvils Ašeradens

3 November 2016, Riga



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CURRENT RELATIONS



25th
Anniversary



- **Anniversary of diplomatic relations**
- **Strategic partnership and military cooperation**
- **Economic cooperation**

... shares common values and standards!



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HIDDEN CANADIAN PRESENCE IN LATVIA



Canadian expatriate,
former president of Latvia



Canada investments into economy



airBaltic acquires more
Bombardier planes



Passion to
Ice-Hockey



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SECURITY IN REGION: THE NEW REALITY



Canadian-led NATO forces in Latvia



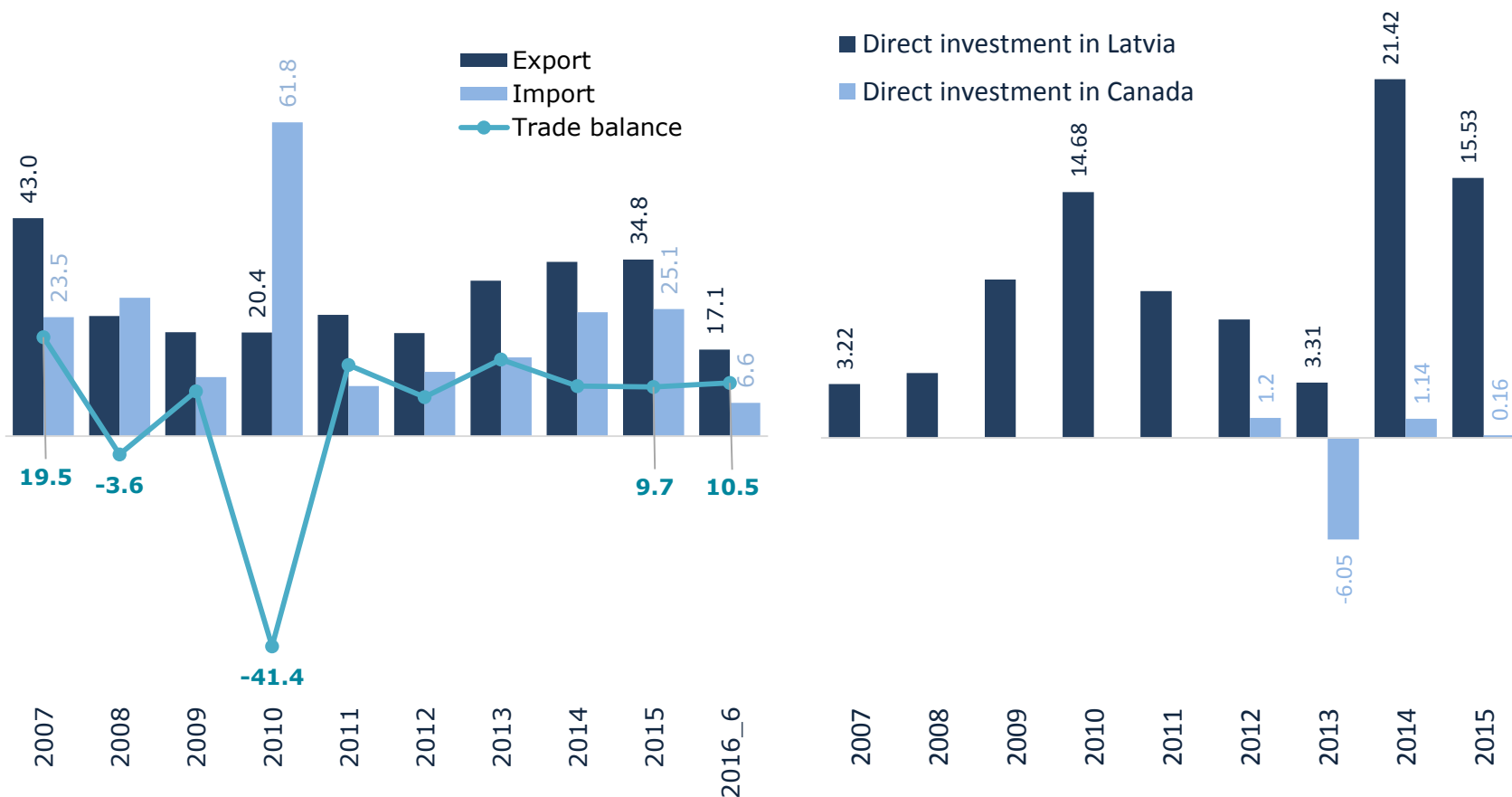


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BILATERAL TRADE AND INVESTMENTS

(MIL, EUR)

Bilateral economic cooperation is **modest**
(41th major partner by trade turnover), having a great potential for future cooperation

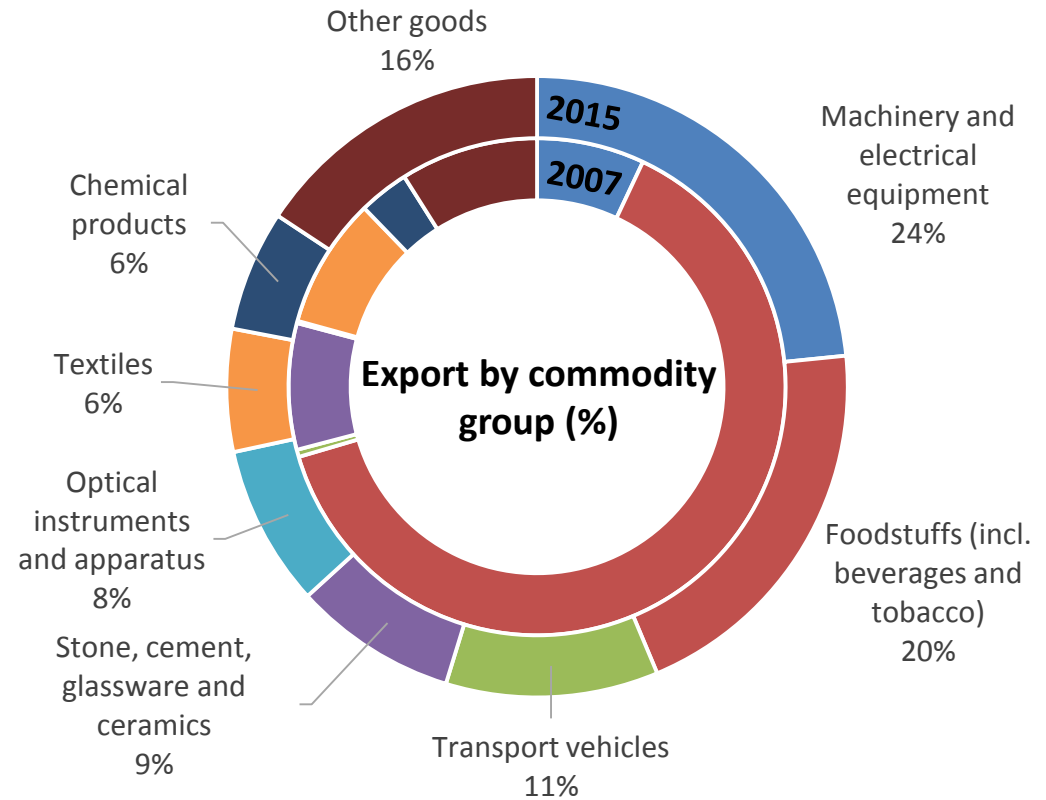
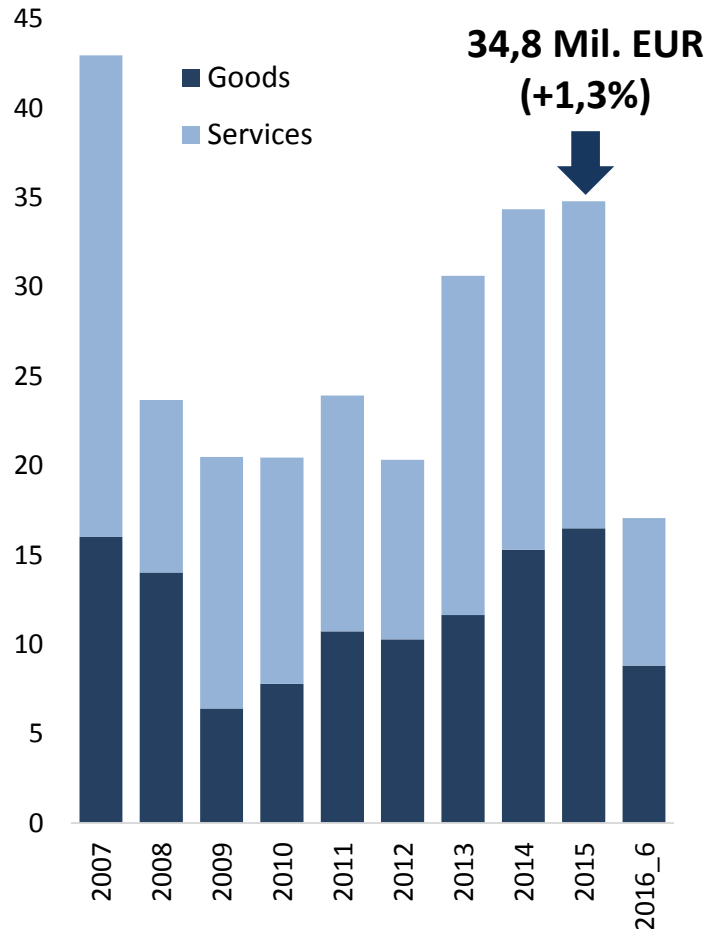


Source: Bank of Latvia, Central Statistical Bureau of Latvia



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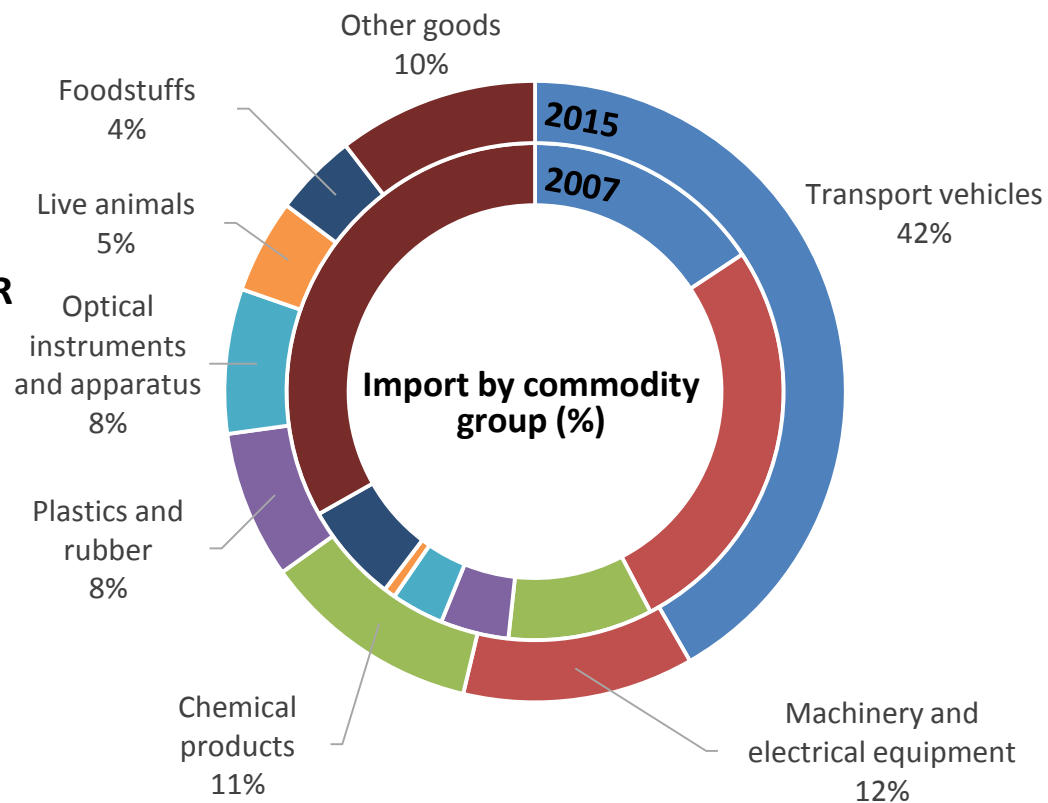
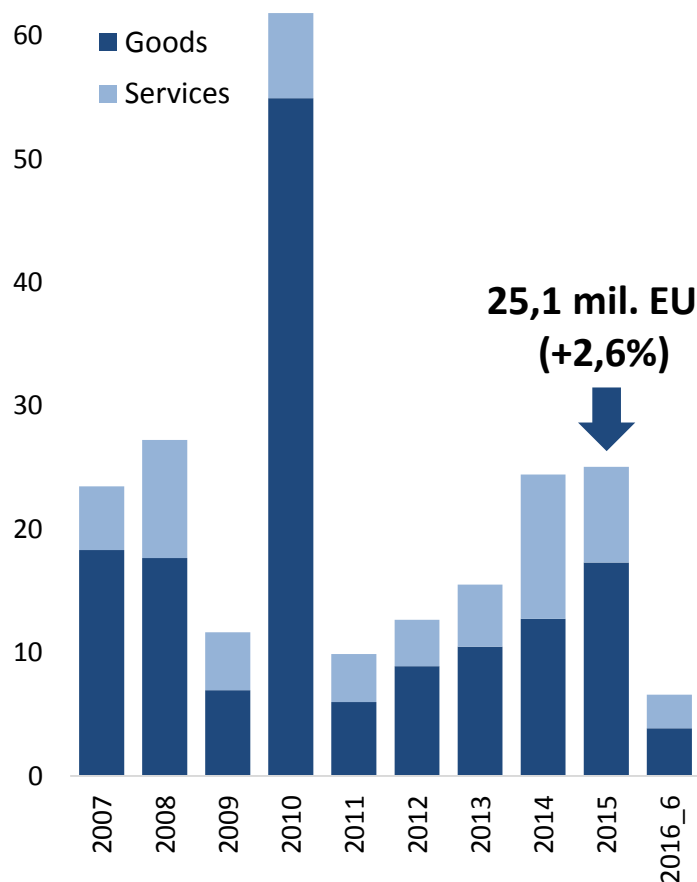
EXPORT TO CANADA





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IMPORT FROM CANADA





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EU-CANADA CETA: WHAT IS AGREEMENT ABOUT?



- Ending **customs duties**
- Letting businesses bid for **public contracts**
- Stepping-up **regulatory cooperation**
- Protecting **innovators & traditional products**
- Streamlining **trade in services**
- Promoting and **protecting investment**
- Protecting **democracy, consumers and environment**



JOINT STUDY: POTENTIAL GAINS FROM CETA

 Potential gains for Canada	 Potential gains for the EU
<ul style="list-style-type: none">• Annual increase of about 0.8 % of GDP (or \$12 billion)• Almost half of the gains from the liberalisation of services• About 1/3 from full tariff elimination• About 20% from the reduction of non-tariff barriers• Canadian exports to the EU to increase by about 20%	<ul style="list-style-type: none">• Annual increase of 0.08 % of GDP (or \$17 billion)• About half of the gains from the liberalisation of services• About 25% from full tariff elimination• About 25% from the reduction of non-tariff barriers• EU exports to Canada to increase by about 25%



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AREAS OF POTENTIAL COOPERATION



Investments



Transport and logistics



ICT, machinery and equipment



Professional, scientific and technical services



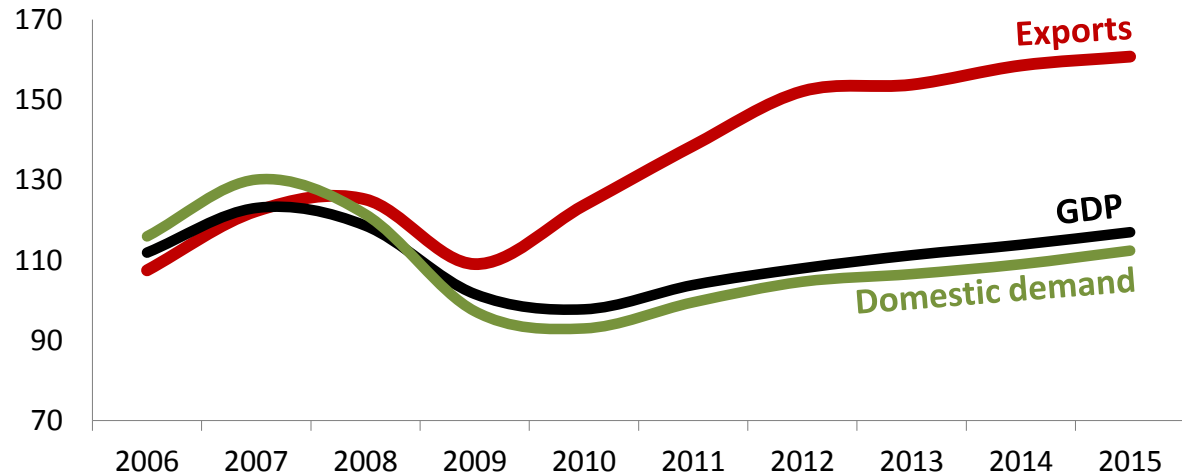
Education services



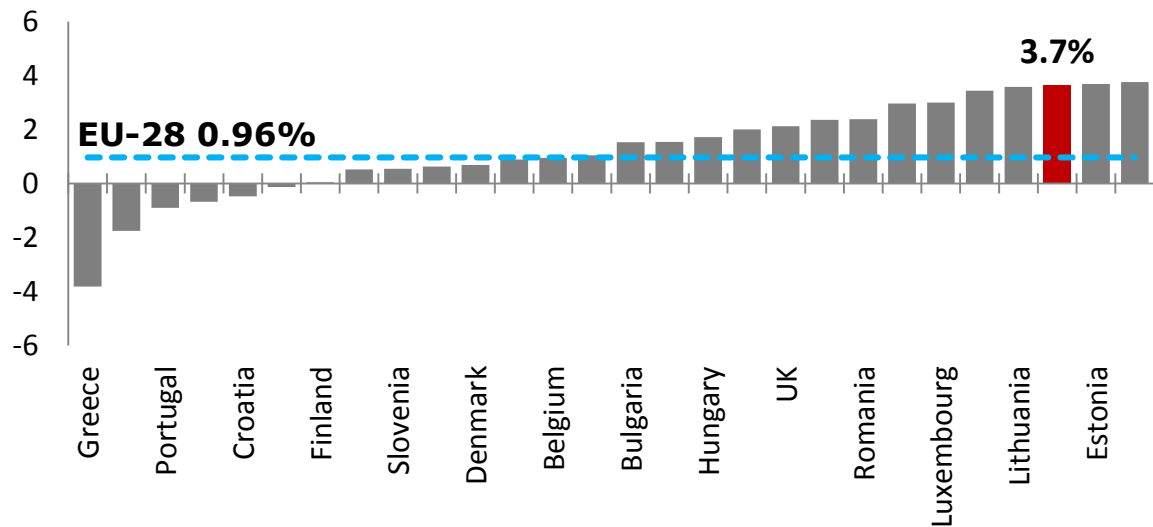
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GROWTH OF THE ECONOMY

**Dynamics of GDP,
2005 = 100**



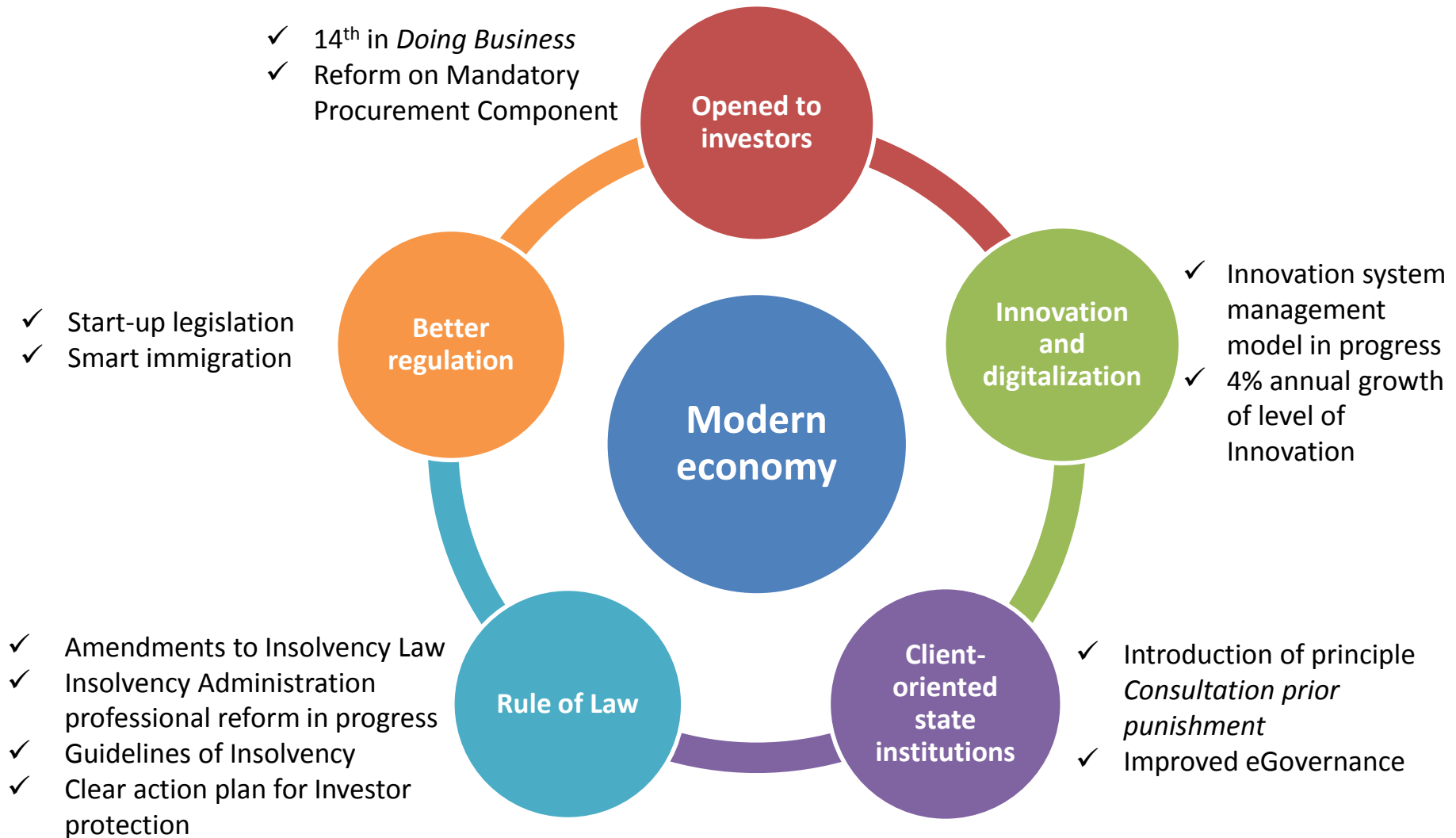
**Average GDP growth
2011-2015
(YoY, %)**





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MODERN ECONOMY: KEY TO SUCCESS



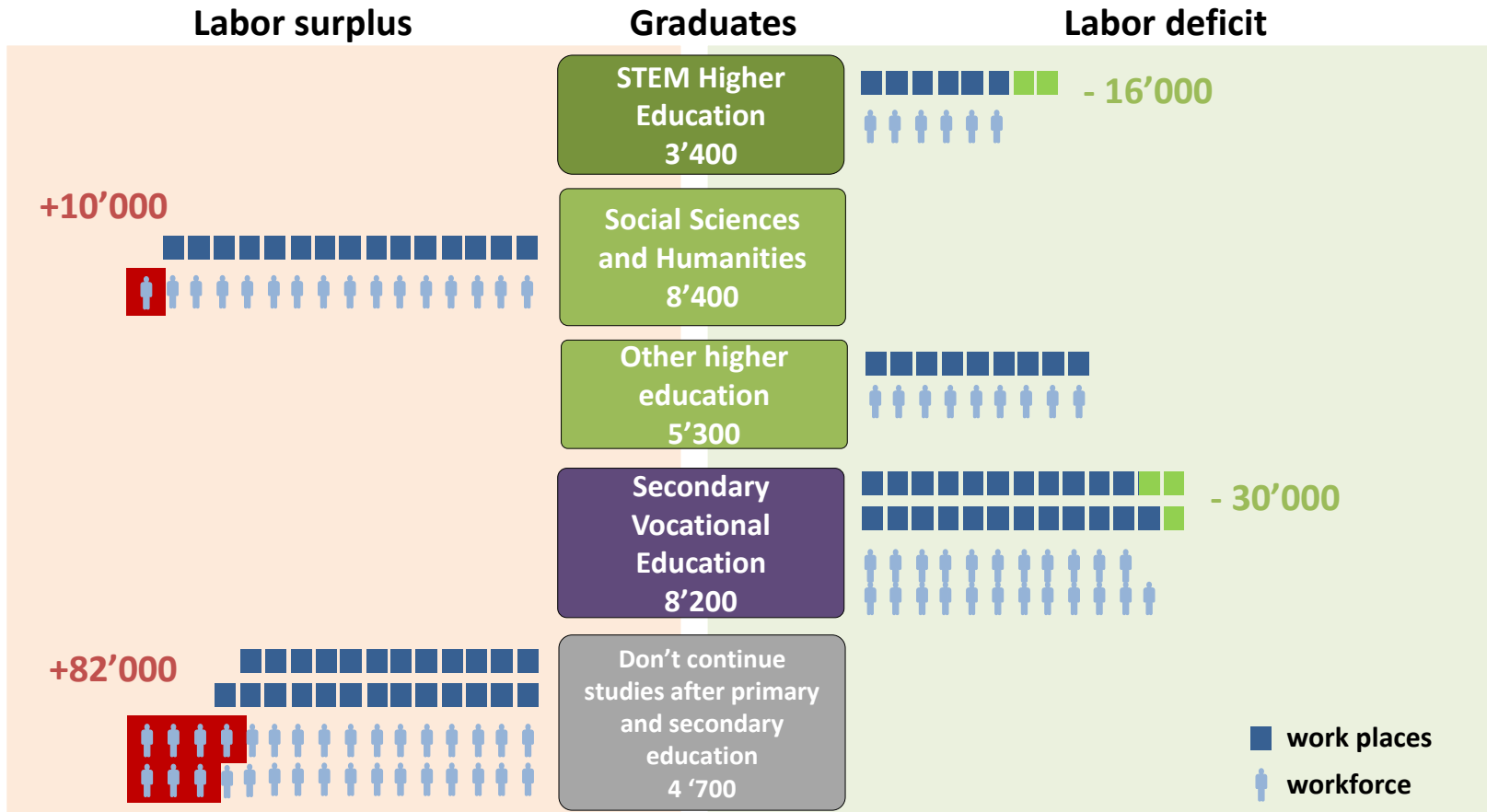


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STRATEGY FOR REDUCING LABOR MARKET DISPROPORTIONS

Objective:

- Stop preparing a low-skilled, low-paid employees by the education system
- Reduce the number of low-skilled workers
- Provide internationally competitive workforce for main sectors of the economy





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RAPIDLY GROWING ICT SECTOR



ICT - one of the **strategic sectors for investment attraction**

Highly competitive IT infrastructure:

- ✓ *ranks 9th globally by average measured **connection speed** (13 Mbps)*
- ✓ *ranks 4th in terms of **high broadband** (>25 Mbps) **connectivity***

Rapid SSC Sector growth (average annual growth +34%)

Ranks 18th globally and is **leading SSC destination in the Baltics** according to the *AT Kearney Global Service Location Index 2016*

International presence

MikroTik

CYTEC

TELE2
Shared Service Center

CABOT

iteto

accenture

Allnex

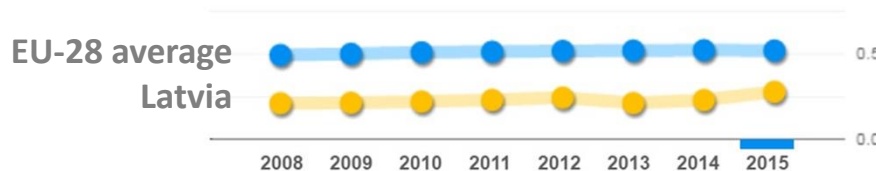
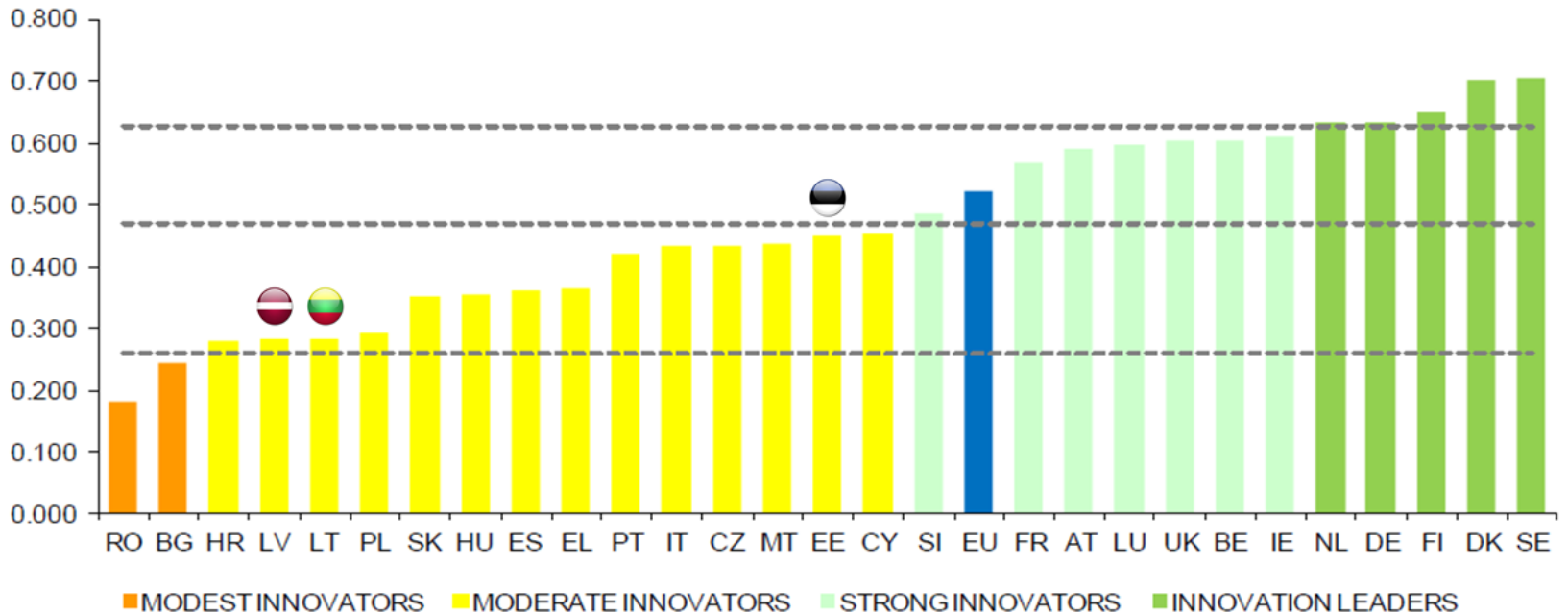
SAF





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EUROPEAN INNOVATION SCOREBOARD 2016

- Latvia has become **the fastest growing innovator** with 4% average annual growth rate (43% in 2008 to 54% in 2015) in period 2008-2015 comparing to EU average (0.74%)
- Latvia **joined group of Moderate Innovators** (innovation performance between 50% and 90% of the EU average)



 Average annual growth rate – 4%

 Average annual growth rate – 0,74%



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STATE SUPPORT FOR START-UPS



Access to finance



Tax support



Support for attracting high-skilled workforce



Smart immigration



Law to support start-up activities

Latvia – No 1 startup-up destination in the Baltic region



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SUSTAINABLE AND WELL CONNECTED ENERGY MARKET



Liberalization of electricity market:
interconnections to *NordBalt*, *Nord Pool Spot*



Single Baltic natural gas market in progress



Excellent performance in sustainability indicators:

- ✓ 38,7% renewable energy
- ✓ GHG *per capita* emissions – 3rd lowest in the EU
- ✓ CO₂ *per capita* emissions – lowest in the EU



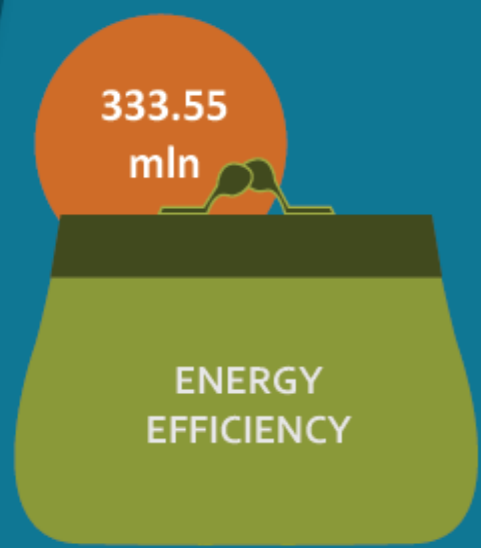
EU FUNDS ACTIVITIES FOR FACILITATION OF ENTREPRENEURSHIP AND ENERGY EFFICIENCY IN 2014-2020 764,15 mln*



- 72.3 mln Competence Centers (including purchase of research and innovative equipment)
- 31.5 mln Technology Transfer System and Innovation Vouchers
- 60 mln Implementation of new products into production
- 4.8 mln Innovation Motivation Program
- 24.9 mln Support for training of employees



- 46.4 mln Access to Finance (guarantees, loans)
- 51.8 mln International Competitiveness
- 27.9 mln Business Incubators
- 24.8 mln Development of Industrial Zones and Premises
- 65 mln Venture Capital
- 15 mln Technology Accelerator
- 6.2 mln Clusters



- 32.55 mln Energy Efficiency in Industrial Buildings
- 150 mln Energy Efficiency in Residential Buildings
- 97.8 mln Energy Efficiency in Public Buildings
- 53.2 mln Centralized Heating Systems

Funding might change and funding is in EUR.



NATIONAL DEVELOPMENT PLAN 2020

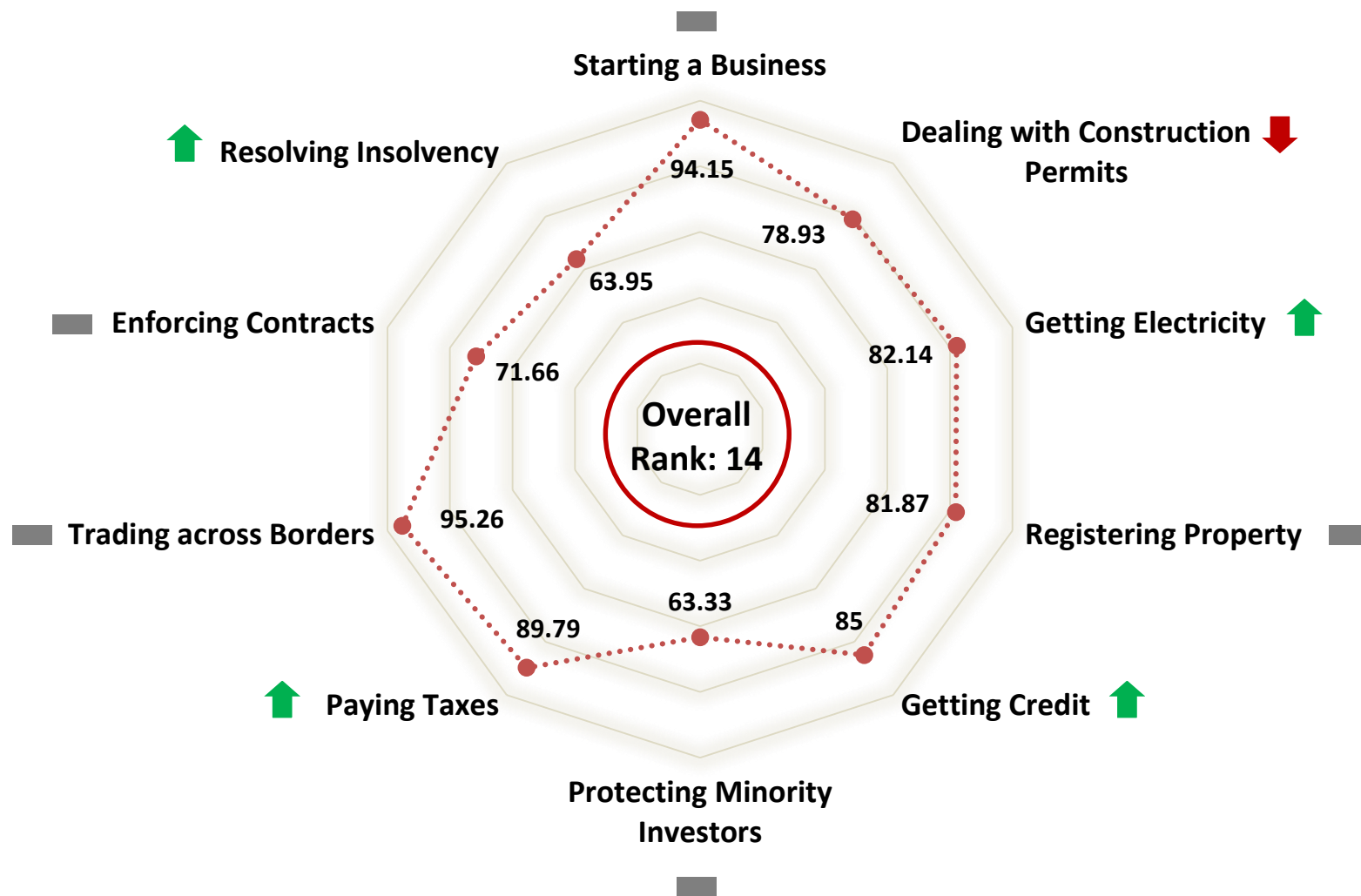


EUROPEAN UNION
European Union
Structural Funds
and Cohesion Fund



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DOING BUSINESS 2017



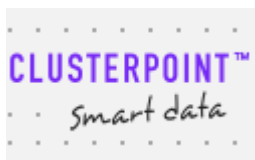


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LATVIA'S SUCCESS STORIES



1. **Bitfury** – attracted 54 mil. EUR
2. **Airdog** – attracted 3.5 mil. EUR
3. **Infogr.am** – attracted 2,8 mil. EUR



Naco Technologies



mintos



inbox



Giraffe360





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Thank you!

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