

LATVIA - KOREA:

Economic cooperation and future perspectives

October 2011



FOUR ELEMENTS OF COOPERATION



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LEGAL FRAMEWORK

Agreements concluded:

- Agreement for the Promotion and Reciprocal Protection of Investments (1996)
- Agreement on the Abolition of Visa Requirements (2003)
- Double Taxation Convention (2008, applicable as of 2010)
- Free Trade Agreement between the European Union and Korea (1 July 2011)



MAIN COOPERATION ACTIVITIES: 2008-2010

Year 2008:

- May 12 – 20: visit of delegation from Ministry of Transports to the Republic of Korea.
- November 24 – 25: Investment days of Baltic states in the Republic of Korea

Year 2009:

- January 17-25: official visit of Prime Minister of Latvia Mr. I. Godmanis to the Republic of Korea

Year 2010:

- Latvian companies participated in “Finding Business Partners in Chemistry and Pharmaceutical Industries in the Republic of Korea”

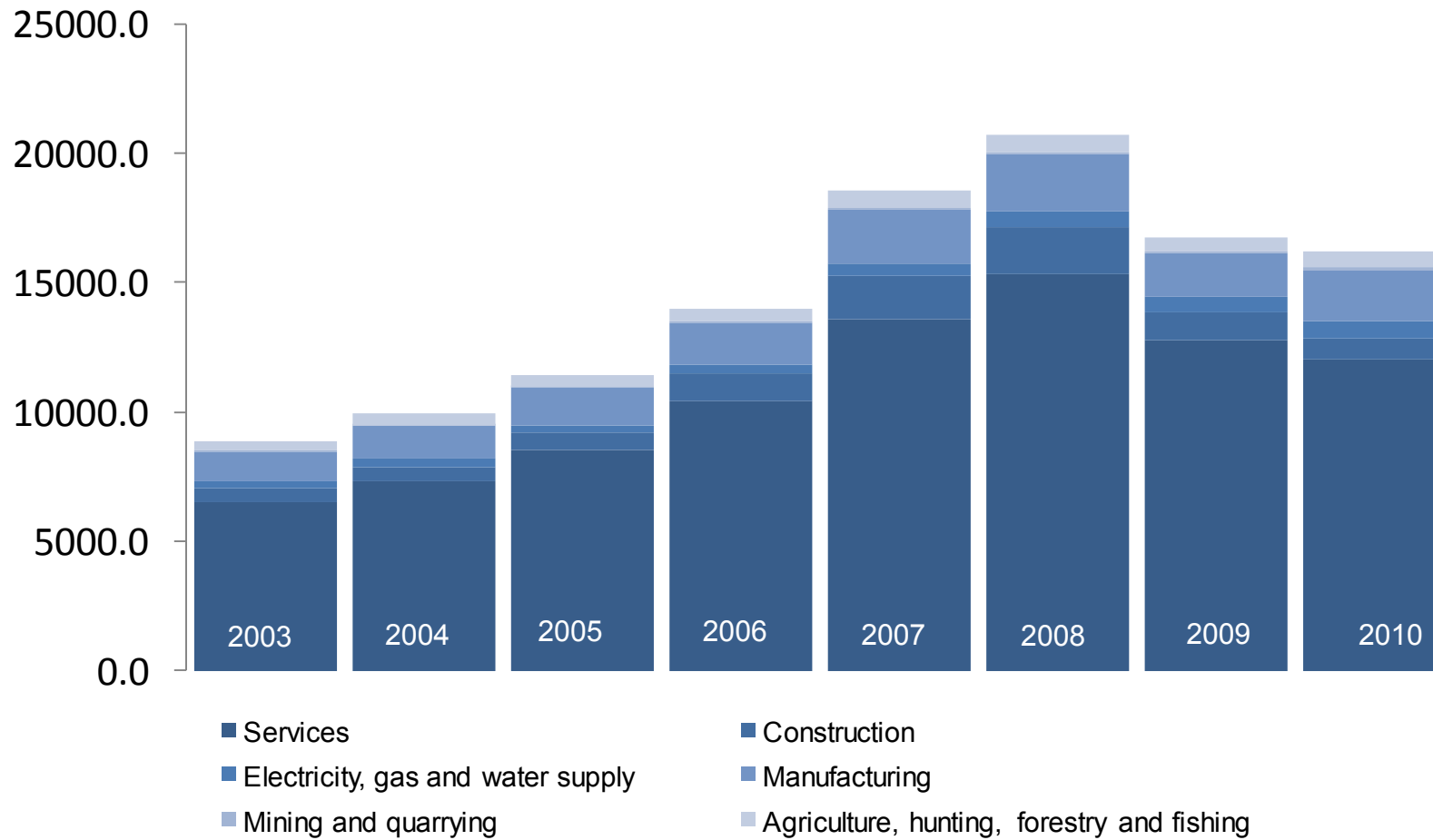
MAIN COOPERATION ACTIVITIES: 2011

- KOIMA (Korean Importers Association) mission to Latvia on May 30th, 2011.
 - *Matchmaking between 14 Korean and 40 Latvian entrepreneurs– (70 bilateral meetings)*
 - *Main industries presented: agriculture, timber processing, machine building, food and organic chemistry.*
- Visit of the Prime Minister of the Republic of Latvia Mr. Valdis Dombrovskis and business delegation to the Republic of Korea on June 08-11, 2011:
 - *KOIMA CEO Academy working breakfast*
 - *Participation in „Import Goods Fairs 2011” exhibition and in „Latvia – New Destination in Northern Europe” tourism seminar*
 - *Visit to “SAMSUNG Electronics” company*

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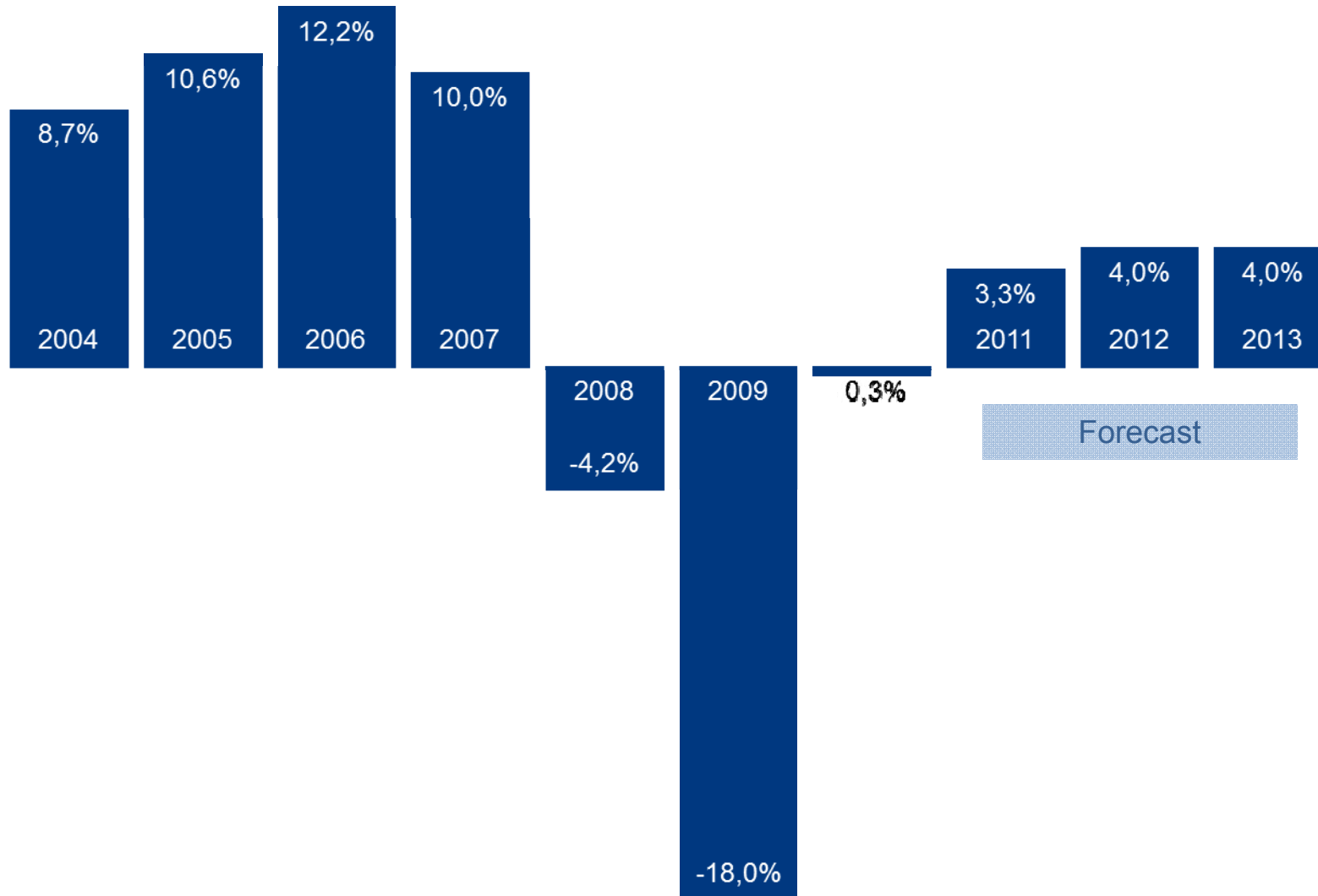


GDP BY CURRENT PRICES AND KIND OF ACTIVITY



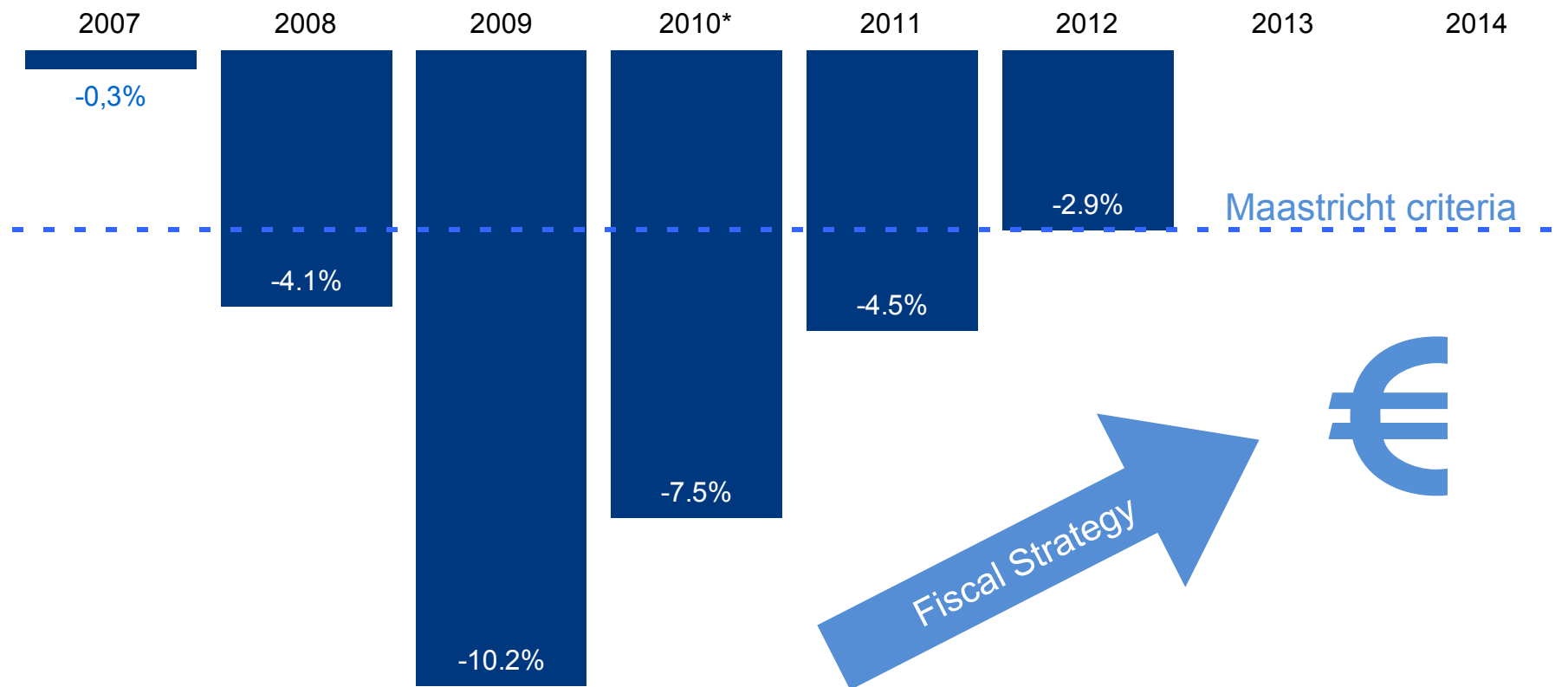
GDP per capita by current prices (2010): €8093

HIGHEST GDP INCREASE, DEEPEST FALL, STABLE RECOVERY

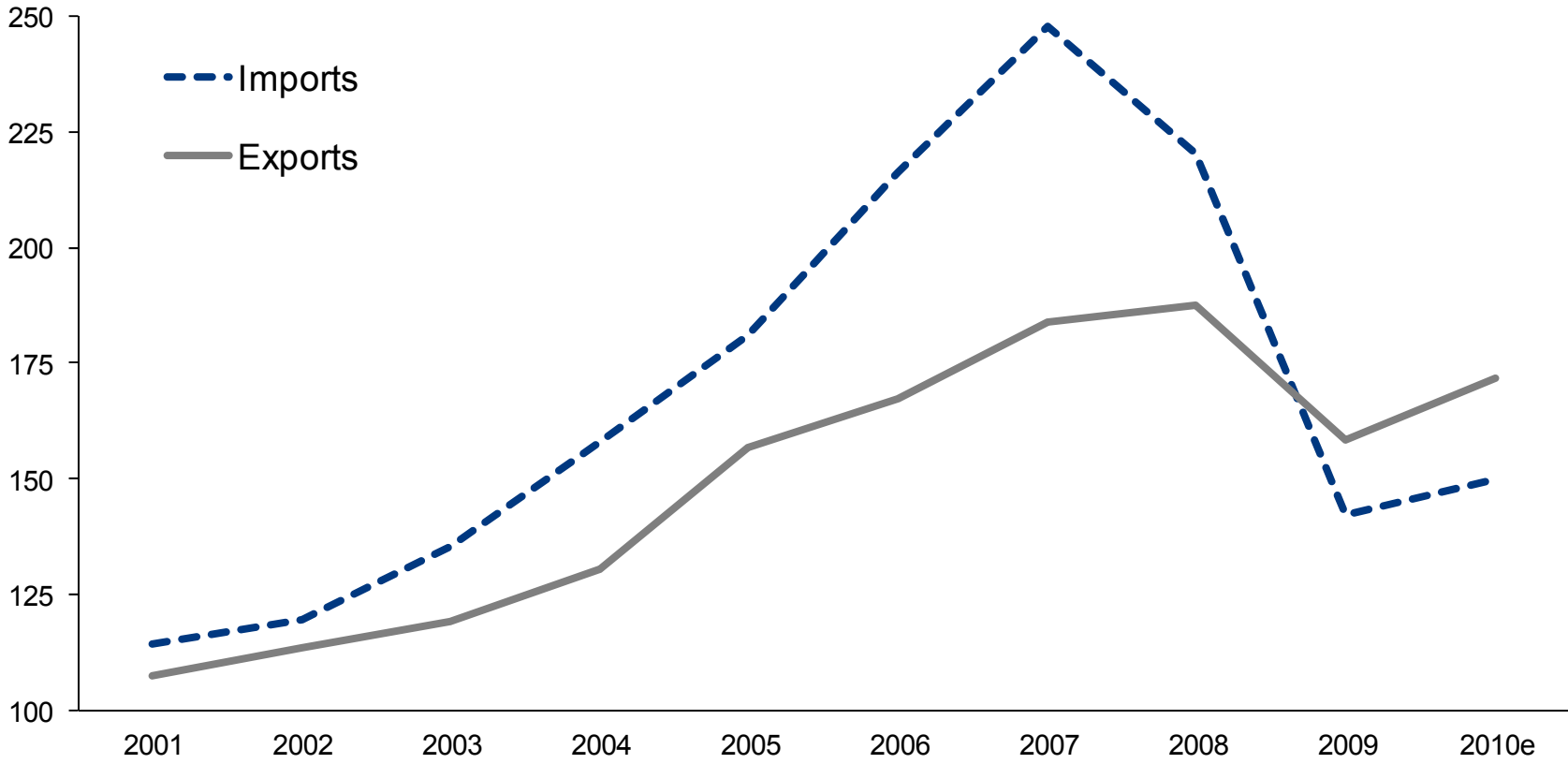


FISCAL STRATEGY TO PREVENT EXCESSIVE BUDGET DEFICIT

General government deficit (% of GDP)

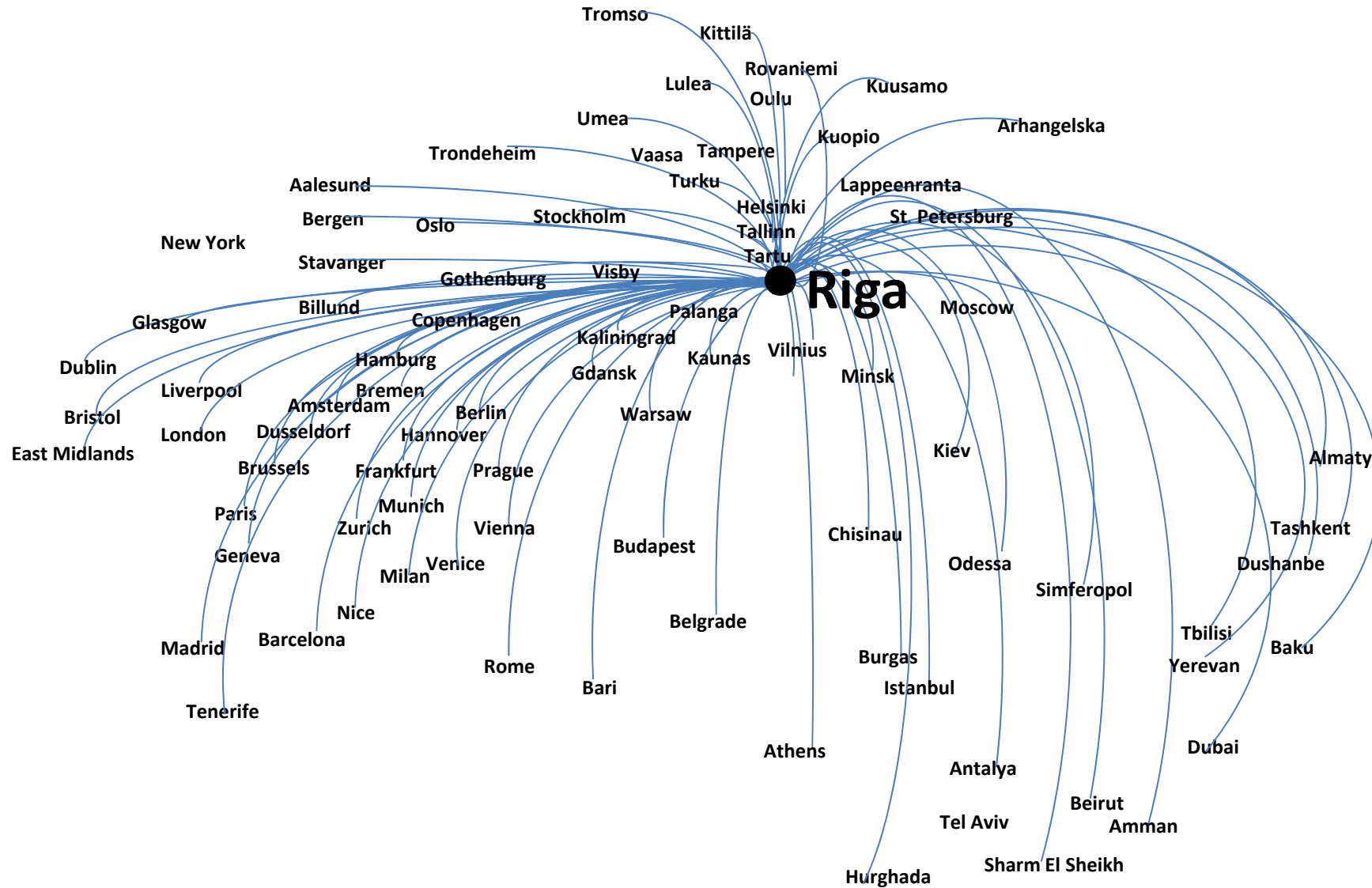


EXPORT AND IMPORT VOLUMES (2000=100)



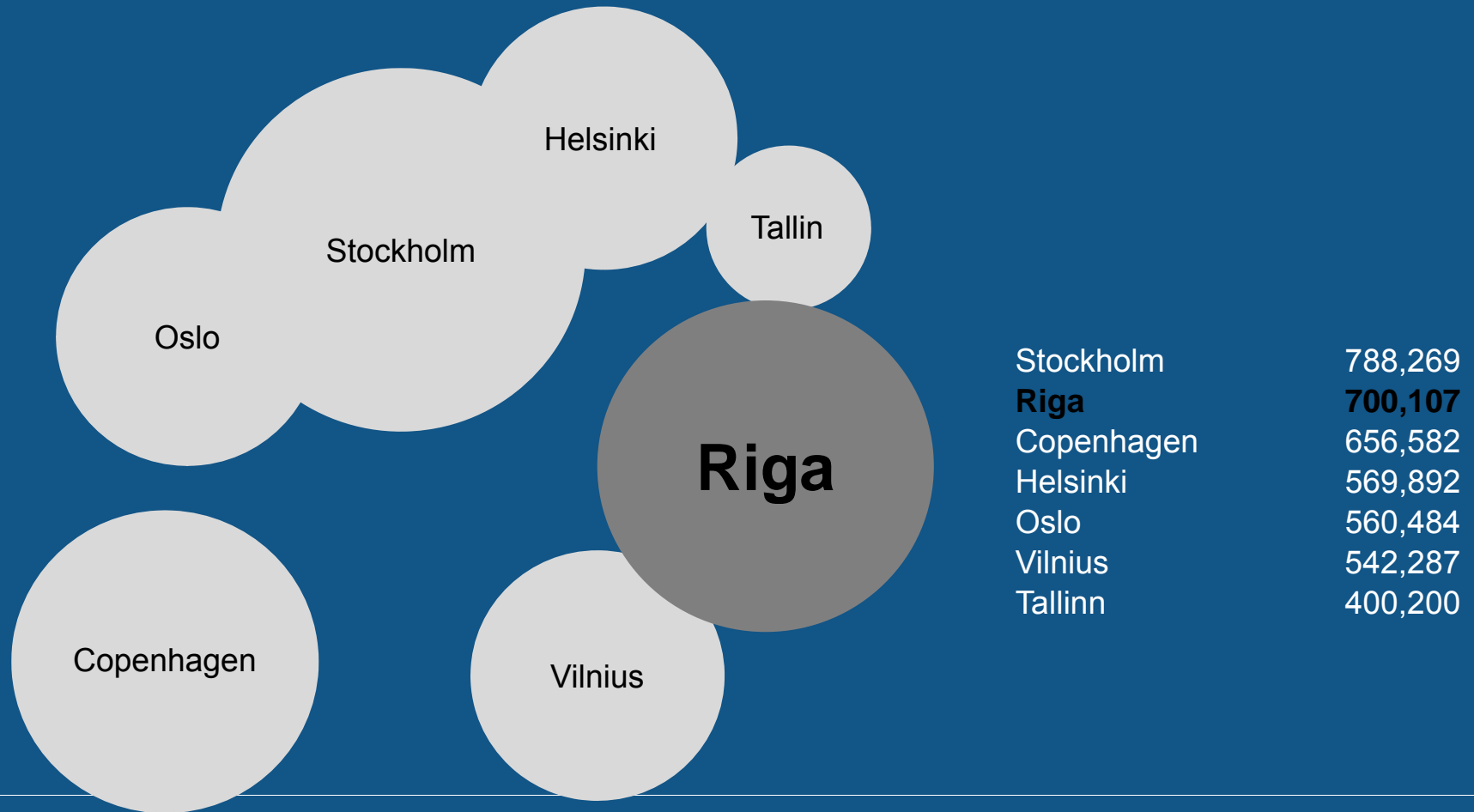
Latvia's proposition: ACCESSIBILITY

18 Airlines Operate 86 Direct Flights to/from Riga International Airport



RIGA – METROPOLIS OF THE BALTICS

Riga is the largest city in the Baltic States: 700,107/1,1 million (with suburbs)



HIGHLY DEVELOPED COMMUNICATIONS INFRASTRUCTURE



2

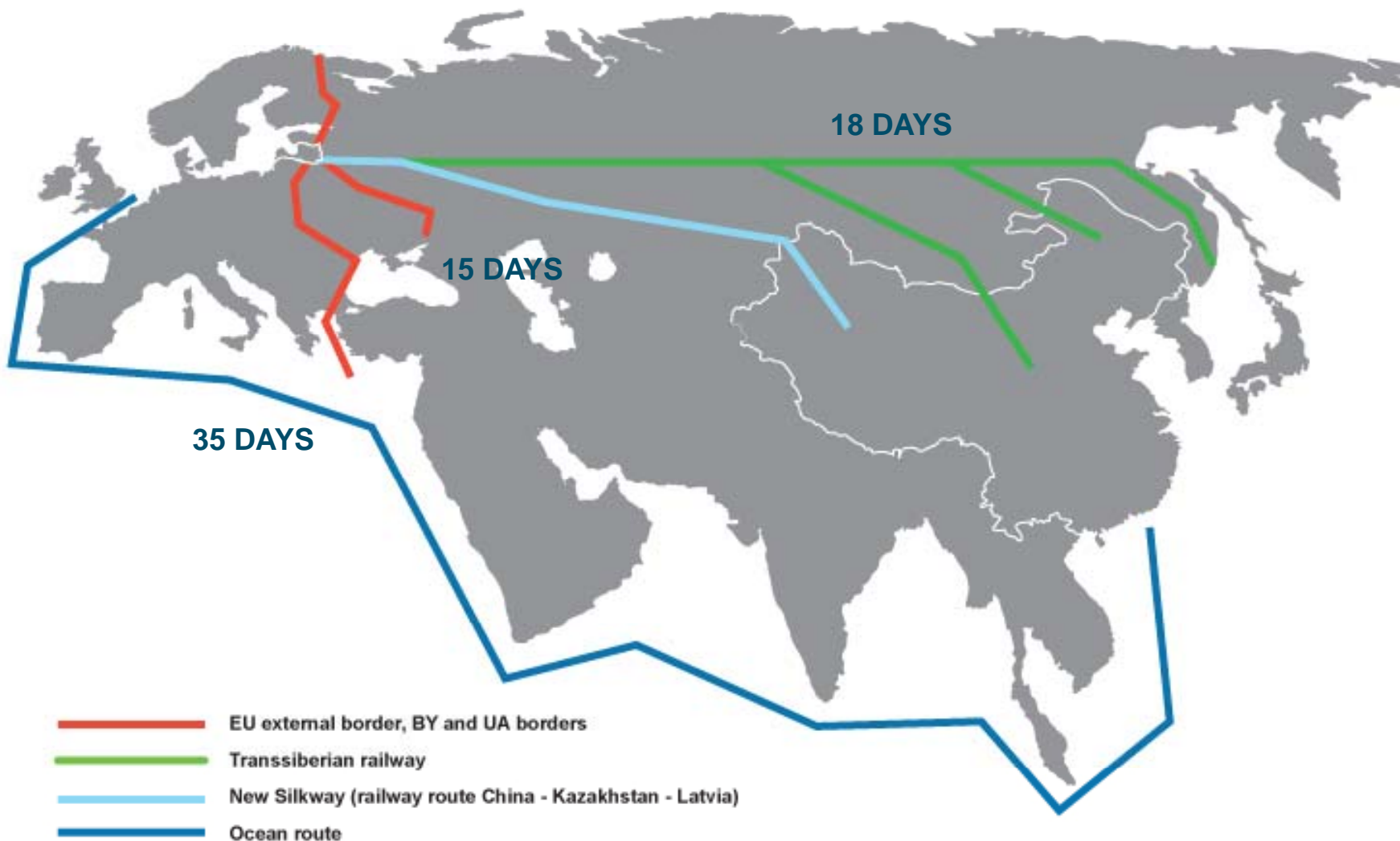
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3

**Latvia ranks 3rd globally
by download speed 26.21 Mb/s and upload speed by 13.53 Mb/s.**

Source: The Global Broadband Speed Test

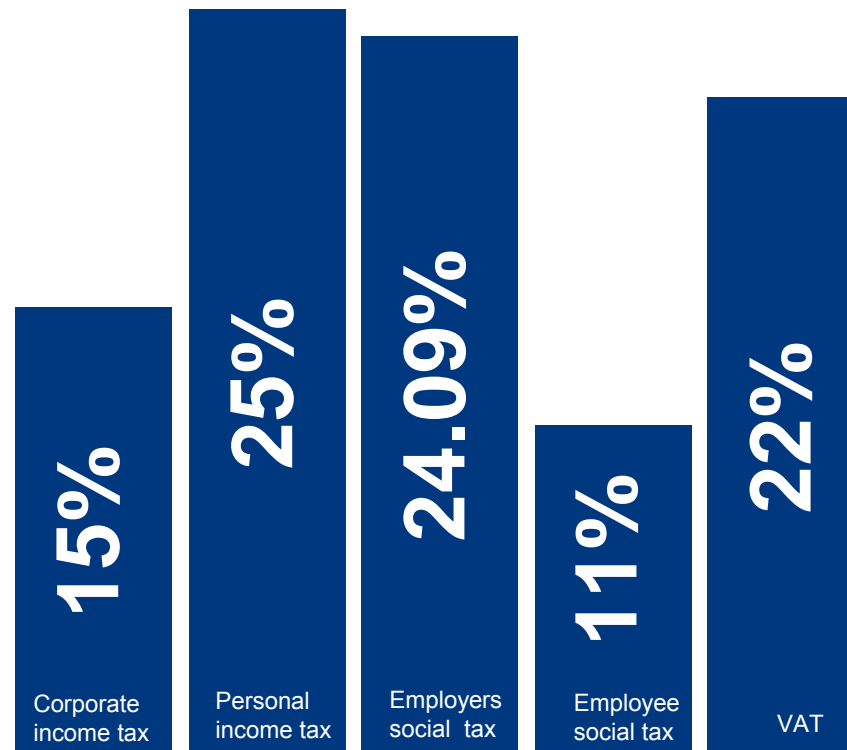
LATVIA - NATURAL AND FAST BRIDGE IN EURO-ASIA TRAFFIC



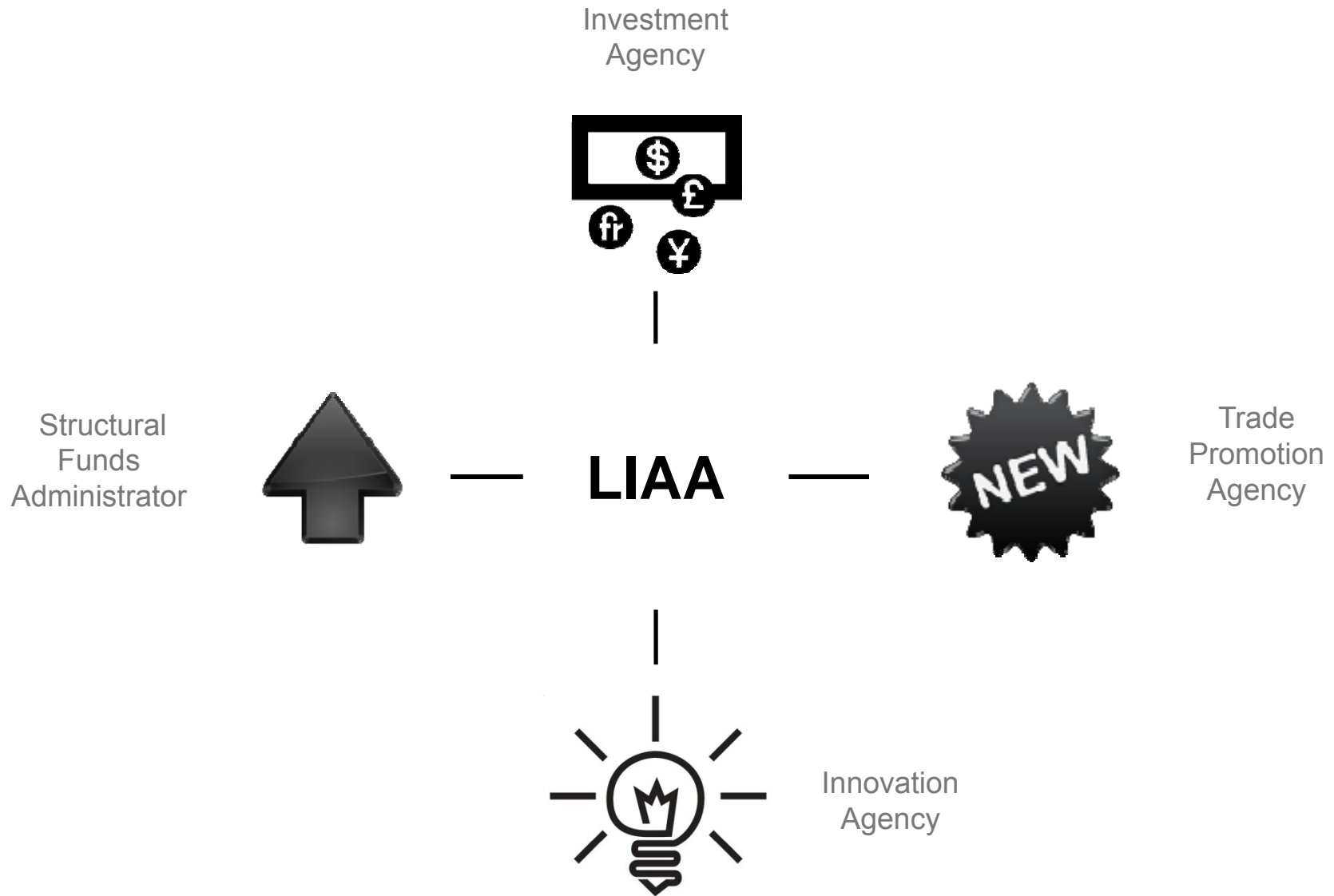
EQUAL TREATMENT OF FOREIGN INVESTORS

- By law, foreign investors have the same rights and duties as local investors
- The foreign investor may be sole founder and owner of a company
- Foreign companies registered in Latvia are entitled to buy land and property
- Efficient start-up procedure (company registration in 1 day)
- The foreign investor may request a temporary residence permit
- Active dialogue between the Foreign Investors' Council in Latvia (FICIL)

TAX SYSTEM



LIAA FUNCTIONS - ACTIVITIES



LIAA FUNCTIONS – OUR 8 PREMIUM FREE SERVICES



LIAA INTERNATIONAL PRESENCE

Representative offices in 12 countries + Latvia:

Amsterdam, Berlin, Copenhagen, London, Moscow, Paris, Stockholm, Tokyo, Oslo, Vilnius, Kyev, Warsaw
+ Riga



POLARIS process™

INVESTMENT COORDINATION: HIGH COUNCIL

CONSISTS OF

- Prime Minister (Chairman)
- Minister of Economics
- Minister of Finance
- Minister of Transportation
- Minister of Foreign Affairs
- Minister of Agriculture
- Minister of Education and Science
- Minister of Environment

Protection and Regional
Development

MAIN DIRECTIONS

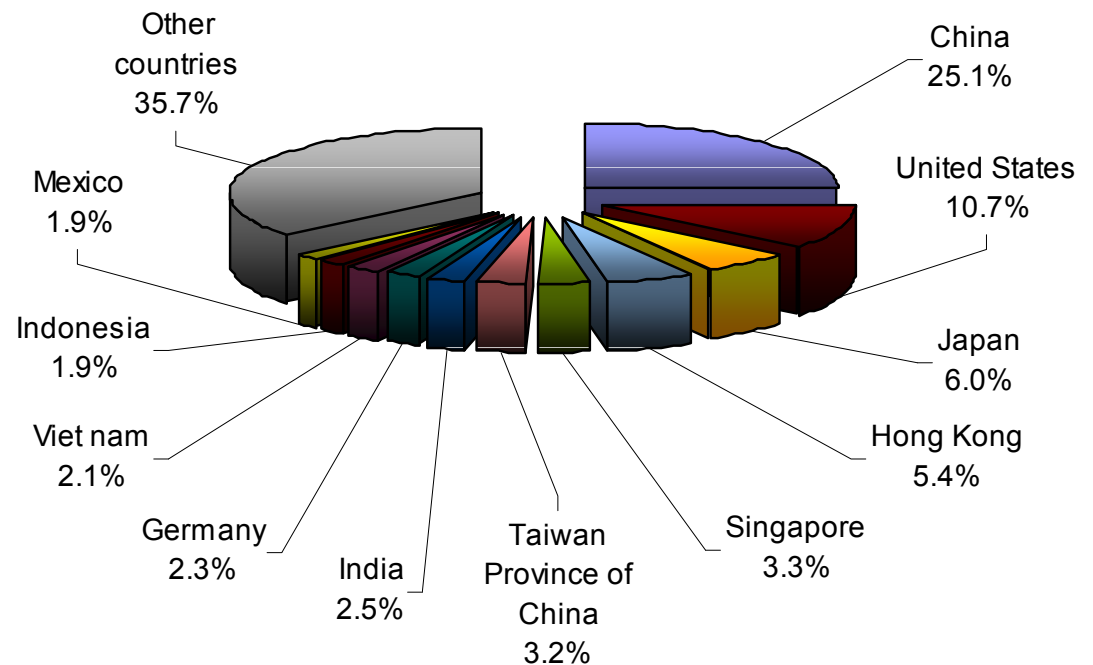
- Governmental level support for investment projects
- Establishment of support and incentive instruments
- Elimination and prevention of administrative and regulatory barriers

FOUR ELEMENTS OF COOPERATION



MAIN EXPORT FEATURES OF THE REPUBLIC OF KOREA IN 2010

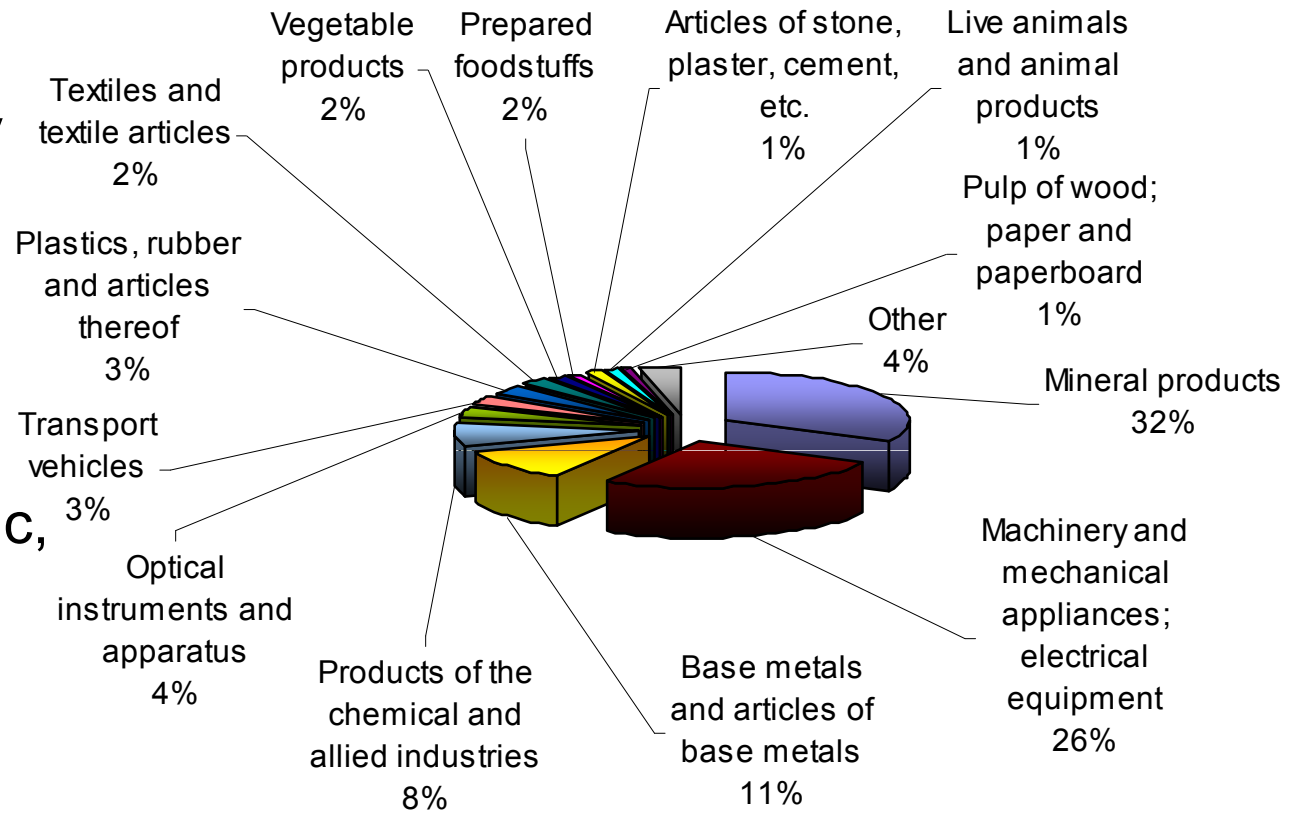
- The Republic of Korea: 7th largest exporter in the world
- Main export partners: *China and USA*
- Major export products: *Electrical appliances*



Source: Korea Customs Service - <http://english.customs.go.kr>

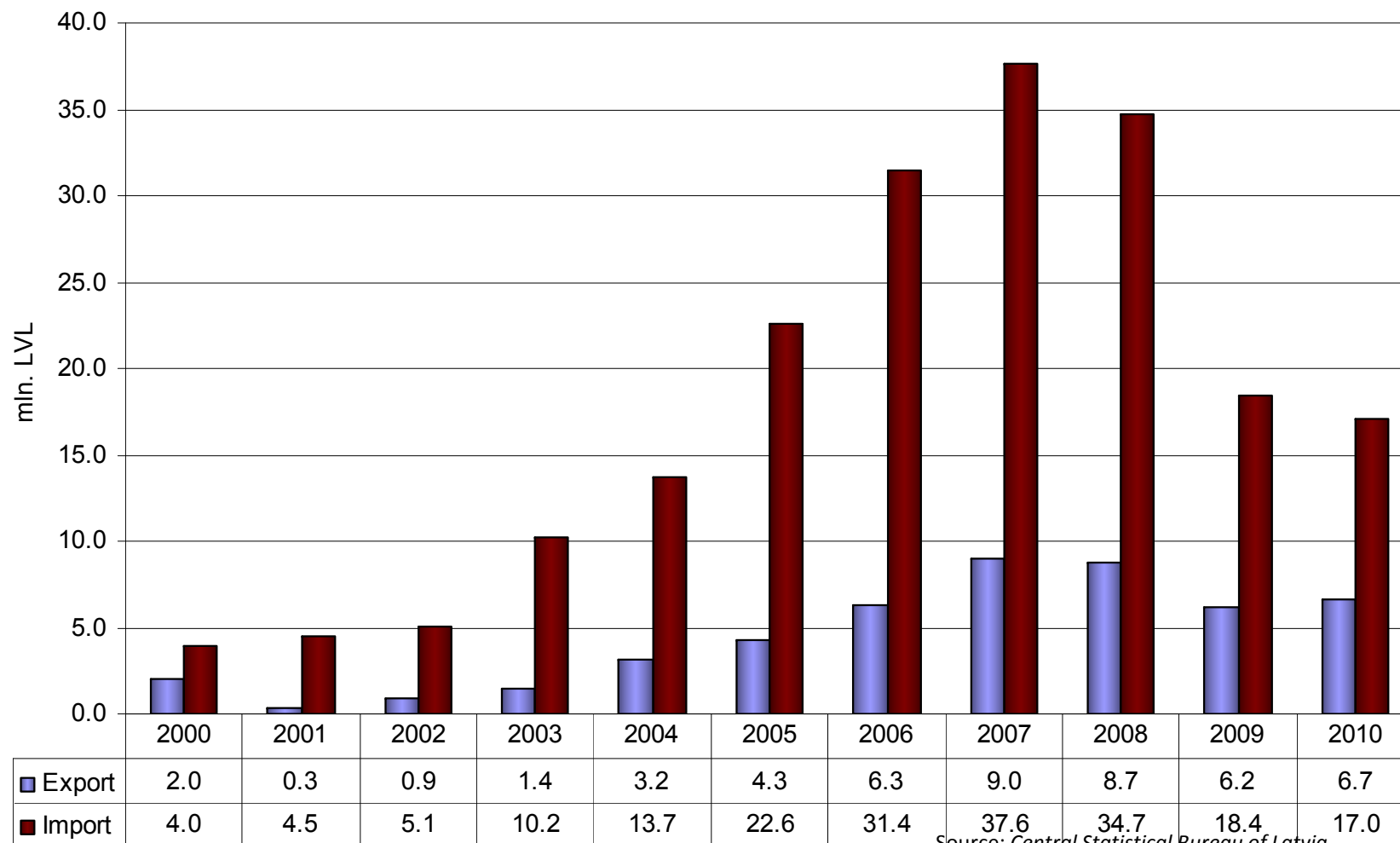
MAIN IMPORT FEATURES OF THE REPUBLIC OF KOREA IN 2010

- Mineral fuels, mineral oils, bituminous substances
- Electrical machinery and equipment
- Nuclear reactors, boilers etc.
- Iron and steel
- Ores, slag, ash
- Optical, photographic, cinematographic, measuring
- Organic chemicals



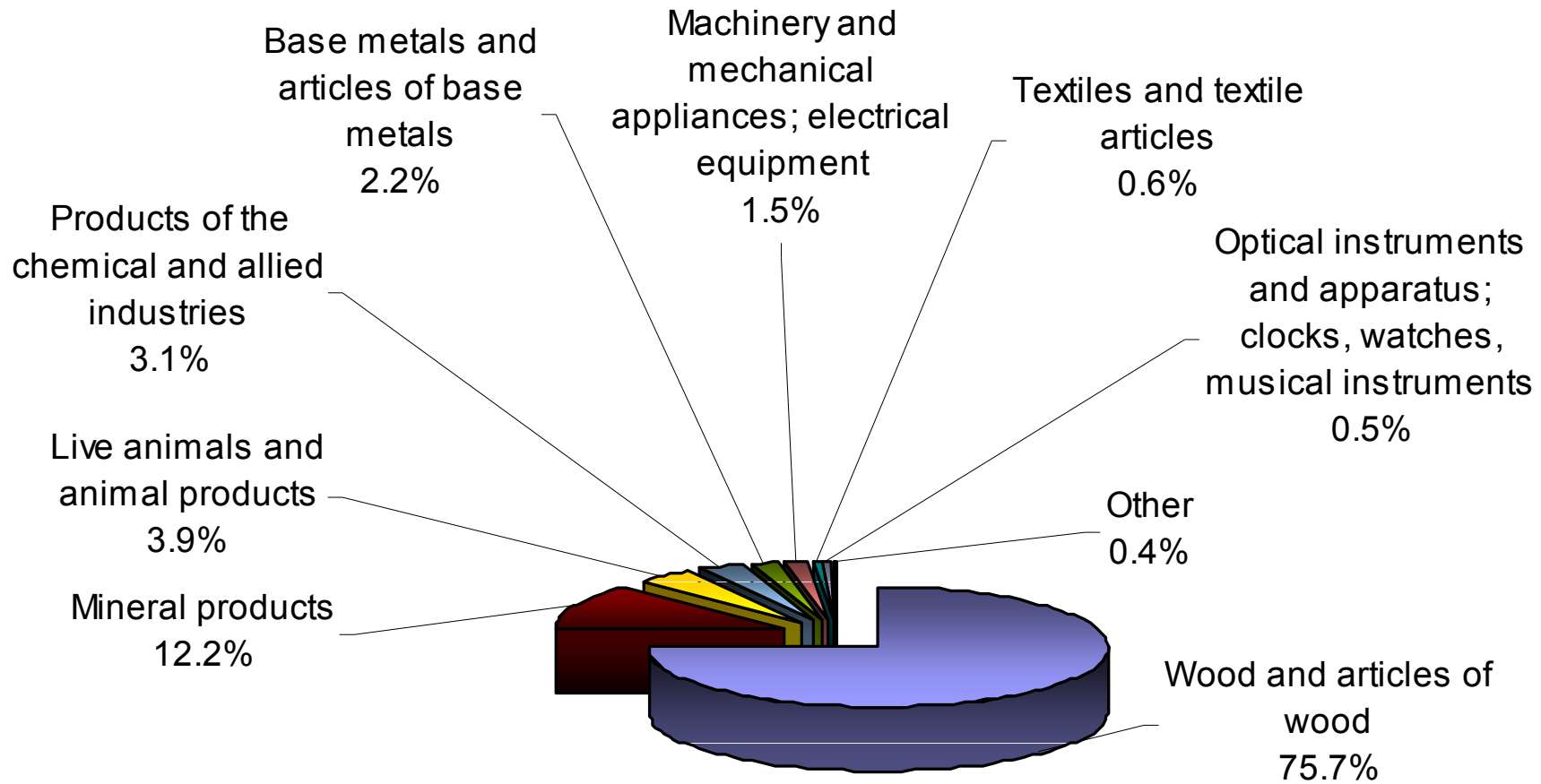
LATVIA: EXPORT AND IMPORT TO KOREA

Trade in goods 2000-2010



Source: Central Statistical Bureau of Latvia

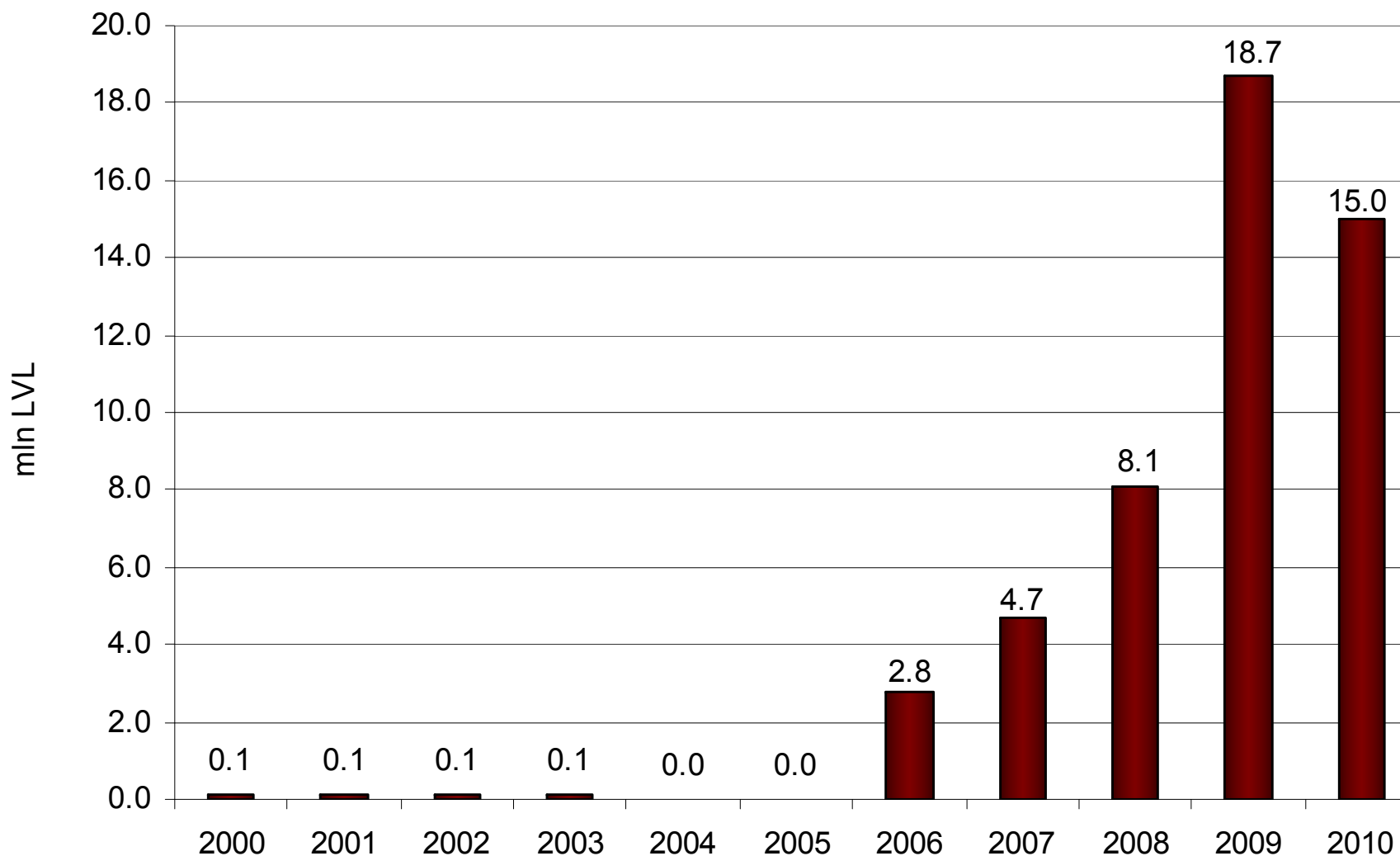
LATVIAN EXPORTS TO KOREA: MAIN PRODUCT GROUPS IN 2010



Source: Central Statistical Bureau of Latvia

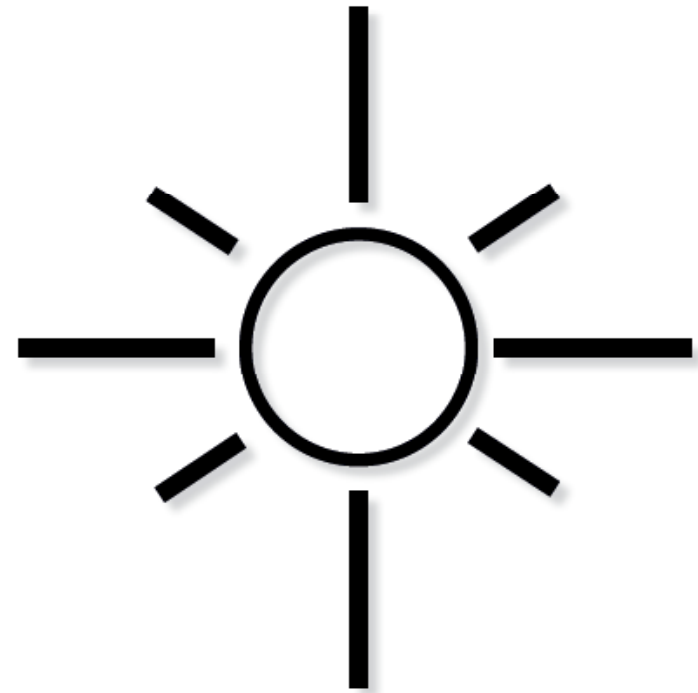
LIAA - Investment and Development Agency of Latvia

ACCUMULATED KOREAN DIRECT INVESTMENT IN LATVIAN ECONOMY



Source: *Bank of Latvia*

RENEWABLE ENERGY



RENEWABLE ENERGY: SECTOR SUMMARY

KEY FIGURES

- Latvia has strong experience in renewable energy and comes third in total RES turnover in CEE
- Highest share of RES in gross final energy consumption in the EU (due to hydropower and wood biomass)
- Highest export volume in absolute terms and as share of renewable energy sector turnover (22.3%)
- Solid biomass in particular wood fuel is the main RES resource available in Latvia and is used for production of heat and electricity as well as for biofuels
- Rapid increase in wood consumption for energy production is not conflicting with the needs of wood industry

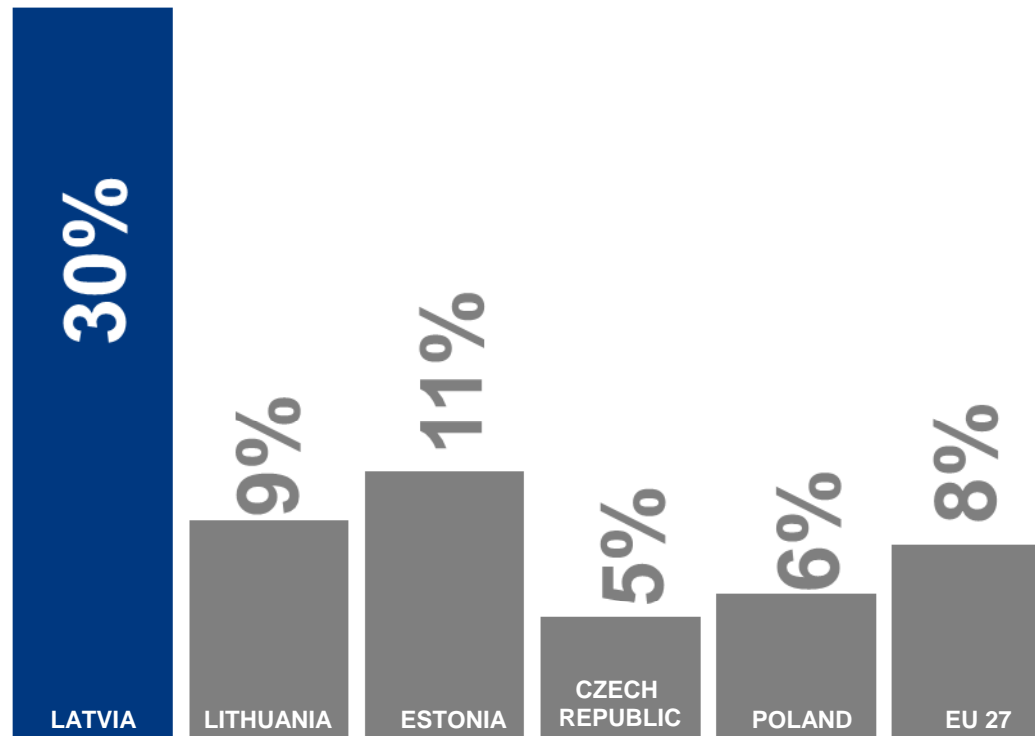
MAIN DIRECTIONS

Biomass, Biofuels, Renewable energy production (biomass, hydro and wind)

HUGE CONSUMPTION OF RENEWABLE ENERGY SOURCES

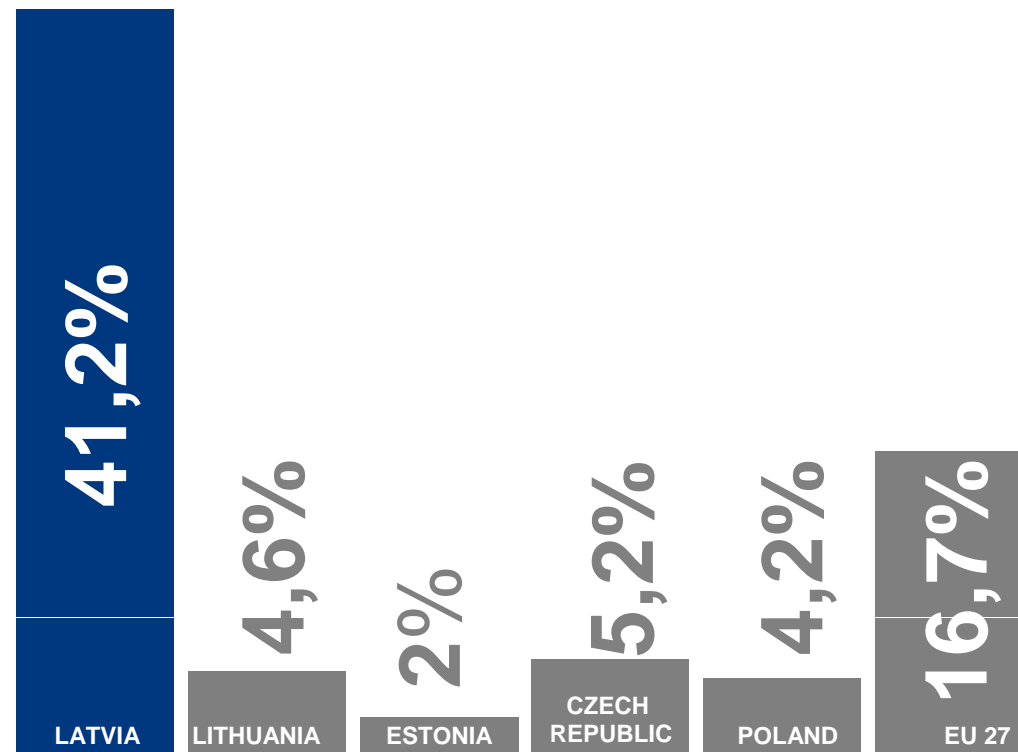
Share of energy consumption of renewable energy sources (2008)

Source: Eurostat



HIGHEST ELECTRICITY CONSUMPTION FROM RENEWABLE ENERGY SOURCES

Share of electricity generated from renewable energy sources in electricity consumption (2008)
Source: Eurostat



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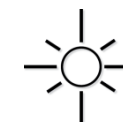
OPPORTUNITIES FOR COOPERATION (1)

- H.E. Mr. Pēteris Vaivars, Ambassador Extraordinary and Plenipotentiary (resides in Tokyo, Japan)
- Mr. Kyung-Hoon Kwon, Honorary Consul-General of Latvia in Seoul
- “EU Gateway to Korea”
 - Environment and Energy related technologies (11.-17.06.2012.)
 - Healthcare and Medical technologies (17.-21.09.2012.)
- Other partners
 - KOTRA (trade and export) (<http://english.kotra.or.kr>)
 - KOIMA (import association) (<http://www.import.or.kr/>)
 - KATA (travel agents association) (<http://www.kata.org.kr>)

OPPORTUNITIES FOR COOPERATION (2)

Potential industries:

- Woodworking
- Metalworking and machinery
- Transport and logistic
- Life sciences (pharmacology, biotechnology)
- Information and communication technologies
- Tourism



Republic of Korea

Kuwait

Kyrgyzstan

Laos

Republic of Latvia

POLARIS process™

**THANK YOU FOR YOUR
ATTENTION**



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