



Latvijas Republikas Valsts prezidenta kanceleja Prezidenta preses dienests

Pils laukums 3, Rīga-50, LV-1900, tālr. 7092122, fakss 7320404,
prese@president.lv, www.president.lv

Address by H. E. Dr. Vaira Vike-Freiberga, President of Latvia, at the conclusion of the Latvian Bulgarian Business Forum, Hotel Rdzene, Riga, March 21st, 2005

Honorable President Parvanov,
Excellencies,
Entrepreneurs,
ladies and gentlemen,

It is a great pleasure for me to address you at the conclusion of this Latvian Bulgarian Business forum in Riga. I am glad to learn that you have had a chance to meet potential new business partners, to learn more about each other and to discuss new co-operation possibilities.

Since Latvia and Bulgaria both became members of the NATO alliance last year, the stability and security of our countries has reached a new level, with a most beneficial effect on our business climate. I am confident that Bulgaria will soon join the EU as well. Both of our countries will then share the EU common market, with additional benefits for our economic co-operation. Today's meeting is thus particularly timely for exploring the new opportunities that each country can offer to the other, and for seeking out new market niches for Latvian entrepreneurs in Bulgaria and vice versa.

The range of reforms accomplished in Latvia during its process of integration into the European Union has left a most positive impact on the economic development of the country. Latvia has experienced one of the highest economic growth rates in the EU, with an average annual growth rate exceeding 7 percent since the year 2000. Last year Latvia's GDP growth reached 8.5 percent compared to 2003. Our high growth rates have been achieved, in part, thanks to stable domestic demand and thanks to the ability of Latvian companies to expand their export markets, of which 80% are within the EU. This positive track record gives us every confidence that this continuing growth will be sustainable in the foreseeable future as well.

Latvia's economic growth has been achieved in a stable macroeconomic environment sustained by the stability of Latvia's national currency the lat, which since this year has been pegged to the euro. Latvia's entry into the Eurozone is set for 2008, which will additionally facilitate trade and investment with our partners in the EU.

Mr. President,
Ladies and gentlemen,

Latvia and Bulgaria being located in different regions of Europe, each country quite naturally has concentrated on expanding its export markets to its immediate neighbors. At present, the extent of trade and investment between our two countries is still quite limited, but there is a great potential for future co-operation potential that still remains to be fulfilled. It is worth mentioning that in 2004, Latvia's exports to Bulgaria doubled and that imports from Bulgaria are also increasing. This means that there is already a basis for active co-operation between our entrepreneurs, which could be profitably expanded in the future. One might single out the particularly promising sectors of construction and tourism.

Last year, during my State visit to Bulgaria, Latvian entrepreneurs showed a great deal of interest in establishing new business contacts and setting up joint ventures in Bulgaria. I hope that this forum in Riga will have served to generate additional business ideas and that it will bring new impetus to some of the business projects initiated during last years meetings.

We value very highly this State visit of the President of Bulgaria to Latvia, and appreciate the scope of the Bulgarian business delegation that has accompanied him. This is a wonderful opportunity to strengthen our political and economic relations, and I am convinced that it will bear lasting benefits to both of our countries.

Mr. President,

Ladies and gentlemen,

Latvia has been working hard over a period of years to create one of the most favourable investment climates in Europe, and I am pleased to note that Latvias business environment enjoys one of the lowest degrees of government interference on the continent. As a result, the growth of investment in Latvia and the share of investment in its GDP have been among the highest among the EU countries. As might be expected, the main flows of FDI (foreign direct investment) in Latvia come from the neighbouring countries of the Baltic Sea region Germany, Sweden, Denmark, Finland, Norway, Estonia and Russia, but there are also significant investments from the USA.

In order to generate an even more favourable investment climate, Latvia recently lowered its Corporate Income Tax rate to 15 percent, making it one of the lowest in Europe. I invite the entrepreneurs of Bulgaria to explore Latvias strategic location at the northern crossroads between Eastern and Western Europe. Latvia has been an important East-West transit point for many centuries. Nearly half, or 45% of Russias total foreign trade passes through Baltic Sea ports, including Latvias three largest ice-free ports, which are endowed with very cost-efficient and well-developed infrastructures. There is still room for greater flows of trade and transit to fill the capacity of our roads, railroads, ports and warehouses.

Riga, with its potential of becoming a significant commercial, financial and transportation centre in Northern Europe, is a great place for doing business. But it is not the only place. I seriously urge you to look to other Latvian cities as well, such as Rzekne and Daugavpils near our eastern border, or the ports of Ventspils and Liepja on the west coast.

The geographical distance between us is not as great as it might seem, since Sofia is less than three hours from Riga by air. I invite both Latvian and Bulgarian entrepreneurs to be open to new opportunities and ideas; to make full use of their creativity and imagination in seeking new niches for their products and new outlets for their talents. I hope that this forum will have served to generate new and beneficial partnerships between the entrepreneurs of our countries, and that it will be remembered as a notable success.

It has been a real pleasure to host all our Bulgarian guests here in Latvia. I do hope that you have all enjoyed your stay here with us and that you will return again and again. You may be fully assured that you will always be warmly welcomed.