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### **Address by H.E. Dr. Vaira Vīķe-Freiberga, President of the Republic of Latvia, at the Belgian-Latvian Business Forum, Stockholm School of Economics in Riga, Tuesday, April 24th 2007**

Your Majesty, King of the Belgians,  
Excellencies,  
Entrepreneurs,  
Ladies and gentlemen,

I am pleased and honoured to address this prominent audience of Belgian and Latvian business representatives here at the Stockholm School of Economics in Riga, which is the top business school in the Baltic States. I extend my thanks to the Federation of Enterprises in Belgium, the Latvian Employers' Confederation and the Latvian Investment and Development Agency for organizing this important event.

Latvia and Belgium first established official ties in 1921 and I am pleased to note that Belgium never recognized Latvia's forceful and illegal incorporation into the Soviet Union between 1940 and 1991, a fact for which Latvians remain grateful to this day. Soon after Latvia regained its independence in 1991, our two countries reestablished diplomatic relations and have established close links at both the federal and regional levels. We are enjoying active cooperation with the regions of Flanders and Wallonia, which covers a variety of areas, including transport, environmental protection, culture, science and joint university projects, particularly in French studies. I will add that both the Walloon Export Agency and Flanders Investment and Trade have established offices in the Baltic States to strengthen the economic links between their regions and the Baltic countries.

Latvia's accession to the EU and NATO, which took place three years ago, in the spring of 2004, now offers unprecedented opportunities for extending the relations between Belgium and Latvia. There is a good potential for strengthening our economic cooperation in different areas, especially biotechnology, pharmaceuticals, chemistry, machine building, ports and logistics, textiles, wood processing and many others. I hope that this visit of His Majesty the King of the Belgians to Latvia will help to intensify our countries' economic co-operation and that the exchange of meetings between Latvian and Belgian business representatives will bring fruitful results.

Your Majesty,  
Excellencies,  
Ladies and gentlemen,

As you are aware, Latvia has been experiencing extremely rapid economic growth during the past few years. Last year, Latvia's GDP growth rate reached almost 12%, which was the highest in the European Union and among the highest in the world. This rapid growth, however, has also been accompanied by inflation, which surpassed 6% in 2004 and which we have not yet managed to reduce to its previous level of 2 to 3 %. Last month the Government of Latvia put forth a plan to reduce inflation and I sincerely hope that this plan will be successful, so that Latvia can join the Economic and Monetary Union soon after 2010. If we discount inflation, then Latvia is in full compliance with the Maastricht

convergence criteria necessary for adopting the euro.

One of Latvia's major advantages is its strategic location at the crossroads between Eastern and Western Europe, and in the very centre of the Baltic Sea region. Like Belgium, Latvia is located by the sea and is growing into a significant regional transportation hub. I will add that experts from Latvian ports continue to receive scholarships from the Government of Flanders for participating in seminars at the port of Antwerp, and that they are learning a great deal from Belgium's experience in ports and logistics.

Latvia's high economic growth rates, advantageous location, attractive business and investment environment, low taxes, including a 15% Corporate Tax Rate, strong and growing banking sector, highly qualified multilingual labour force in certain areas, high potential in the field of research and development and many other assets make my country an ideal base for locating business operations geared to both the Western European and Eastern, Russian markets.

Your Majesty,

Excellencies,

Ladies and gentlemen,

Just as Belgium has developed very close economic relations with its neighbouring countries, Latvia's most important trade partners are her Baltic neighbours – Estonia, Germany, Lithuania, Russia, Sweden, Finland and others. Around three quarters of our trade is with the EU countries, and more than two thirds of foreign direct investment into Latvia has come from the EU.

Since Latvia entered the EU common market in 2004, trade relations between Latvia and Belgium have been increasing quite significantly. In 2006, Latvia's exports to Belgium more than doubled compared to the year before, and Belgium was Latvia's 15th largest trade partner. I hope that these positive trends in our trade relations will continue.

Belgian investors are also becoming more interested in Latvia. Over the last few years, Belgian direct investments into Latvia have considerably increased. Last year Belgium was Latvia's 19th largest investor. The largest Belgian investments have been mainly in the area of trade, transport, logistics, industry and real estate. We hope that more investors from Belgium will consider Latvia as a stable and profitable place for locating their investments and for establishing joint ventures.

Your Majesty,

Excellencies,

Ladies and gentlemen,

I hope that the encounters between the entrepreneurs of our two countries will generate new business opportunities and that the flow of resources, trade and people between Belgium and Latvia will continue to increase in the coming years.

My best wishes to you all.