

The 25th High Council meeting between the Government of Latvia and the Foreign Investors' Council in Latvia

September 17, 2021

The Cabinet of Ministers of Republic of Latvia and the Foreign Investors' Council in Latvia (FICIL), with the common goal to improve Latvia's competitiveness in attracting foreign investment and improving the business environment, agree to work together in implementing the following issues until the next High Council meeting in 2022:

- In order to facilitate fair competition and reduce the uncertainty of the business environment of Latvia, it is necessary to effectively combat shadow economy, starting by evaluating current activities and setting key performance indicators that allow to monitor the progress achieved.
- Looking at the challenges ahead for Latvia in the upcoming decades, an in-depth evaluation of public sector set-up and readiness to effectively handle topics concerning green economy development and digitalisation must be carried out.
- Human capital development is the basis for further economic growth. Requalification of employees and matching employee skills with labour market needs is crucial, and can be achieved by focusing on:
 - o Strengthening overall human capital management system in Latvia, by centralising responsibility under a single institution for labour force development;
 - o Analysing data on necessary skills and implementing various educational programs for society based on this data;
 - o Improving the current regulatory framework to motivate employers to invest in education, upskilling and improving qualifications of their staff to improve their productivity.
- To increase the competitiveness of Latvia on the international stage, it is necessary to outline a clear and detailed agenda for reaching green economy targets stated by the European Union and the Government of Latvia, by preparing all involved parties, i.e. public sector, private sector and society regarding information on concrete action taken:
 - o Increasing the cooperation among public and private sector during the legislation process is vital to promote trust and reduce uncertainty when discussing green deal targets;
 - o High quality discussions surrounding climate change, green targets are needed among experts in certain fields, therefore, it is crucial to strengthen the public sectors knowledge regarding these topics.
- Digital transformation remains a priority. A unified approach is needed - with a single responsible entity for the development of the digital agenda across the whole public sector, as well as the rest of society, ensuring:
 - o formation of digital transformation agenda across all sectors;
 - o data sharing among public sector institutions, as well as high quality data analysis to promote data driven policy decisions;

- centralisation of IT recourses, with more effective policies and best practice application;
 - improved digital literacy in society, as well as increased amount of professionals with advanced digital skills;
 - support to companies in understanding and implementing their digital possibilities.
- Increasing investors trust in Latvia with a predictable and stable investment climate is needed, by strengthening rule of law while promoting fair competition, this includes:
- Increasing the capacity and competence of law enforcement agencies, introducing specialisation of personnel throughout the investigation, prosecution and court proceedings;
 - Effective resource planning at law enforcement institution level to facilitate efficient use of available tools and fostering cooperation to adequately carry out various institution functions;
 - Predictable tax system development is vital in raising investors trust, it is necessary to continue the planning process for tax reform and administration in cooperation with social partners in a timely manner;
 - Ensuring the implementation of a lobbying regulation that promotes transparency and clarity over decisions in the policy-making process;
 - Improving access to courts and strengthening the digital capability of courts.

FICIL submits to Cabinet of Ministers for further evaluation eleven position papers with proposals and recommendations regarding:

- macroeconomic policy;
- green economy development;
- digitalisation;
- labour force issues;
- higher education and requalification;
- investment protection and court efficiency;
- combatting economic and financial crime;
- tax policy and administration;
- intellectual property protection;
- food and drink industry;
- transport and infrastructure issues.

FICIL will increase its efforts to help to attract more foreign investment in Latvian economy.

The next High Council meeting between the Cabinet of Ministers and FICIL will take place in the autumn of 2022.

Prime Minister of Latvia
Mr. Arturs Krišjānis Kariņš

FICIL

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