

2022



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# EIT-Food Startup Guide Latvia



# Contact

EIT Food accelerates innovation to build a future-fit food system that produces healthy and sustainable food for all.

We believe inclusive systems innovation, which enables all people and places to participate and benefit, is essential to a strong food system that is better for everyone. With teams on the ground across Europe, we bridge the gap between countries and regions with low innovation capacity and those leading the way. And we put consumers at the heart of our work, helping build trust by reconnecting them to the origins of their food, directly involving them in the innovation process, and working with the food sector to increase transparency. Collaboration is central to all our work, which spans the whole food value chain, and is vital to meet the big challenges we face. Together with our community, we will build an innovative and resilient food system that in turn creates a healthier society and planet.

**This report was prepared by Enky Consulting  
for EIT Food CLC North-East Sp. z o.o.  
The project is co-financed by European Union funds.**



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**Disclaimer:** The guide is intended to help entrepreneurs and startups. However, it does not replace seeking professional advice and guidance. As such, although EIT Food has made every effort to ensure that the information in this book is useful, they do not assume any responsibility for the outcome of your business.



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## Welcome to the market!

We are pleased to hand over to you this very latest edition of the EIT-Food's startup guide. Doing business requires strength and resilience, but doing business in agriculture and in the food industry requires passion and willingness to overcome specific challenges. Some of those challenges are nature driven to which we may just need to be able to adapt and manage. The other group of challenges stem from complexity of the markets, regulatory environments or geographical differences. These we can address and that is precisely the aim of this guide. We want to help you in your business location decisions, whether you are at the start of your entrepreneurial journey or already plan to internationalize your business across Central & Eastern Europe.

As an entity building the EIT-Food network in Central & Eastern Europe (as well as in the Nordics region), our Co-Location Centre (North-East) implements a variety of programmes targeting the key challenges and priorities of agricultural and food system development. We are pleased to see your interest in making it happen through products and services brought to our market.

In current macroeconomic environment where supply chains remain volatile and market transparency is hampered, the access to information about the ecosystem is essential. That is why we focus in this guide on helping you quickly determine how a local ecosystem in Latvia in the ag-food sector works. In view of that we give you a picture of top regulators, policy makers and startup community developers. We hope the guide would serve as a reference for your entrepreneurial efforts all across the way from being technology developer to acting as a solid market player on the market.

Wishing you all the best for your ag-food business,

**Marja-Liisa Meurice**  
**Director of EIT-Food CLC North-East**

# EIT-Food Startup Guide Latvia 2022

## Table of Contents

<b>EXECUTIVE SUMMARY</b>	5
<b>LOCAL AGRIFOOD MARKET INSIGHTS</b>	6
1.1. Introduction	7
1.2. Simplified overview of the Latvian agrifood industry	7
<b>MAIN STAKEHOLDERS IN THE LOCAL AGRIFOOD INDUSTRY</b>	9
2.1. Key Latvian agrifood companies	10
2.2. Public institutions	13
<b>AGRIFOOD ECOSYSTEM</b>	15
3.1. Funding opportunities for agrifood start-ups	16
3.2. Local incubators and accelerators that support agrifood start-ups	18
3.3. Contact details for the hub organization	20
<b>HOW TO SET UP A COMPANY IN LATVIA</b>	21
4.1. Setting up a legal entity in Latvia	22
4.2. Opening a limited liability company (SIA)	23
4.3. Opening a branch of a foreign entrepreneur	27
4.4. Required permits for agrifood businesses	28
4.5. Organizations providing support in setting up company in hub country	29
<b>SOURCES</b>	30

# EXECUTIVE SUMMARY

GDP, real value, **EUR33.65 bn**, current prices, 2020

GDP per capita (current PPP), **USD34,468.6**, 2021

Registered unemployment rate (% , end year) **7.6%**, 2022

More than **1,000** graduates every year from agrifood-related subjects such as bioengineering and food sciences

Highly skilled, language-equipped (younger people under **40** who are especially proficient in English) and cost-effective industry professionals

The Latvian start-up ecosystem consists of more than **400 start-up** entities, over 50 co-working spaces and 10 venture capitalists

Latvia is the **30th**-freest economy in the world, according to the Index of Economic Freedom

Latvia has its foreign debt and fiscal deficit under control

Latvia has a **20%** corporate tax rate, which is at the low end among European countries

Latvia is considered the **19th**-easiest country to do business with according to the World Bank

# LOCAL AGRIFOOD MARKET INSIGHTS



1



## 1.1. Introduction

On the world map, Latvia is located on the east coast of the Baltic Sea at the crossroads of Northern and Eastern Europe. Latvia, a parliamentary republic, is bordered by Estonia to the north, Russia and Belarus to the east, and Lithuania to the south, with a maritime border with Sweden to the west. The total length of Latvia's coastline is 513 km. Latvia has almost two million inhabitants, of whom almost one million live in and around the capital city of Riga, the metropolis of the Baltic region. The second-largest city is Daugavpils, with a population of about 82,000.

Latvia's economy has experienced one of the highest GDP growth rates in Europe. From 2005 to 2007, the average annual GDP growth rate exceeded 10%, when major inflows of foreign capital stimulated a significant increase in private consumption. In 2008, the country entered a severe recession, as a result of an unsustainable current account deficit, collapse of the real estate market and large private debt exposure.

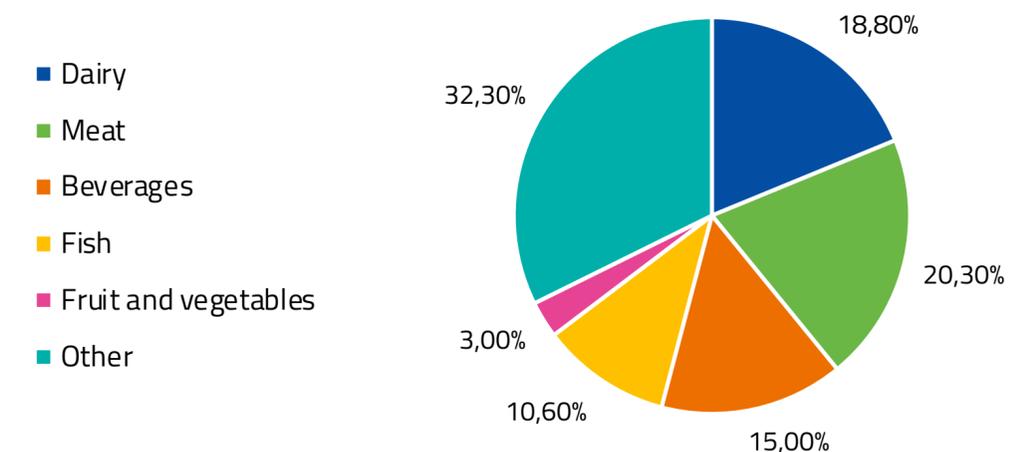
During the financial crisis in 2008, GDP fell by a quarter, the external debt almost doubled and the number of employed persons decreased by 16%, while the real wages of those still employed fell by 12%. Latvia successfully emerged from recession at the end of 2010 and growth has resumed, based mainly on the increasing role of exports. From 2011 to 2013, GDP grew by 4.4% per year on average. In 2018, GDP grew by 4.0%, and in 2019 by 2.0%, while in 2020, due to the COVID-19 pandemic, it fell by 3.6%. The growth of the Latvian economy was considerably faster in 2017 and 2018 than in the previous years. This was fostered by the improvement of the situation in the external environment, private and public investments, and an increase in employment and wages.

## 1.2. Simplified overview of the Latvian agrifood industry

The food and beverage industry is the second-largest industrial sector in Latvia, producing around 21% of the total output in manufacturing in 2022. In 2017, Latvia's biggest trading partners were Lithuania (18% of Latvia's total trade turnover), Germany (9%), Estonia (9%), Russia (8%) and Poland (7%). Foreign trade in Latvia has consistently increased since Latvia's accession to the EU. Europe is a large market that consumes many Latvian products: cheeses, butter, milk and milk powders, tinned fish, fruit and berry preparations, pickles, various grains, meat products, confectionery, and alcoholic and non-alcoholic beverages. The food and beverage industry is the second-largest industrial sector in Latvia, producing around 21% of the total output in manufacturing in 2020. About 1,280 companies and registered private merchants are active in the food processing industry.

In 2020, 20% of all the people employed in manufacturing worked in the food industry. The sector output in 2020 was EUR2.0 billion. The export proportion of the total sector turnover in 2020 was 38.5%.

Share of Food and Beverage Sector Turnover in 2020



As shown in the graphs, Latvia's food sector has enjoyed steady and stable growth over an extended period. However, the global financial crisis was also felt in the food industry, which clearly affected industry output in 2009. More recently, in 2015, the industry was badly affected by Russia's import embargo. Today, we can see a slow but steady recovery from both of these crises. While experienced companies have managed to restructure their product lines and export markets, numerous young and dynamic companies have also been founded and are supplying new, healthy products to both local and foreign markets.

For obvious geographic reasons, the main export markets for Latvian food processing companies are Lithuania and Estonia. Europe is a large market that consumes many Latvian products: cheeses, butter, milk and milk powders, tinned fish, fruit and berry preparations, pickles, various grains, meat products, confectionery, and alcoholic and non-alcoholic beverages.

In addition to the export markets above, Latvian products are also sold in the UAE, South Africa, the US, Israel, etc. Our products can be found all over the world under our own labels, different private labels and as ingredients in diverse foods.

#### Key statistics on the Latvian agricultural sector:

- The agricultural output in 2018 was EUR1.14 billion, an increase of 8.5% compared to 2016.
- Agriculture constitutes around 2% of the 2018 gross value added in Latvia and the agricultural labour productivity is relatively low.
- Out of 69,930 farms, more than 78% are managed as small family farms (< 20 ha).
- More than half of the farmers are over 55 years old, whilst just 5% are categorized as young farmers (< 40 years old).
- 31% of Latvian farms specialize in general field cropping, followed by 21% dairy farms, 8% mixed farms and 7% specializing in arable crops.
- 56% of the agricultural production value is provided by crop production, while livestock contributes 41.5%.
- The sector faced a series of adverse events between 2013 and 2018, including the African swine fever, the milk price crisis, a heavy summer and autumn rainfall in 2017, along with a summer drought in 2018.

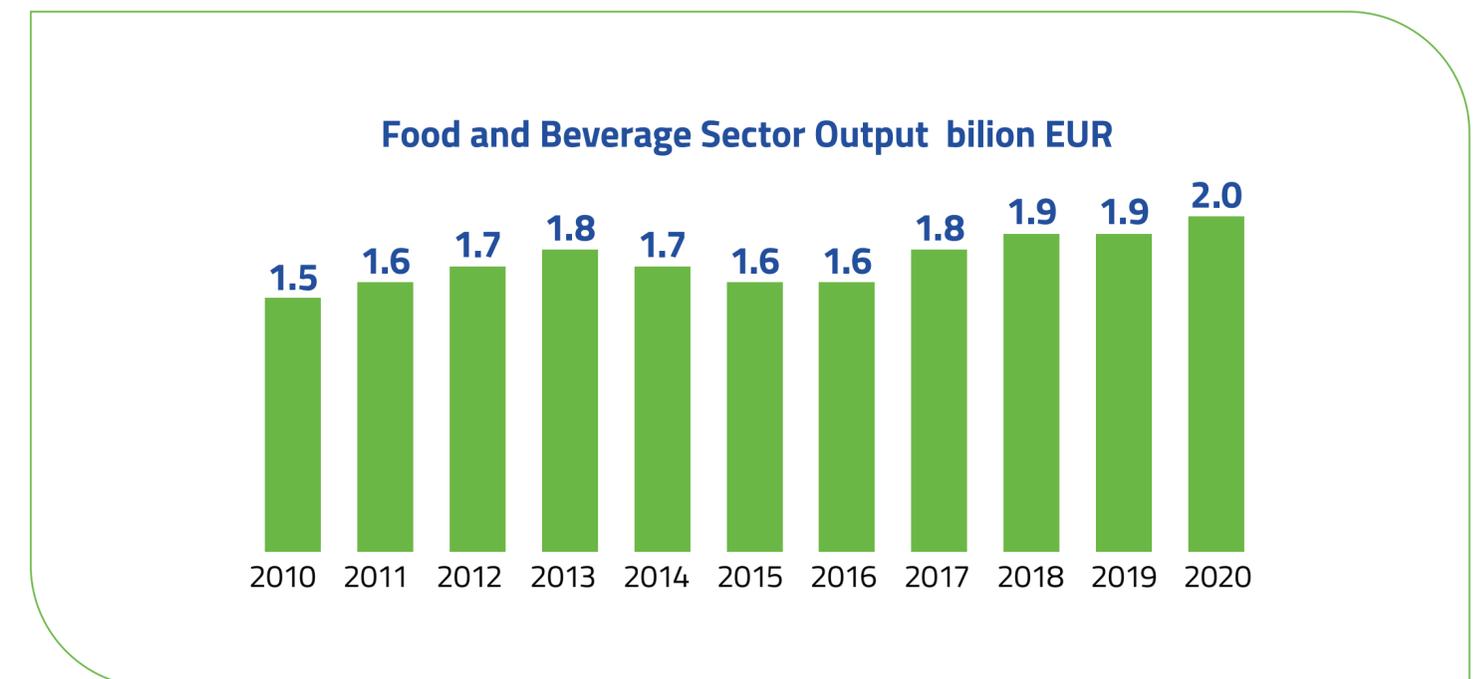
Agriculture represented 1.9% of the gross value added (GVA) of Latvia in 2018, whilst its

contribution to total employment was 6.9%. The total labour input in agriculture was 70,510 annual work units (AWUs) in 2017, of which nearly 75% was the family (non-salaried) labour force.

Labour productivity is still relatively low in Latvian agriculture (in 2017 it stood at 46% of the EU average). The number of farms in Latvia has been decreasing over the last several years, standing at 69,930 in 2016. Most of the farms are small-sized family-run units.

The share of farms with a utilized agricultural area (UAA) of less than 20 hectares (ha) was 78.7% in 2016, whilst farms with a UAA exceeding 100 ha accounted for 4.6% of the total. The main type of farming is field crops (31% of all farms), followed by dairy (21%), mixed crops and livestock (8%), and arable crops (7%). The average Farm Accountancy Data Network (FADN) farm in Latvia had an output of EUR60,308, a farm net value added of EUR23,223 and a gross investment of EUR17,028 in 2017.

Overall, the development of the agriculture sector over the period 2013–2018 was positive. Crop production rose by 11% and animal output grew by 7%. There has been a remarkable growth in cereal production (+40%) and the volume of milk output grew by 12%.



**MAIN  
STAKEHOLDERS IN  
THE LOCAL AGRIFOOD  
INDUSTRY**

**2**



## 2.1. Key Latvian agrifood companies

Company Name	Scope of the activity	Operating revenue in 2020, EUR million	Operating revenue in 2021, EUR million
<b>SIA "Tērvete food"</b>	SIA Tērvete Food is a company with 35 years of experience in ice cream production – from recipes perfected since 1986 to fresh milk obtained on their own farm and self-baked ice cream waffle cups. The company follows eco trends to create modern and high-quality milk ice creams.	<b>1.7</b>	<b>2.2</b>
<b>Orkla Foods Latvija</b>	"Orkla Latvija" is the leading producer and supplier of fast-moving consumer goods in the Baltic states. We unite and develop popular local brands – "Laima", "Selga", "Staburadze", "Ādažu Čipsi", "Spilva", "Gutta", "Latplanta" and "Pedro", among others – in the production process of our products using only ingredients of the highest quality while at the same time maintaining the values of each brand.	<b>28.5</b>	<b>NA</b>
<b>PODRAVKA prehrambena industrija d.d.</b>	The company's history goes back to 1937, when a small potato processing plant was established in Ungurpils (LV). Today the company is one of the leading potato starch brands globally. Alojā Starkelsen was the first Latvian international joint venture within the food industry. It was established in 1991 between the employee cooperative "ALOJA" and the Swedish farming cooperative "LYCKEBY". In 2021, Latvian-based company IRLMD Food Solutions acquired the majority stake in Alojā Starkelsen. IRLMD FS was founded by a group of investors from many nationalities, who collectively have more than 300 years of experience at senior management level in the global food ingredients industry. The company is led by CEO and major shareholder Maurizio Decio, who has more than 30 years of experience in various senior roles (both managerial and scientific) in the food ingredients industry.	<b>10.2</b>	<b>10.9</b>

<b>SIA MILZU</b>	Producer of the healthiest cereal, which turns rye into a very special meal. The company is inspired by the trend to eat healthily, simply and easily. Products include organic rye and organic oat flour, and locally harvested honey from Latvia, an added rich source of fibre with no added fat.	<b>0.9</b>	<b>NA</b>
<b>SIA "Felici"</b>	Producer of functional muesli, hot cereal and quick meals of high nutritional value. Developed in collaboration with scientists and top food researchers from Latvia and Norway. Graci contains triticale, as well as several unusual superproducts – spinach, cornflower, apple and pumpkin, chopped with their seeds and peel, rose blossom leaves and blackberries.	<b>1.5</b>	<b>1.9</b>
<b>AS Balticovo</b>	"Balticovo" has been operating since 1972 and is currently the largest producer of eggs and egg products in Northern Europe – our hens lay more than 600 million eggs per year. The company products are available in shops, and used in the hotels, restaurants and households of Latvia, but the majority – about 70% – of the products are exported to several European Union countries and other countries in the world – in total to 20 countries.	<b>54.3</b>	<b>NA</b>
<b>SIA Coca-Cola HBC Latvia</b>	Coca-Cola HBC Poland and Baltics is a bottling partner for The Coca-Cola Company. We operate in Estonia, Latvia, Lithuania and Poland, serving a population of approximately 46 million people. Coca-Cola HBC Poland and Baltics offers a diverse range of non-alcoholic ready-to-drink beverages in the sparkling, juice, water, sport, energy, tea and coffee categories.	<b>38.3</b>	<b>NA</b>
<b>SIA Lāči</b>	Bakery LĀČI is a Latvian company founded in 1993. It uses handmade, high-quality raw materials, baking bread according to old traditions.	<b>7.9</b>	<b>NA</b>

<b>AS Dobeles Dzirnavnieks</b>	Latvia's largest food producer AS "Dobeles Dzirnavnieks", has almost doubled its turnover over the past five years, reaching 170.1 million euros in 2020, which is 31% more than a year earlier. Last year, export turnover also increased by 48%, reaching a new record – 116 million euros. In 2020, 288,000 tons of grain were processed in the production facilities of "Dobeles Dzirnavnieks". In five years, the amount of processed grain has increased by 100,000 tons. Thanks to the new organic food infrastructure, this year it is planned to process three times more organic grain than three years ago.	<b>170.0</b>	<b>NA</b>
<b>AS "Rīgas Dzirnavnieks"</b>	Rich in traditions and knowledge, A/S "Rīgas Dzirnavnieks" is currently one of the largest grain processors in the Baltic States, which produces and exports high-value industrial and consumer products – all types of wheat, rye and oat flour, flour mixtures, cereal flakes and other products under the brand name Hercules.	<b>23.9</b>	<b>NA</b>
<b>SIA Nutricia</b>	The company produces essential dairy and plant-based products, early-life nutrition, medical nutrition and waters, building on a unique health-focused portfolio that allows it to be a key player in the food revolution.	<b>19.0</b>	<b>NA</b>
<b>SIA "Grow Bite"</b>	Grow Bite (former name Sla Raw Bite) was established in 2015 to produce premium-quality raw food with the method of dehydration. The first products launched were various crackers, roll-ups and cookies. The company spent more than five years developing competency and experience in organic food processing. Throughout this period several new product lines were launched and the production capacity has increased tenfold. All products are handmade with exquisite taste flavours to match the sophisticated requirements of today's customer. The company produces products and offers them under the brand PROSVEGO. Apart from its own brand products, the company manufactures food for various other customers under a private label.	<b>0.3</b>	<b>NA</b>
<b>SIA Kronis</b>	SIA KRONIS is a company from Bauska that produces more than 140 products for a wide range of customers: ready soups, pesto, tinned food, juices, nectars, salads, jams, porridges, sauces and even sweets — cranberries in powdered sugar. The products have found adherents both in Latvia and abroad — in Lithuania, Estonia, Ireland, Israel, Poland and Russia. The company was founded in 1964 but was given the name Kronis in 1996. In 2010, the company started to produce products of the premium brand Rundāle. The company also ensures the production of private trademarks.	<b>3.0</b>	<b>3.4</b>

## 2.2. Public institutions

The government of Latvia actively works in the field of support for the agrifood sector. Areas of expertise for the Ministry of Agriculture of the Republic of Latvia are:

- Agriculture
- Animal health, welfare and breeding
- Fisheries and aquaculture
- Forestry
- Common Agricultural Policy and rural development
- Trade and market surveillance
- Climate change, bioeconomy and sustainable use of resources
- EU and international affairs
- Research and education

### **The Ministry of Agriculture of the Republic of Latvia**

<https://www.zm.gov.lv/en/>

The Ministry of Agriculture of the Republic of Latvia is the main governmental institution responsible for the sector of agriculture, food, forestry and fisheries. Its main objective is the formation and implementation of strategies and policies in the aforementioned areas. The mission of the Ministry is to contribute to sustainable food and non-food systems. The Ministry develops a legislative framework related to food production, ensuring food safety and animal welfare, promoting the development of human resources and rural resilience, as well as providing preconditions for sustainable management of the natural resources of Latvia.

### **The State Animal Breeding Information and Data Processing Centre (VCIDAC)**

<https://www ldc.gov.lv/en>

The State Animal Breeding Information and Data Processing Centre (VCIDAC) is a state institution under the supervision of the Ministry of Agriculture that was established in 1997 to aggregate, process and analyse zoos' technical, veterinarian and agricultural information in the Latvian Republic with the goal of creating a whole-state animal and herd register, a pedigree information system in compliance with international requirements.



### **Latvian Federation of Food Companies**

<https://www.lpuf.lv/node/1317>

The Latvian Federation of Food Companies (LFFC) is the only multisectoral NGO of the Latvian food processing industry that unites food companies and professional associations, represents food producers in state and non-governmental organizations, defends the interests of its members in the process of drawing up national and international standard acts, and provides informational support to LFFC members. The federation unites companies that hold more than 60% of the whole Latvian food production market. It represents industry associations and several dozen big, middle-sized and small businesses. The LFFC sees its goal in successful and sustainable development of the food processing industry in Latvia and high competitiveness of Latvian food producers in foreign markets.

### **Institute of Agricultural Resources and Economics (AREI)**

<https://www.arei.lv/en>

The Institute of Agricultural Resources and Economics (AREI) is the leading institute for research on crop breeding and rural economics, with its history of more than 100 years. AREI scientists have focused on crop breeding and research on various crop management technologies, and carried out studies on crop quality, as well as the development of sustainable rural areas. Moreover, AREI has provided economic analysis for the agricultural, food production and fisheries sectors. AREI activities have been performed in four locations in Latvia, which makes it possible to organize research into various environments.

### **Institute of Food Safety, Animal Health and Environment (BIOR)**

<https://bior.lv/en>

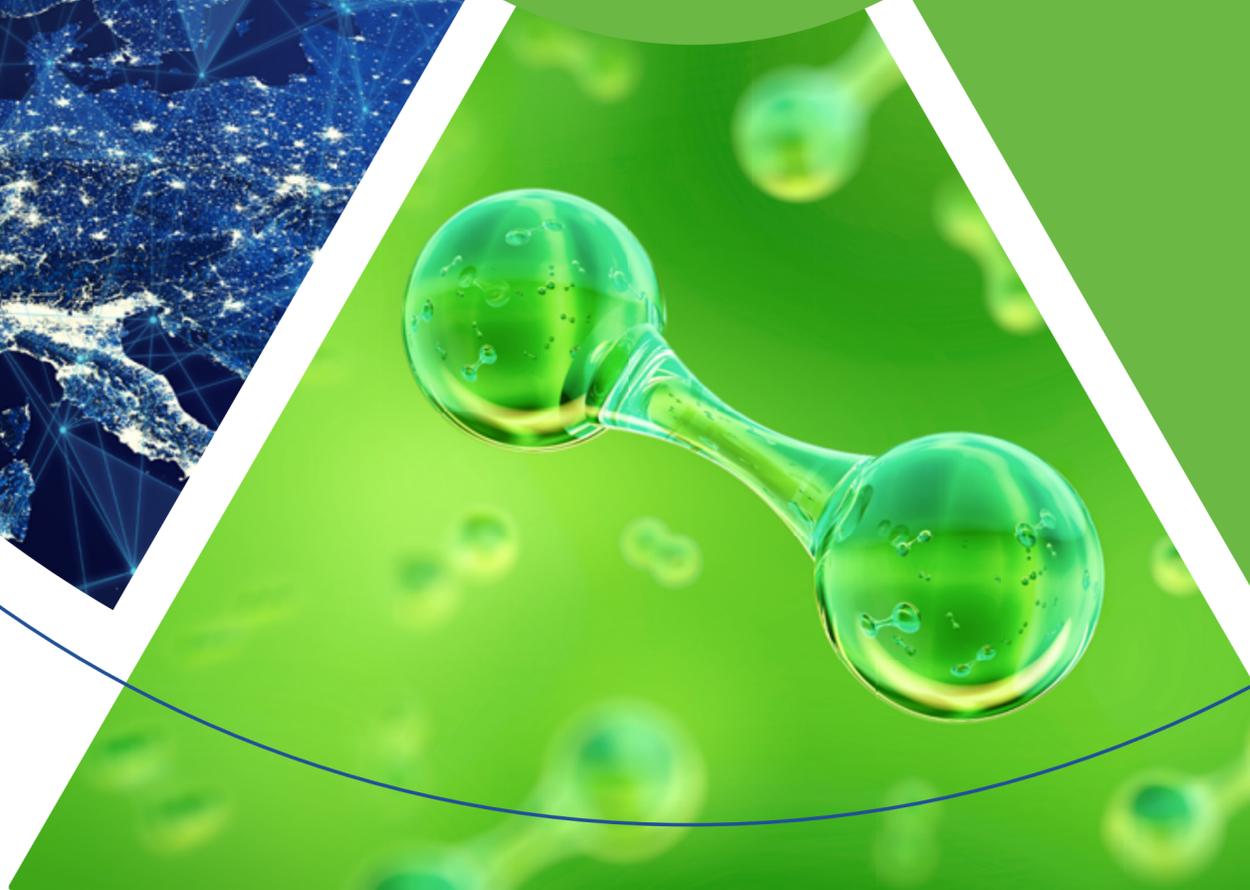
### **Latvian Institute of Aquatic Ecology (LIAE)**

<https://www.lhei.lv/en/about-liae>

The Latvian Institute of Aquatic Ecology (LIAE) is a research institute dedicated to basic and applied research of ecology and environmental problems in the Baltic Sea. Most of our work focuses on the Gulf of Riga and the Latvian part of the Baltic Proper, where we are also responsible for marine environmental monitoring.



# AGRIFOOD ECOSYSTEM



## 3.1. Funding opportunities for agrifood start-ups

New and existing entrepreneurs can take part in challenge-based hackathons and dedicated acceleration programmes, and seek financial support from the Latvian government and various VC funds, as well as those organized by leading economic support agencies.

Name of opportunity/ investor/ organisation	Type of support <small>(venture capital [VC] funding, angel investors, government funding, EU funding, startup loans, incubator/accelerator funding, competition with prize money, etc.)</small>	Short description <small>of opportunity, target group (vertical and stage), eligibility requirement, and funding amount or average ticket size</small>	URL	Timeline <small>(application deadline, important dates, etc.)</small>
<b>LATBAN</b>	Private investments/ syndicate investments	Private investments into early-stage start-ups and scale-ups. Equity and loan investments, private investments up to EUR250,000, syndicate investments up to EUR750,000.	<a href="https://latban.lv/en">https://latban.lv/en</a>	Continuous applications
<b>Commercialization reactor</b>	Acceleration programme/ equity/venture capital	DeepTech acceleration programme and pre-seed and seed investments. Invests up to EUR50,000 per start-up during the acceleration programme (pre-seed investment). It can be supplemented with a follow-up seed round of up to EUR250,000 after the acceleration stage.	<a href="https://commercializationreactor.com">commercializationreactor.com</a>	New call in 2023
<b>Imprimatur capital</b>	Equity/venture capital	Pre-series investments for verified business model ready to scale globally. Invests in ambitious founders with an early-stage tech start-up based in the Baltic Sea region.	<a href="https://www.icfm.lv/">https://www.icfm.lv/</a>	Continuous applications
<b>Buildit</b>	Acceleration programme/ equity/venture capital	Buildit is an accelerator that supports hardware and IoT start-ups in turning an idea into a tangible, market-worthy product. Must have an MVP or working prototype. Pre-seed investment up to EUR50,000 as a convertible loan. Leading or joining the seed round with investment up to EUR250,000. Workspace in the city centre.	<a href="https://www.buildit.lv/">https://www.buildit.lv/</a>	New call in 2023

<b>Overkill Ventures Fund</b>	Acceleration programme/ equity/venture capital	Invests in B2B tech start-ups in CEE & Nordics. Invests as early as angel investors do, however, have the resources, know-how and network to help start-ups get to product-market fit and scale from there. Up to €220K in pre-seed funding. Tailored coaching to get to product-market fit.	<a href="http://www.overkill.vc/">www.overkill.vc/</a>	Continuous applications
<b>FlyCap</b>	Equity/venture capital	Healthcare, B2b, IT, export-oriented manufacturing, environmentally friendly companies and CO2 reduction projects. Investments in companies with a positive cash flow, turnover of more than EUR1 million.	<a href="https://www.flycap.lv/">https://www.flycap.lv/</a>	Continuous applications
<b>ZGI Capital</b>	Equity/venture capital	ZGI Capital has invested in metalworking, food industry, woodworking, logistics, IT, engineering, retail, service exports and more. 0.5–5 mln investment per company.	<a href="https://www.zgi.lv/offer/">https://www.zgi.lv/offer/</a>	Continuous applications
<b>Livonia partners</b>	Equity/venture capital	Invests in expansion stage (growth), ICT sector companies. Invests in successful companies in the Baltic region and beyond that shows an enterprising spirit and strong growth potential. Small to medium in size, they typically have an enterprise value in the range of €10 million to €100 million.	<a href="http://www.livoniapartners.com/">www.livoniapartners.com/</a>	Continuous applications
<b>AFI ALTUM</b>	Loan/guarantee	ALTUM is a state-owned development finance institution that offers state aid for various target groups with the help of financial tools (such as loans, credit guarantees, investing in venture capital funds, etc.). ALTUM develops and implements state aid programmes to compensate for the market's.	<a href="https://www.altum.lv/en/">https://www.altum.lv/en/</a>	Continuous applications
<b>LongeVC</b>	Equity/venture capital	Supports early-stage biotech and longevity-focused founders on their way to gaining industrial momentum, raising capital and growing to become the shapers of tomorrow's biotech industry. Funds pre-seed ventures with already formed teams and MVP concepts in need of initial capital injection and insider's industrial expertise.	<a href="https://www.longegenesis.com/">https://www.longegenesis.com/</a>	Continuous applications

### New Nordic Ventures

Invests in seed stage B2B software start-ups founded by experienced founders from CIS or CEE region (incl. digital sustainable agriculture solutions).

<https://newnordic.vc/>

Continuous applications

### BAD ideas fund

Angel investor syndicate investing €50 – €100K tickets in post-MVP start-ups in CEE.

<https://badideas.fund/>

Continuous applications

## 3.2. Local incubators and accelerators that support agrifood start-ups

### LIAA Technology Business Centre

<https://www.liaa.gov.lv/en/about-technology-business-center>

The LIAA Technology Business Centre (TBC) welcomes young professionals, scientists and students to help them experiment safely, meet mentors in their field and provide opportunities to network with like-minded business idea developers. TBC's absolute priority is to validate the assumptions that are most important in order to speed up the learning process and increase the potential demand for it. The TBC team implements hackathons, various seminars, idea workshops, networking seminars to attract new business idea developers, promote the creation and development of innovative business, transfer international experience and achieve TBC goals.

### LIAA business incubators

<https://www.liaa.gov.lv/lv/biznesa-inkubatori/par-projektu>

LIAA business incubators provide support for business start-up and development for natural persons and newly established merchants. The project, created jointly by the European Union and the Latvian state, has been implemented since 2016. Eleven regional business incubators and nine support units operate throughout Latvia, as well as the Creative Industries Incubator in Riga, which specializes in providing support to creative industry companies.

### The pre-incubation (PINK)

programme is a six-month-long free programme for individuals with business ideas. The programme is offered by 13 incubators throughout Latvia. Within the programmes, business idea authors have three tasks:

- Find product/market fit
- Ascertain the sustainability of the business model
- Calculate the necessary financial resources and employee quantity required.

Identify where those resources can be found.

## Incubation (INK)

is meant for those companies that have been in business for no longer than three years. Throughout Latvia there are 13 LIAA business incubators that implement the INK programme. One of those that's located in Riga specializes in supporting ideas within the creative industries. Creative industries include architecture, design, film, performance art, visual art, music, publishing, television, radio and interactive media, advertising, gaming and interactive software, culture, cultural education, leisure, entertainment and more. During incubation, participants receive a variety of consultations, including from mentors that are known within the industry, an opportunity to attend seminars, access to the co-working space and community, as well as financial support. The INK programme lasts four years or as long as the participant has attained their development goals.

## Kurzemes Biznesa Incubators

<https://www.kbi.lv/home/>

The SIA Kurzemes Biznes incubator was founded in 2008 with the aim of promoting business development in Kurzeme. Provides business management consulting and services to small and medium-sized enterprises in the region, as well as promoting the development of the business environment in Kurzeme. Offers accounting, digital marketing, financing and premises rental services in Liepaja and the Liepaja region.

## RTU Science and Innovation Centre

<https://www.rtu.lv/en/research/science-and-innovation-centre>

The best-equipped prototyping workshop in the Baltic States. The Centre develops students' innovation and entrepreneurial capacity, promotes knowledge transfer processes, offers services to entrepreneurs and scientific institutions, and actively gets involved in local and international innovation ecosystems. The goal of the Centre's activities is to ensure implementation of the RTU strategy and sustainable valorization goals and growth by promoting scientific activities and the involvement of academic staff and students in innovation and knowledge transfer processes, as well as by developing cooperation with industry and scientific institutions.

- Design Factory – to develop the innovative thinking of students, as well as their creative and entrepreneurial skills, the Design Factory, which is part of the Design Factory Global Network, has been operating at RTU since 2016. It has an open-type workshop, «theLAB».
- Innovative Product Development Unit – a team that manages to effectively create innovative high-added-value products by combining powerful intellectual and technical resources.
- Innovation Ecosystem Development Unit – implements local and international education, business support, research and networking programmes, including activities of the Knowledge and Innovation Communities of the European Institute of Innovation and Technology.
- Scientific Equipment Unit – ensures efficient and expedient use of scientific infrastructure and its development, including the management of the UseScience database, and organizes activities of the supercomputing or HPC Centre.

## University of Latvia Innovation Centre Lumic

<https://www.lumic.lu.lv/en/about-us-1/>

This is the only Microsoft innovation centre in the Baltics. It calls for gathering and cooperation between representatives of various industries, entrepreneurs, ICT professionals, public-sector representatives, researchers, students and pupils to jointly create innovative solutions, promote digital transformation in Latvia and strengthen Riga's position as the centre of the Baltic region and an innovation city. The Innovation Centre is accessible to anyone interested in innovation and technology. By developing and promoting various networks, the Innovation Centre has become a local innovation platform and business centre.

The Innovation Centre operates in two main directions:

- Implementation of innovative cross-sectoral ICT projects with a focus on cloud technologies, the Internet of Things and artificial intelligence solutions
- Promotion of ICT education and support for training of new specialists.

## Ventspils High Technology Park (VHTP)

<https://www.vatp.lv/en/par-mums>

Ventspils High Technology Park (VHTP) was established in February 2005 with the goal of managing territory and physical infrastructure owned by the establishment and organizing events in order to promote the development of high-technology fields in Ventspils and the surrounding region. VHTP has several founders, including Ventspils Free Port Authority, Ventspils University College, the "Latvian Electrical Engineering and Electronics Industry Association" and the "Association of Mechanical Engineering and Metalworking Industries of Latvia".

### 3.3. Contact details for the hub organization

**Alina Dolmate**

EIT Food Hub Latvia  
Innovation Ecosystem Development Division  
RTU Science & Innovation Centre

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# HOW TO SET UP A COMPANY IN LATVIA



4



## 4.1. Setting up a legal entity in Latvia

**“Latvia is a pool of talents whereby you can find world class award-winning professionals in every field. Located in the middle of Baltic region, our capital city Riga is increasingly becoming the point of connection in the region. Every year it welcomes VC's, investors, entrepreneurs and speakers from all over the world to two of the biggest startup ecosystem business festivals in the region. The market is small enough to test and launch an idea, but big enough to access the entire Baltic region market. Among Agri-Food sector innovations, we experience an increase in plant-based alternatives to dairy, which traditionally is very commonly used in Latvia. The accessibility to various grants and fundings for new Agri-Food startups is boosting the innovation process among students-entrepreneurs and early-stage startups. Food Tech related hackathons and conferences are taking place annually to celebrate the innovation in food industry towards greener, more sustainable and healthy future. In fact, I am confident that we have one of the strongest connections between food technologists and entrepreneurs, facilitated by academic researchers and scientists. You can see it in the food innovations we have created!”**

Māra Lieplapa, Co-Founder & CEO at PLŪKT

A register of companies in Latvia is maintained by the Latvian Enterprise Register. The Register of Enterprises of the Republic of Latvia registers companies, traders, their branches and representative offices and changes in their founding documents, and carries out other activities provided for in legislation. The Register of Enterprises also registers mass media, associations and foundations, commercial pledges, controlling interests, public-private partnership agreements and matrimonial property agreements, political parties, arbitration bodies, trade unions, religious organizations and religious institutions, and insolvency proceedings. The most common form of business is SIA. The necessary time for establishing a Latvian business is no longer than one week if all the required documents are submitted on time.

### Options to register company or merchant

- Limited liability company (SIA)
- Stock company (AS)
- Sole trader
- Branch of a foreign company
- Branch of a merchant of a member state
- European company (SE)
- European economic interest grouping

### Organization

- Association
- Foundation
- Foreign representative office

## 4.2. Opening a limited liability company (SIA)

Although the formalities have been significantly simplified in the last few years, a number of required steps and procedures still need to be completed in order to establish a fully operational limited liability in Latvia.

### STEP 1

#### Choice of a company for the preparation and submission of registration documents

A register of companies in Latvia is maintained by the Latvian Enterprise Register. Like all other state institutions in Latvia, the Latvian Enterprise Register accepts documents only in Latvian. Therefore, most likely you will need to use the professional services of a law office or a company that specializes in company registration and accounting services.

### STEP 2

#### Choice of a way of signing the registration documents

Signatures on some registration documents should be approved by a sworn notary. You can sign documents by personally coming to Latvia. When submitting documents in paper format, it is necessary to certify the signatures on the following documents: application form KR4, members' register compartment, approval of the member of the board to take office (if consent is not included in the application).

Signatures may be certified as follows:

- a sworn notary;
  - in the Orphan's Court, after the declared place of residence (if the person has a personal identity number of the Republic of Latvia), if there is no notary in the county, county city or county parish;
  - when signing documents with a secure electronic signature and time stamp.
- Where a document is to be signed by more than one person, it may be provided electronically only if all the signatories have an electronic signature.

## STEP 3

### Choice of the amount of share capital and the payment method

As a part of a company registration document package a share capital payment notification needs to be submitted. The minimum share capital for a limited liability company in Latvia is EUR2,800. Share capital can either be paid in full before submission of the registration documents or 50% can be paid before the document's submission, and the remaining 50% can be paid during the year after the company's registration. In some cases, you may need to register a company with full share capital.

## STEP 4

### Choice of a legal address

As in most countries, in Latvia every company needs to have a registered address that is included in the application for company registration, i.e. a legal address. In Latvia, the property owner's legal consent is required for using the property as a legal address. Most of the companies that provide company registration services in Latvia, us included, provide legal address rent.

Both commercial real estate and a house or an apartment can serve as a legal address. The registered office of the company shall be the address entered in the Commercial Register that the company uses for official communication. The management board of the company must ensure that correspondence is received at the registered office of the company.

- The registered office must coincide with the address entered in the State Address Register. Verification of the free address in the kadastrs.lv Information System of the State Address Register;
- an address may only be registered in a building or group of premises (apartment), it cannot be registered in a property consisting solely of land;
- if the immovable property consists of several groups of premises, it is necessary to indicate the exact number of the group of rooms in which the registered office is registered;
- the application must certify that the company is attainable and has a legal basis to be at the designated legal address.

## STEP 5

### Choice of a company name

Sometimes it is hard to choose a good name for a company. From a legal point of view, it is important to know that the name of a Latvian company should meet the following requirements.

The name or “firm” means the name of the merchant entered in the Commercial Register, which it uses in commercial activity, for closing transactions and signing:

- includes a reference to the type of merchant “limited liability company” or its abbreviation “SIA”, which is included at the beginning or end of the name;
- uses Latvian or Latin letters;
- digits may be used;
- punctuation marks (full points, commas, colons, quotation marks, etc.) may be used;
- the use of five symbols, namely &, @,%, +, and =, but other symbols are not allowed;
- the names of state or local government authorities (authorities) and the word “state” or “local government” may not be included;
- the words “Republic of Latvia” and their translation into a foreign language may not be included;
- misleading information about the form of commercial activity may not be included, such as the terms “AS”, “EVERY”, etc.;
- the use of a name containing uncensored words and ambiguous terms (contrary to good virtues) shall not be permitted;
- if the name of the administrative territory or the populated area is included, the “firm” or the name must not coincide with the name of the relevant administrative territory or settlement; it is necessary to include additional words, letters or numbers in the name;
- cannot coincide with an already registered trademark or part thereof. Inspect the applicant for registered trademarks of the Patent Office;
- the name of any entity already registered in the Enterprise Register or applied for for registration cannot be matched. Check the name in the search of registered entities (companies, merchants, organizations). The use of punctuation, spaces and upper- or lower-case letters shall not be considered to differ sufficiently from another name.

## STEP 6

### Registration as a VAT payer

Most likely, registration as a VAT payer will be for your benefit or even obligatory. Application for the company registration as a VAT payer can be submitted together with company registration documents. If the company wishes to apply for the status of a value-added taxpayer, an application for registration in the register of persons subject to value-added tax may be submitted to the Enterprise Register at the same time as the application for registration in the Commercial Register.

- NACE classifier;
- more information on the website of the State Revenue Service.



## STEP 7

### Submission of the registration documents

After all the documents have been prepared and duly signed, the company that will help you with company registration in Latvia will submit the documents to the Latvian Enterprise Register.

#### Documents to be submitted:

- application form KR4 (to be certified by signatures – or notarized or by a secure e-signature to be submitted electronically);
  - a decision on the establishment of a contract of incorporation;
  - the statutes;
  - a bank statement or other document regarding the payment of the fixed capital (if the fixed capital is paid in cash);
  - an opinion on the value of the investment (if the fixed capital is paid by the capital);
  - the division of the register of participants (to be certified by signatures – or notary, or by a secure e-signature to be submitted electronically);
  - the consent of each member of the council to take office (if established by the Council);
  - the consent of each member of the management board to take office if the consent is not included in paragraph 11 of the application form KR4 (to be certified by signature – or notary or by a secure e-signature to be submitted electronically);
  - a statement of the registered office of the management board containing a statement that the company is reachable and has a legal basis to be at the designated legal address. The statement shall indicate the designation of the cadastre of the building, room or apartment (mandatory if the application is not signed by the management board);
  - for a third-country national (alien) who has a legal relationship with Latvia on the basis of which mutual rights and duties in the field of commercial activity and taxes are formed or have been established, but has not been granted the personal identity code of the Republic of Latvia, a questionnaire for the inclusion of information in the Register of Natural Persons (to be signed by the third-country national with a secure electronic signature in order to submit electronically; this document shall not be submitted);
  - a receipt or a copy thereof, or a printout of an online bank payment, or information regarding the payment of the state fee.
- The documents must be completed/drawn up in Latvian.

**The state fee** must be paid before the application for registration is submitted. Registration shall be made only after the Enterprise Register can make sure that the state fee is credited to the Treasury account. Payment of the state fee may be effected by means of a transfer to any bank two days prior to the submission of documents electronically or by post.

- Registration within –one to three working days: state fee for registration of one founder SIA – EUR75,00
- Registration within three working days: state fee for registration of two or more founder SIAs – EUR75,00
- Registration within one working day: state fee for registration of two or more founder SIAs – EUR225,00

## STEP 8

### Opening a bank account

If you choose to register a company with normal share capital, before submission of the registration documents you will need to open a temporary bank account and pay in share capital. After the company is registered, you will need to go to the bank in order to transform the temporary bank account into an ordinary current account and receive codes for remote access to Internet banking. According to the standard procedure, the company's member of the board needs to personally visit the bank in order to identify themselves, fill in required documents and receive remote access codes. We managed to agree with some banks that all these formalities can be completed at the same time as when opening a temporary bank account so that there is no need to visit the bank for the second time.

## 4.3. Opening a branch of a foreign entrepreneur

The branch of a foreign merchant must be registered in the Enterprise Register in order to enter into business.

### Documents to be submitted:

- [application form KR7](#);
- a document attesting to the registration of the merchant in the relevant foreign state or a notarial certified copy of such a document, if the state law of the location of the merchant provides for the entering of the merchant in the register;
- permit for the opening of a branch, if provided for by the law of the foreign state concerned;
- a notarial certified copy of the articles of association, the contract of incorporation or the document equivalent thereto of the merchant;
- a document attesting to the authorization of a person to represent a foreign merchant in all activities related to the branch, and the amount of such authorization;
- a receipt or a copy thereof, or a printout of an online bank payment, or information regarding the [payment of the state fee](#).

For each document issued or signed by a foreign public authority (the document regarding the registration of a foreign merchant in a foreign state, the authorization to open a branch, a copy of the articles of association or the contract of incorporation), it is necessary to add a notarial certified translation in Latvian.

The state fee must be paid before the application for registration is submitted. Registration shall be made only after the Enterprise Register can ensure that the state fee is credited to the Treasury account.

Payment of the state fee may be effected by means of a transfer to any bank two days prior to the submission of documents electronically or by post.

- Registration within three working days: EUR30,00
- Registration within one working day: EUR90,00

## 4.4. Required permits for agrifood businesses

Anyone wishing to enter into the agrifood business in Latvia needs to know that certain regulations and requirements are set. For example, food and beverage production companies must register with the [Food and Veterinary Service](#).

**Food quality schemes** – An increasingly greater role is attributed to facilitating access to a qualitative locally produced food on the local market and supporting producers, engaged in food quality schemes, as well as to increasing the share of local goods and services in public procurement tenders.

Producers have the opportunity to participate in the national food quality scheme or in any other EU food quality schemes:

- Organic Agriculture scheme;
- Protected Geographical Indication scheme;
- Protected Denomination of Origin scheme;
- Guaranteed Traditional Specialties scheme;
- National Quality scheme.



## 4.5. Organizations providing support in setting up company in the hub country

### LIAA

The goal of the Latvian Investment and Development Agency (LIAA) is to help companies grow, starting from a good and promising idea up to world-class recognition in export markets. LIAA offers support to entrepreneurs looking for markets abroad and invites them to use the services offered by the agency – establishing new contacts at trade missions, national stands, contact exchanges, individual visits and attending export seminars. In the field of investment attraction, LIAA promotes the development of regulatory acts favourable to business development, as well as advocating a stable tax policy, the availability of qualified labour, infrastructure and support tools, such as:

- Startup visa <https://startuplatvia.eu/startup-visa>
- LIAA Technology Business Centre <https://www.liaa.gov.lv/en/liaa-technology-business-center>
- Business incubators <https://www.liaa.gov.lv/lv/programmas/biznesa-inkubatori>
- Business incubators <https://startuplatvia.eu/magnetic-latvia-business-incubators>
- Start-up support programme (start-up law) <https://startuplatvia.eu/startup-law-benefits> / <https://www.liaa.gov.lv/lv/programmas/jaunuznemumu-atbalsta-programmas>
- Support programmes <https://www.liaa.gov.lv/lv/programmas>

<https://www.liaa.gov.lv/en>

<https://www.liaa.gov.lv/en/invest-latvia/business-guide>

### RAS

The Rural Support Service (RAS) is the state's direct administrative institution and is responsible for the unified implementation of the state and European Union (EU) support policy in Latvia, monitors the observance of regulatory acts in the field of agriculture and performs other functions related to the implementation of the agricultural and rural support policy.

<https://www.lad.gov.lv/lv/>

<https://www.lad.gov.lv/en/state-eu-support/investment-measures/>

### Latvian Startup Association “Startin.LV”

The Latvian Startup Association “Startin.LV” is a non-profit, non-government organization, established in 2016 in a grass-roots movement to unite the voices of Latvian start-ups, develop the start-up community and facilitate mutual understanding within the start-up environment. To date, Startin.LV has evolved as one of the leading Latvian start-up ecosystem development organizations, with 100+ members united by the shared goal of economic growth through innovation and cooperation.

<https://startin.lv/>

# SOURCES

[Financial needs in the agriculture and agrifood sectors in Latvia, FiCompass Report, 2022 »](#)

[Food Industry in Latvia, Latvian Investment and Development Agency, 2022 »](#)

[Latvian Startup Guide »](#)

[Support programmes for Latvian Companies, Latvian Investment and Development Agency »](#)

[Company Register of Republic of Latvia »](#)

5