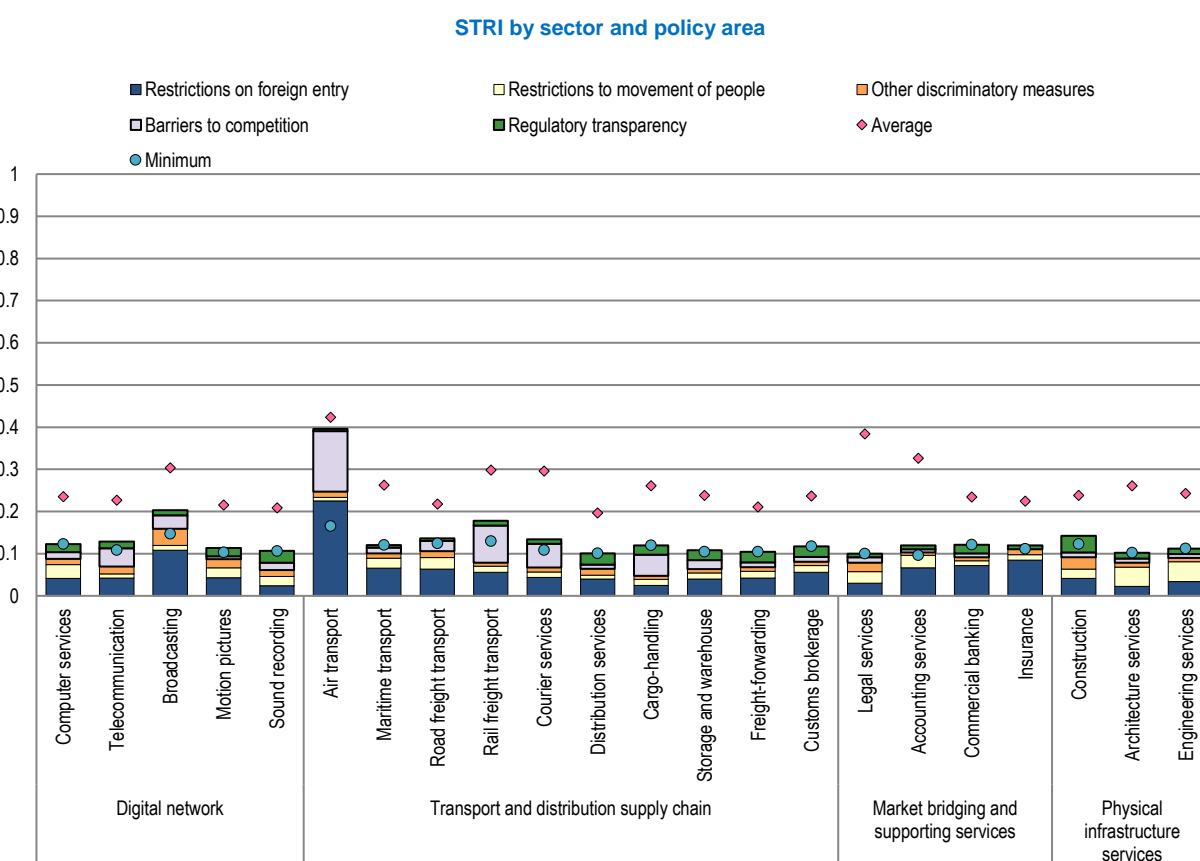


OECD Services Trade Restrictiveness Index (STRI): Latvia

Latvia exported services worth USD 6 billion and its services import value was USD 3 billion in 2017. Transport services are the largest services exporting and importing sector. Latvia's score on the STRI in the 22 sectors is shown below, along with the average and the lowest score among the 45 countries included in the STRI database for each sector.



Note: The STRI indices take values between zero and one, one being the most restrictive. They are calculated on the basis of the STRI regulatory database which contains information on regulation for the 36 OECD Members, Brazil, China, Colombia, Costa Rica, India, Indonesia, Malaysia, Russia and South Africa. The STRI database records measures on a Most Favoured Nations basis. Preferential trade agreements are not taken into account. Air transport and road freight cover only commercial establishment (with accompanying movement of people).

Horizontal policy measures

Latvia has a lower score on the STRI than the average in all sectors and it is among the most open countries to services trade in the sample of 45 countries in professional services, distribution, sound recording, and logistics services. Natural persons seeking to provide services in the country on a temporary basis as intra-corporate transferees are subject to wage parity requirements. For independent services suppliers, the duration of stay is limited to 12 months on their first entry permit. A minimum amount of capital must be deposited in a bank or with a notary in order to register a limited liability company. Latvia restricts natural or legal persons from non-EU countries from acquiring land in Latvia's border areas. The standards for cross-border transfer of personal data are set at the EU level. Transfers to non-EEA economies can take place when these ensure an adequate level of data protection or, in the absence of this, appropriate safeguards (e.g., binding corporate rules or standard data protection clauses) are in place. Finally, the mandatory period to publish adopted laws prior to entry into force is significantly less than best practice.

The sectors with the relatively lowest STRI scores

Legal services, accounting, and architecture services are the three sectors with the lowest score relative to the average STRI across all countries. These three sectors are affected mostly by the general regulatory framework. Sector-specific measures in legal services include regulated fees and limitations on advertising. A license is mandatory only for lawyers practicing as defence lawyers in criminal courts. International law is subject to horizontal regulations. Accounting services cover also auditing but only auditing is regulated. Majority of the board of directors in an auditing firm must be licensed professionals. To become a licensed professional in Latvia, foreign professionals are required to take a local examination. A license is required to provide architecture services in Latvia but qualifications gained abroad can be recognised.

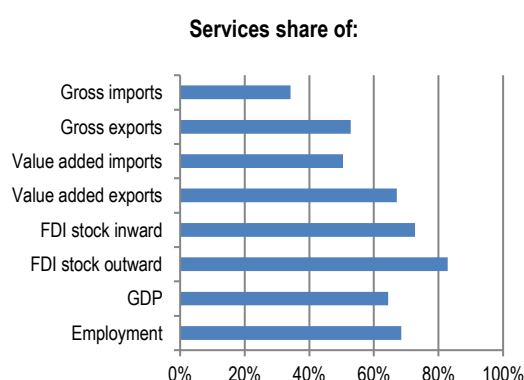
The sectors with the relatively highest STRI scores

Air transport, road freight transport and broadcasting services are the three sectors with the highest score relative to the average STRI across all countries. In all three sectors, however, the scores remain below the mean. In the air transport services sector, Latvia employs foreign equity restrictions as a result of common European Union (EU) regulation. Pursuant to this regulation, non-EU nationals cannot own more than 49% in Latvian airlines. Lease of foreign aircrafts with crew from outside the EU can be refused on grounds of reciprocity or conditioned on approval granted on the basis of economic needs. The EU-wide exemption of certain airline arrangements from competition law and regulations on airport slot allocation and slot trading further contribute to the score in this sector. Also the main air carrier is fully controlled by the government. Road freight transport is subject to EU regulation that requires EEA residence for the manager of a road transport operator and partly exempts road carrier agreements from anti-trust regulation. In broadcasting services in Latvia at least 51% of the weekly transmission time must be reserved for European audio-visual works. Moreover, broadcasting rights shall be granted in accordance with a tender procedure and only companies registered in EEA countries may participate. There is one major state-owned company in the sector and public electronic mass media companies shall not pay the State fee for the issue of a broadcasting permit.

Recent policy changes

The new EU General Data Protection Regulation (Regulation 2016/679) entered into force on 25 May 2018 providing a comprehensive update on the EU data protection regime. As of 2016, revised conditions, including on economic needs, apply for authorisations for the operation of storage facilities for the customs warehousing of goods pursuant to Regulation (EU) No 952/2013. As of January 2017, the fixed telecommunication market segment is deregulated.

Efficient services sectors matter



Services account for 53% of Latvia's gross exports and 67% in value added terms, indicating that Latvia's exports of goods rely intensively on services inputs. The services share in GDP is lower than in employment, indicating that labour productivity is lower in services than in other sectors. The information and communication technology revolution opens new opportunities for inclusive growth in a services economy like Latvia. Innovation and adoption of technology relies on access to knowledge and to the networks, people, goods and services that carry the knowledge around the world. In this context, Latvia could benefit from more open markets for services trade.

More information

- » Access all of the country notes, sector notes and interactive STRI tools on the OECD website at <http://oe.cd/stri>
- » Read more about services trade policies and their impacts in this publication: [Services Trade Policies and the Global Economy](#)
- » Contact the OECD Trade and Agriculture Directorate with your questions at stri.contact@oecd.org