

"Why they set up SSCs in Latvia?"

CYTEC

CYTEC: Global manufacturer
Cytec sought to locate a number of its regional and worldwide business operations in a cost-competitive SSC. Today, over 200 people are employed by the centre, including many graduates and undergraduates from Latvian universities.

Statoil Fuel & Retail

Statoil Fuel and Retail: Building on its established fuel and retail operations in Latvia, Statoil Fuel and Retail on 2011 developed a financial shared service centre to service company offices in eight countries. Currently business centre is employing around 300 people and expect to grow operations in future.

CABOT

Cabot Corporation: is leading global specialty chemicals and performance materials company based in Boston, Massachusetts, on June 2014 announced opening of a EMEA Business Services Center in Riga. Cabot plans to hire approximately 120 people, and the team will be responsible for managing Cabot's EMEA administrative business needs, such as accounting, credit and collections, accounts payable, purchasing, customer services, transportation, data management, IT and HR.

Why Riga?

"In 2010, Cytec established its global shared services centre in Riga, becoming one of the larger investors in the sector of service providers in Latvia. We primarily based our decision on **the availability of a good pool of talented, well educated and multi-lingual people**. Also we took into account that **Riga Airport provides fairly easy access into Cytec's locations** in Europe and North America. I am very pleased with the employees we've been able to attract, as well as with the office facility and the established operations," notes Egbert Boerrigter, Director (2010-2013) of the company's Shared Services Centre.

- **Availability of Talent** - with a population of 650.5 thousand /1,03 million (with suburbs), Riga is the largest city in the Baltic States, therefore it is also the heart of financial services in the region and a centre for education and knowledge-based industries. There are 25 universities in Riga, offering such specializations as finance, law, economics, among others. The enrolment rates in universities are among the highest in the world – 47 students per 1000 population. According to Eurostat, Latvia ranks the highest for the percentage of people per capital who speak at least one foreign language. Most popular foreign languages are English, Russian, and German, and there is a growing number of Scandinavian language speakers.
- **Excellent Accessibility** – with more than 80 direct flights, Riga International Airport handles 50% of all air traffic in the three Baltic countries. Regular direct flights include London, Leeds, Manchester, Glasgow and other major European and CIS cities.

Why Riga?

"Statoil Fuel & Retail chose Riga for several reasons: the city's accessibility, developed infrastructure, language skills and **overall economic considerations**," notes Morten Christensen, Director of the company's Shared Services Centre. "One main business driver was to standardise and simplify processes in the Finance & Control and HR areas. Secondly, we wanted to establish a shared service centre in one of the eight countries where we already conduct business today. Finally, **it was important to set up operations that are cost efficient**".

- **Agile and open economy** - over the last three years Latvia has been the fastest growing economy in EU with GDP growth rates of 4-5%. Ernst & Young forecasts that over the next 3-4 years, Latvia will continue to be the fastest growing Eurozone member. In 2014, Latvia ranked 24th globally for ease of doing business in the World Bank's survey, "Doing Business". The key principle is the equal treatment of foreign investors and domestic companies. Latvia has been a member of NATO and EU since 2004 and of the Schengen Area since 2007, enjoying all associated member benefits and duties. Additionally, Latvia is a full member of WTO, UN organizations, and the Eurozone. It is planned to join OECD in 2015.
- **Cost Efficiency** – according to 2013 Eurostat data, the average hourly labour cost in the EU was EUR 23.70 and EUR 20.9 in UK, compared to EUR 6.3 in Latvia. The significantly lower hourly labour costs are especially advantageous in such labour intense industries as shared service centres and outsourcing. Additionally, the total tax rate in Latvia is lower than that in the EU as well as when compared to the world average (PricewaterhouseCoopers), and at a flat rate of 15%, Latvia's CIT rate is among the lowest in Europe.

Why Riga?

"We are very pleased to be coming to Riga," Heather Ellis, Managing Director at Cabot Latvia said. "We chose Riga as the site for our new business services center because of Latvia's highly educated and skilled labor force, its **excellent information technology infrastructure**, and the Latvian **government's significant institutional support of foreign business investment needs**. We believe we will be able to provide our customers with industry-leading service from Riga."

- **World-class ICT infrastructure** - over the last decade, significant investments in ICT infrastructure development have resulted in strong internet speed performance, placing Latvia consistently in the Top 10 globally for highest average internet speeds.
- **Governmental Support** - companies interested to join Latvia's success have access to a "one-stop shop" for assistance in setting up their business - the Investment and Development Agency of Latvia (LIAA). A government agency, LIAA acts as a first point of contact for potential investors. LIAA enables efficient communication, cooperation and execution of tasks among a broad range of stakeholders (public and private) involved in investment projects. It also offers guidance and support throughout the investment process, from preparation and initiation, through implementation, to ongoing follow-up. All services are available free of charge.