



## **Weekly Briefing**

### **Latvia external relations briefing:**

### **World fairs as Latvia's Development Tool on the International Arena**

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# **World fairs as Latvia's Development Tool on the International Arena**

## **Summary**

*Latvia is going to take part in the influential world fairs Expo 2020 in Dubai and Expo 2025 in Osaka. This is a very important event for Latvian external relations, as it can attract foreign direct investment to the country, develop connections with the regions of the Middle East, East Asia and other parts of the world. Also, Latvia's participation in world-class exhibitions provides great opportunities for local business in terms of expansion and development, since World Expo brings together participants from all over the world. For the first time, Latvia's participation in Expo 2020 in Dubai will be organized by a non-governmental organization - the Latvian Chamber of Commerce and Industry.*

## **Introduction**

World Expo is the biggest world fair, providing opportunities for every country to show what it can bring into this world. Moreover, despite the chance to demonstrate the country's technological achievements this event helps to find partners on both economic and political grounds. A country may benefit from participation by attracting foreign investments, expanding local business abroad or attracting high potential entrepreneurs to the country. However, participation in World Expo is state-funded and is rather expensive, especially for such a small country like Latvia. For Expo 2020 Latvian government spent 4,2 million EUR; and the question remains whether the investments made will justify the goals and objectives that Latvia intends to achieve and how big will be the return of government spending to the national economy?

## **Overview of international fair – World Expo**

For 170 years, World Expos have given a stage to showcase the most exceptional innovations that have formed the world we live in today. The international exhibition Expo 2020 in Dubai, United Arab Emirates was originally planned for the period from October 20, 2020, to April 10, 2021, but due to the spread of Covid-19, the exhibition has been postponed and the new dates start from October 1, 2021, to March 31, 2022. Expo 2020 in Dubai will maintain that tradition with the latest technology from around the earth and Latvia will

participate in this major event. For Latvian external relations, it is an important moment as such influential fairs provide a possibility to get to know more about the country and business opportunities here as well as they help to find business partners on the different levels, starting from the small start-ups and finishing with multinational enterprises.

The Latvian Chamber of Commerce and Industry (LCCI), the largest business association in Latvia, and the Ministry of Economics have signed an agreement on organizing Latvia's representation at Expo 2020 in Dubai.<sup>i</sup> The organization of Latvia's participation in the exhibition is state-funded with the possibility to attract additional private funds to the country. Latvian government has earmarked 4.2 million EUR for a Latvian pavilion to be built in the Dubai. LCCI Board Chairman stated that all the money invested in Expo 2020 in Dubai returns to both Latvian entrepreneurs and the national economy.

This is the first time when the responsibility for the construction of the Latvian pavilion and the organization of the exposition is delegated to the LCCI - and the budget, respectively, too. Until now, the Latvian Chamber of Commerce and Industry has organized Latvia's participation in several Expo exhibitions - in 1992 in Seville (Spain), in 1993 in Daejeon (South Korea), in 1998 in Lisbon (Portugal) and in 2017 in Astana (Kazakhstan). Previously, Latvia had an unpleasant experience of participating in the World Expo, when a government institution was involved in the organisation, as it was associated with the theft of public funds or a scandal between the organizers on the Latvian side.<sup>ii</sup> Only Expo 2017 in Astana can be considered successful for Latvia. Therefore, it is not an unexpected turn that the Latvian government decided to delegate the whole event to the experienced non-governmental organization, which is not interested in corrupted actions.

### **Dubai 2020 & Osaka 2025: expositions Latvia will take part in**

Expo 2020 Dubai's motto is: *Connecting minds, Creating the future*. The sub-themes of the exposition are *Sustainability, Opportunity and Mobility*. In order to create the best concept of the Latvian Pavilion in accordance with the defined topic, a design competition was announced in Latvia, where representatives of creative industries were invited to participate in teams, including architects, marketing, finance and other specialists who considered the most innovative and attractive ideas for the Latvian representation and suggested more feasible projects to the jury. The best proposal was recognized as the project of the association of three companies under the name SOIL. The concept, spatial vision and realization of the Latvian exposition was developed by the association of DJA, SOLAVI and AD PRODUCTION. The

concept envisages a solution implemented in four dimensions, the central element of which will be peat as a unique Latvian material capable of linking the history of Latvia with present and future achievements.

Expo 2020 in Dubai promises to be a major event in the world. At the moment more than 190 countries have confirmed their participation. The organizers of Expo 2020 Dubai are already working on new and unprecedented ways to organize the exhibition, such as the creation of a dedicated innovation fund of 100 million euros to support various start-ups. One Latvian company has also received funding from this innovation fund.

Expo 2025 is planned in Osaka, Japan from April 13 to October 13, 2025, and will focus on following three main areas:<sup>iii</sup>

1. Saving lives - tackling infection and increasing healthy life span;
2. Empowering lives - creating education and employment in the epoch of AI and robotics;
3. Connecting lives - encouraging understanding among different cultures and bringing about innovations.

Latvia has been invited to participate in the exhibition, so the <sup>Foreign Economic Policy Coordination</sup> Council (Council) agreed that the Ministry of Economics, in co-operation with the Ministry of Foreign Affairs, should prepare an informative report on Latvia's participation in Expo 2025 for consideration by the Cabinet and further decision.<sup>iv</sup>

On February 4, the Cabinet of Ministers approved the proposal of the Ministry of Economics and the Investment and Development Agency of Latvia (LIAA) to create a strategic investment project “Green Channel”, the aim of which is to speed up administrative processes in order to ensure faster implementation of investment projects during the pandemic.

### **Main goals and expectations of participation in world fairs**

Latvia's participation in EXPO 2020 is aimed at promoting the recognition of Latvia in the Middle East region and in the world in general, as well as supporting Latvian entrepreneurs in establishing new cooperation.

This year, the story of EXPO Latvia will reflect three Latvian values that will be brought to life in the pavilion:

- Connection as the interaction of different cultures, transits, technologies and people;

- Challenges such as the ability to perform complex tasks quickly, efficiently and globally;
- Latvia as a testing and discovery platform where everyone can innovate in different market segments.

There are several **important reasons** for Latvia's external relations to participate in these major events. The first one is the **possibility to attract foreign investments in the country**, which is of the utmost importance for development of Latvia during the economic recovery after the Covid-19 pandemic. Foreign investment can also help improve the situation on the capital market in Latvia, as it is now the least developed market in Europe, but with high potential.

Another reason is **to present at the world exhibition the country's image**, which was developed in cooperation with state authorities and representatives of the private sector of Latvia. The idea is to involve Latvian entrepreneurs as much as possible.

Furthermore, participation in such an influential exposition could **attract more entrepreneurs and start-ups to Latvia**. According to global venture capital firm Index Ventures, Latvia is the most startup-friendly country in Europe and it is crucial to deliver this information on the international level.<sup>v</sup> It is important to mention that Latvia has a great infrastructure for start-ups and businesses and is open to people who would like to relocate and develop their business ideas in Latvia.

Finally, Expo 2020 in Dubai is a unique opportunity to **explore and implement innovative and useful solutions from participating countries in Latvia**. This opportunity may help inspire and develop the country in line with the latest global trends. In addition, it is possible to **find partnerships with foreign companies or business opportunities in interesting geographic regions and expand from a local company to an international one**.

## **Conclusion**

The question of whether the World Expo is worth 4,2 million EUR from the state budget remains open, as gains can only be analysed after the exhibition ends in 2022. However, the funds has already been invested, and now LCCI has to do everything possible to prove that Latvia's participation in this exposition is not worthless. Therefore, the outcome of Expo 2020 will directly influence expectations for Expo 2025 in Osaka. Potential benefits of a country's participation in world-class exhibitions include:

- Possibility to attract foreign investments in Latvia;
- Presentation of the country's image at the world fair;
- Attraction of entrepreneurs and start-ups from abroad;
- Establishing partnerships with foreign partners;
- Extension of Latvian business abroad;
- Implementation of innovative and useful solutions of the participating countries in Latvia.

Already in one year, it will be possible to draw the first conclusions and assess the feasibility and benefits of Latvia's participation in achieving the expected results.

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ii LSM.lv. (22.10.2019). Latvia must pick up pace to avoid another Expo fiasco. URL: <https://eng.lsm.lv/article/economy/business/latvia-must-pick-up-pace-to-avoid-another-expo-fiasco.a335915/>

iii Osaka-Kansai Japan EXPO 2025. (2021). Designing future society for our lives. URL: <http://www.expo2025.or.jp/attract/en/theme/>

iv Ministry of Foreign Affairs of the Republic of Latvia. (13.04.2021). The Foreign Economic Policy Coordination Council considers reports on Latvia's participation in expositions in Dubai and Osaka as well as on the 'Green Channel' for investment projects. URL: <https://www.mfa.gov.lv/en/news/latest-news/67787-the-foreign-economic-policy-coordination-council-considers-reports-on-latvia-s-participation-in-expositions-in-dubai-and-osaka-as-well-as-on-the-green-channel-for-investment-projects>

v Magnetic Latvia. (12.01.2021). Latvia ranked as the most start-up friendly country in Europe. URL: <https://labsoflatvia.com/en/news/latvia-ranked-as-the-most-startup-friendly-country-in-europe>