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Republic of Latvia

Current Issues in Construction Industry in Latvia

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The Market



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European Union Structural Funds financing

The total amount of the European Union Structural Funds and the Cohesion Fund for the planning period 2014 – 2020 (activities financing construction):

3 529 083 170 EUR



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The Market Players



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Statistics

- There are **5210** active construction merchants that are registered in the Construction Merchant Register.
- (*This year **879** construction merchants have been expelled from the Construction Merchant Register, which is more than previous year*)
- In 2014 **170** construction merchants have provided construction services outside the Republic of Latvia
- That is 3%



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Statistics

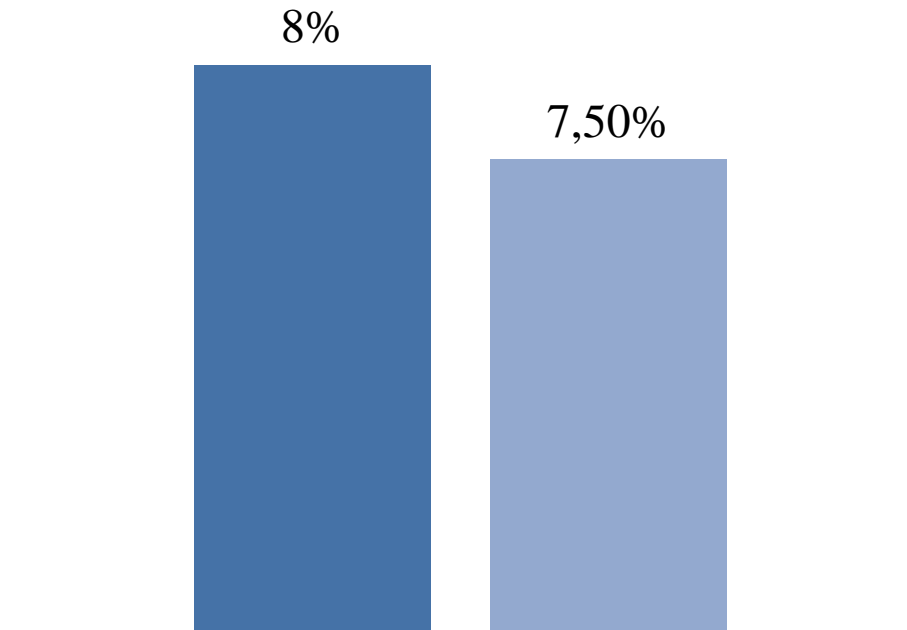
- **In 2014 the construction sector accounted 7% of the Latvian GDP and employed 7.4% of workers in the country (CSB).**

During the period of 8 months in 2015:

- Comparing to the corresponding period of 2014 the number of employed decreased by 5.4%;
- Number of all employers in construction sector worked in the country, is by 1.0% less than in the corresponding period of 2014.

- During the period of 10 months in 2015, budget revenues from the construction industry to tax payers were 212.12 million. euro. Comparing to the corresponding period of 2014 increase is 8.56 million. euro.

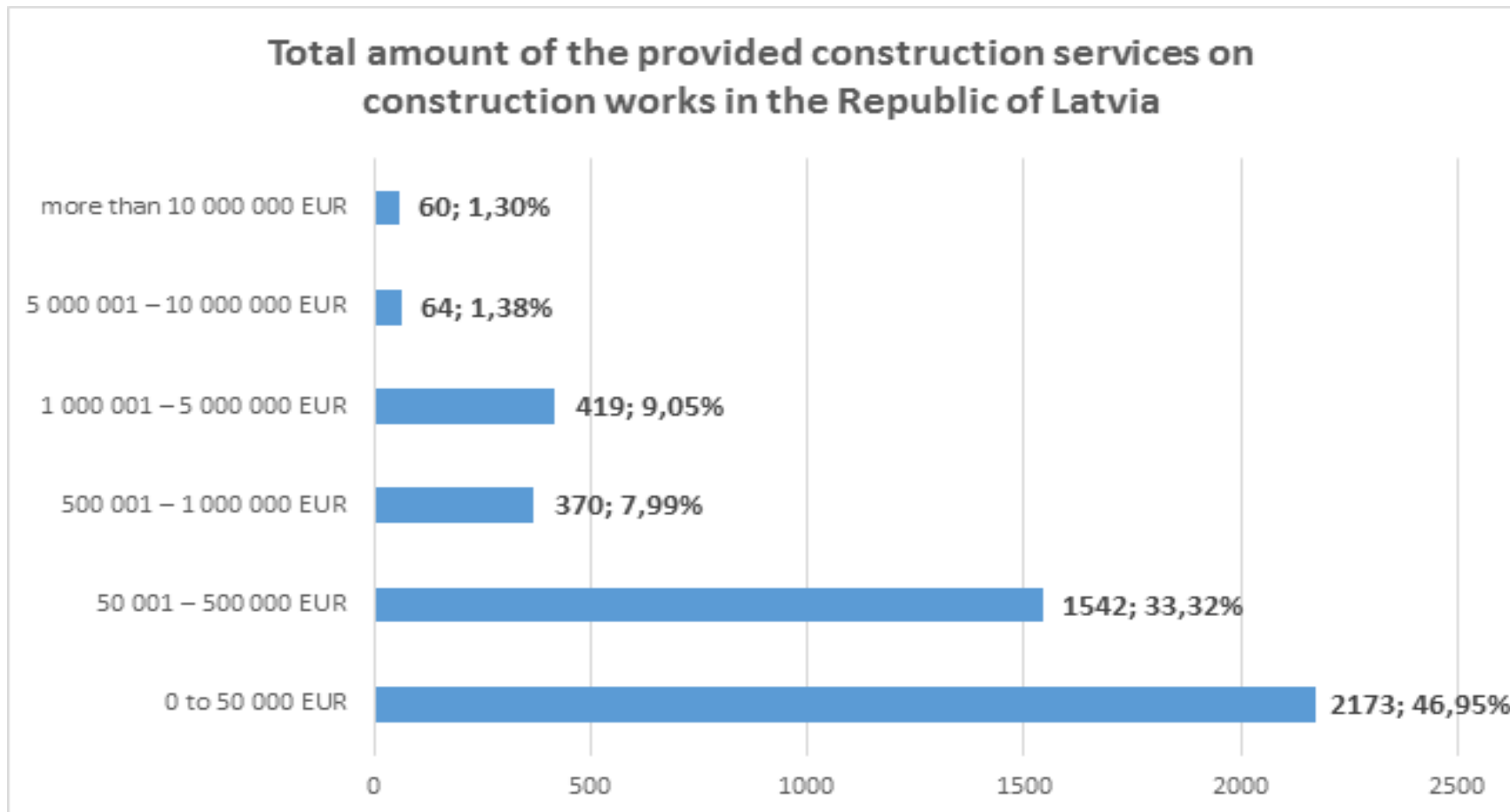
■ employees ■ employers





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Distribution of construction merchants by total amount of the provided construction services





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Foreign Construction merchant activities

In 2014 the amount of construction enterprises that provided construction works over 1 000 000 EUR has grown.

Total amount of the provided construction services EUR	Amount of construction merchants 2013	Amount of construction merchants 2014
50 000 – 1 000 000	136	109
1 000 000 – 10 000 000	28	41
10 000 000 and more	15	19



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Classification criteria of the construction companies

- **Criteria of the professional performance:** experience to pursue construction works of the graduated buildings within the 5 year period from the date of the classification; total turnover of the construction works within 3 year period from the date of the classification, experience of the company as a participant of the construction industry, number of professionally skilled employees within the 3 year period from the date of the classification, share of the construction services in the company's turnover.
- **Criteria of the economic and financial performance:** liquidity ratio, financial stability, ratio of the wages paid by the company compared to average salary of construction industry within the previous 3 year period, solvency, etc.
- **Criteria of the sustainability:** certified management systems of the quality, environment, occupational security and safety implemented in the company; participation in the business and employers membership organisations; awards received for the professional performance.



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The Decisions of the Market Players



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Building company, construction service providers

On the basis of State Revenue Service data there were 25348 construction service providers that worked in sector (including 16,392 legal entities), including:

- **7 927** are Value Added Tax payers;
- **5 112** are Micro-enterprise Tax payers



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Grey Economy

In the sector of construction is estimated to be at more than 40%



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Eurocode standards (demand)

From 1 June 2015 structural design in Latvia should be designed according to the Eurocode standards. There were 58 Eurocodes with amendments translated and registered into LVS system.

According to Standardization Bureau data since they published there were purchased following Eurocode standards:

- LVS EN 1990 "Eurocode - Basis of structural design", which is necessary to any other Eurocode standard were purchased:

Latvian – 10 ; English - 4; National Annex - 14

- Most purchased LVS EN 1993-1-1 "3. Eurocode - Design of steel structures - Part 1-1: General rules and rules for buildings:

Latvian – 7; English - 4; National Annex - 16



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Reading room of the standard

Latvian standardization Bureau (LVS) in cooperation with the
Ministry of Economics (EM) offers a remote access online to
more than 3000 construction standards
for the **construction merchants that are registered**

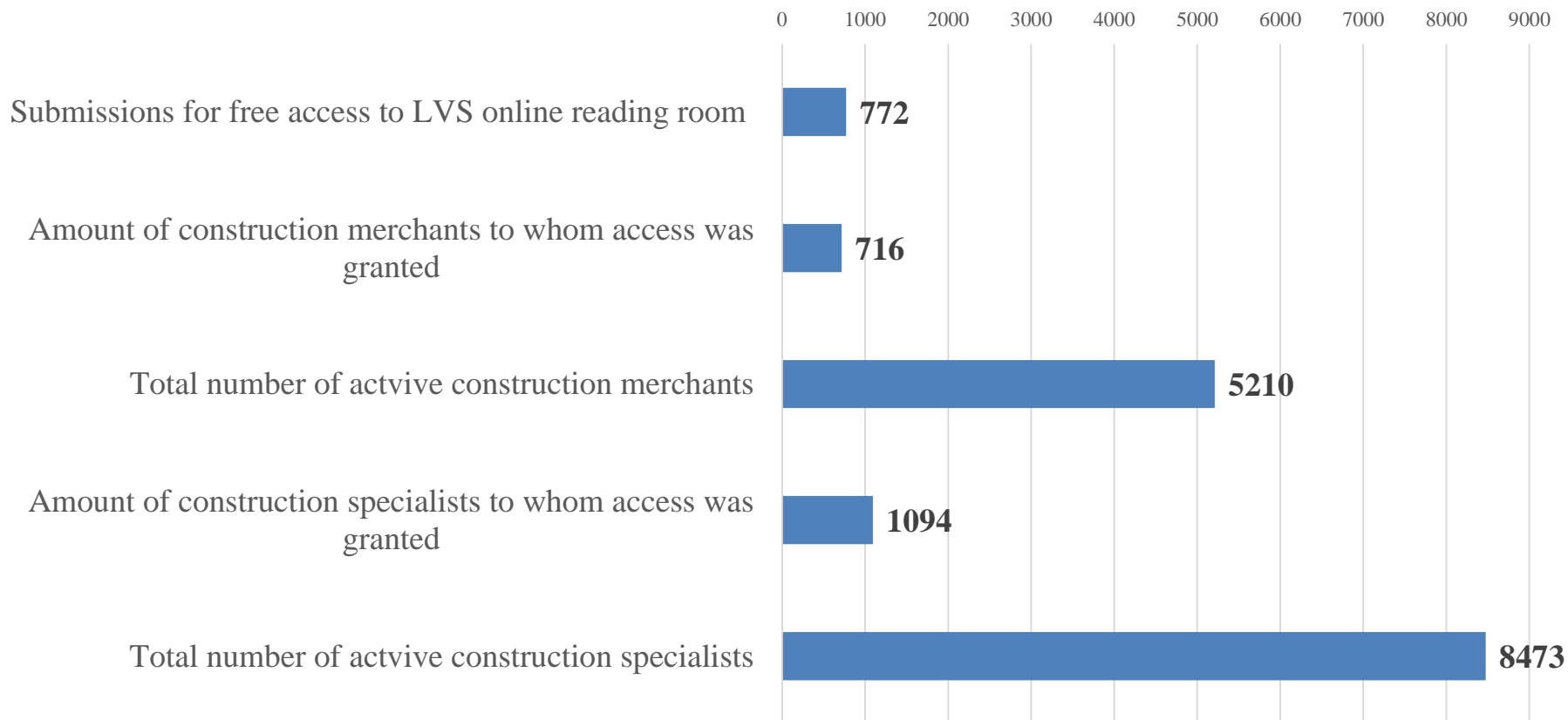
01.11.2015.- 15.02.2016.
for free.



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LVS Online reading room

Provided free access to Latvian Standard (LVS) online reading room





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The Technologies



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Special online form (e-services) Web site www.bis.gov.lv

- Starting configuration of e-services in production environment to allow them to be published (to the public). The production environment will be available:
 - Submission for Registration in the Building inspector Register;
 - Submission regarding exclusion from the Building inspector Register;
 - Submission for Registration of a Merchant in the Construction Merchant Register;
 - Submission Regarding Changes in Data in the Construction Merchant Register;
 - Submission for the Inclusion of Information in the Construction Merchant Register regarding the Operation of the Construction Merchant;
 - Submission regarding exclusion from the Construction Merchant Register



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BIS

BIS was launched in 2015

**53 co-operations agreements with
the municipalities signed**

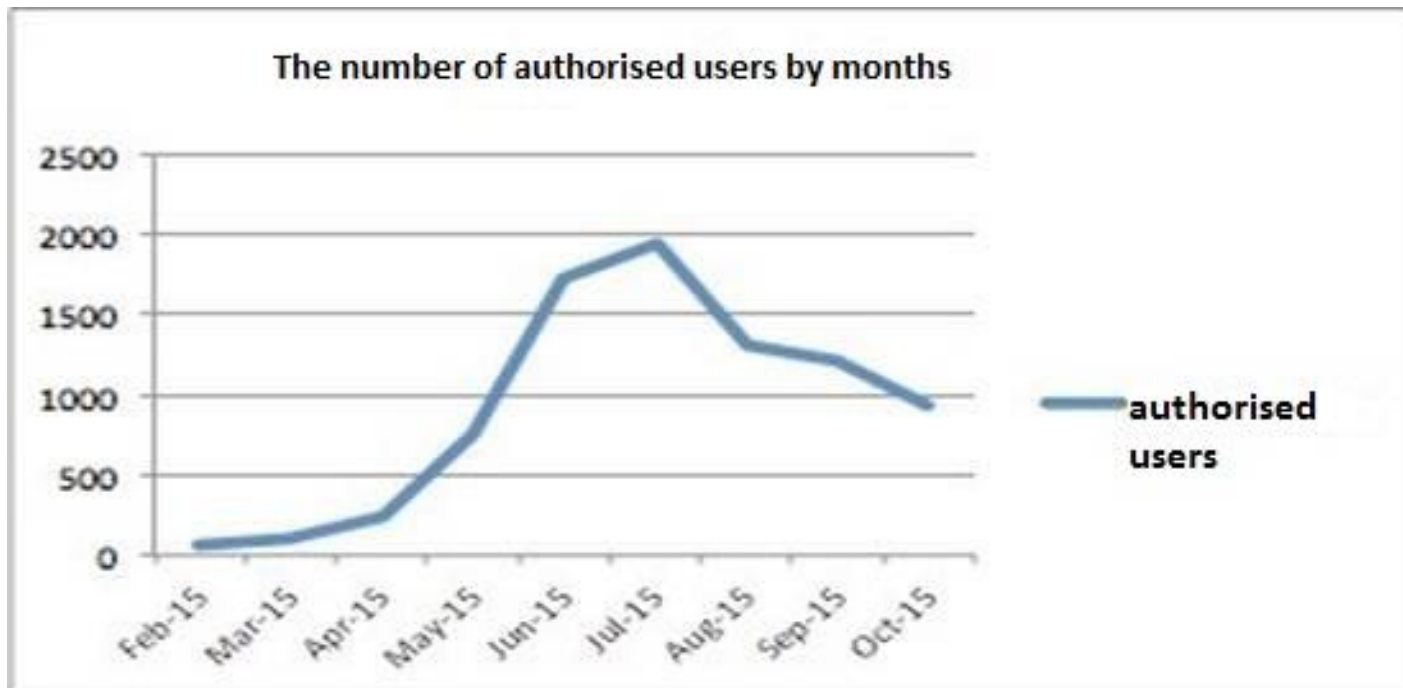
EU project goal: 30



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Web site www.bis.gov.lv statistics

- Authorised users to access a public portal - **Total 4837**
- The number of authorised users by months

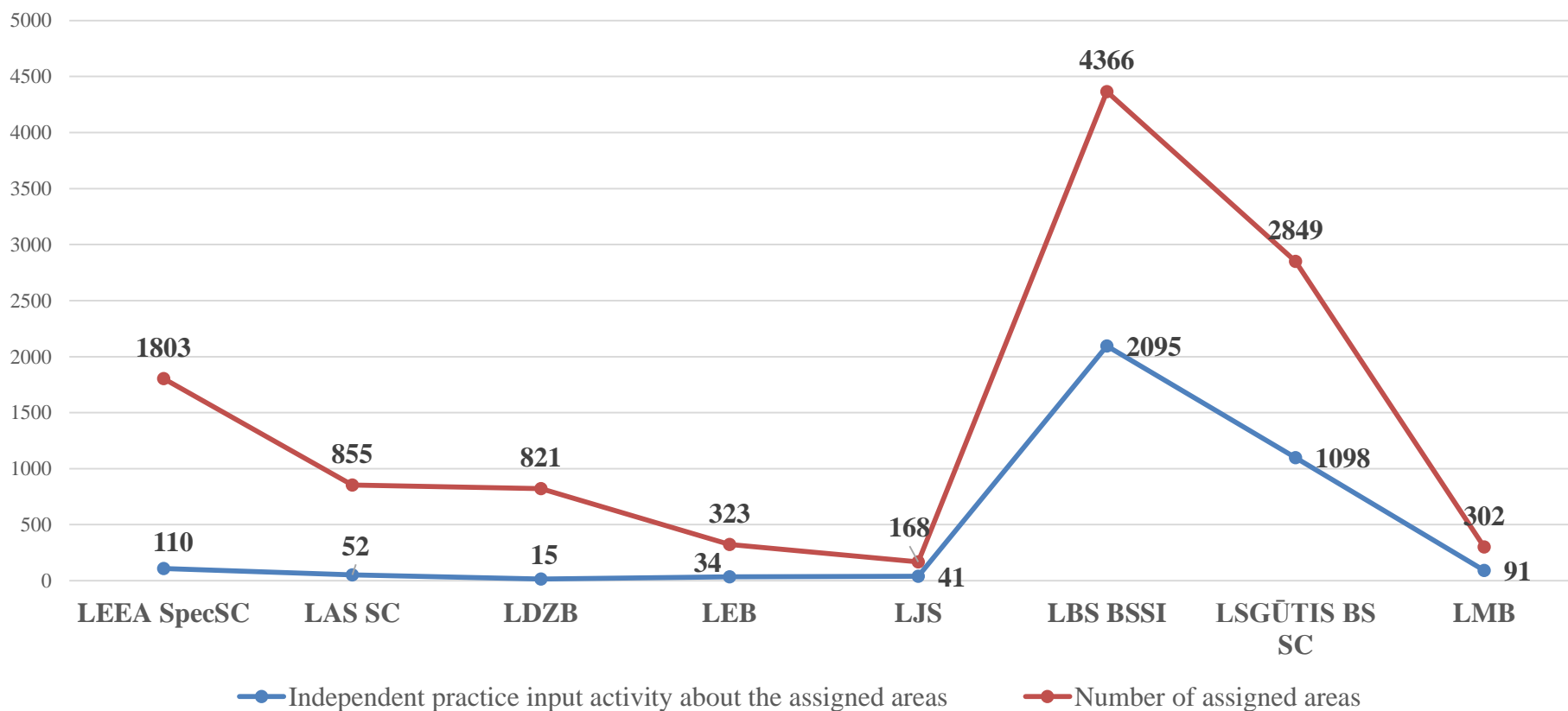




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Data input of the construction specialist independent practice

The activity of construction specialist independent practice input in the Construction Information System until 03.11.2015.





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Construction specialist independent practice input

Competence examining authorities	Professional practice data	Professional practice data %	Education data	Education data %	Vocational in-service training data	Vocational in-service training data %
LEEA SpecSC	110	5%	613	34%	84	5%
LAS SC	52	6%	206	24%	27	3%
LBS BSSI	2095	48%	3076	70%	1460	33%
LJS SC	41	24%	129	76%	45	26%
LMB	91	30%	195	64%	50	16%
LSGŪTIS	1098	39%	2196	70%	843	26%
LDZbSC	15	2%	607	26%	22	3%
LEB SD	34	11%	290	90%	24	7%



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The Final Question



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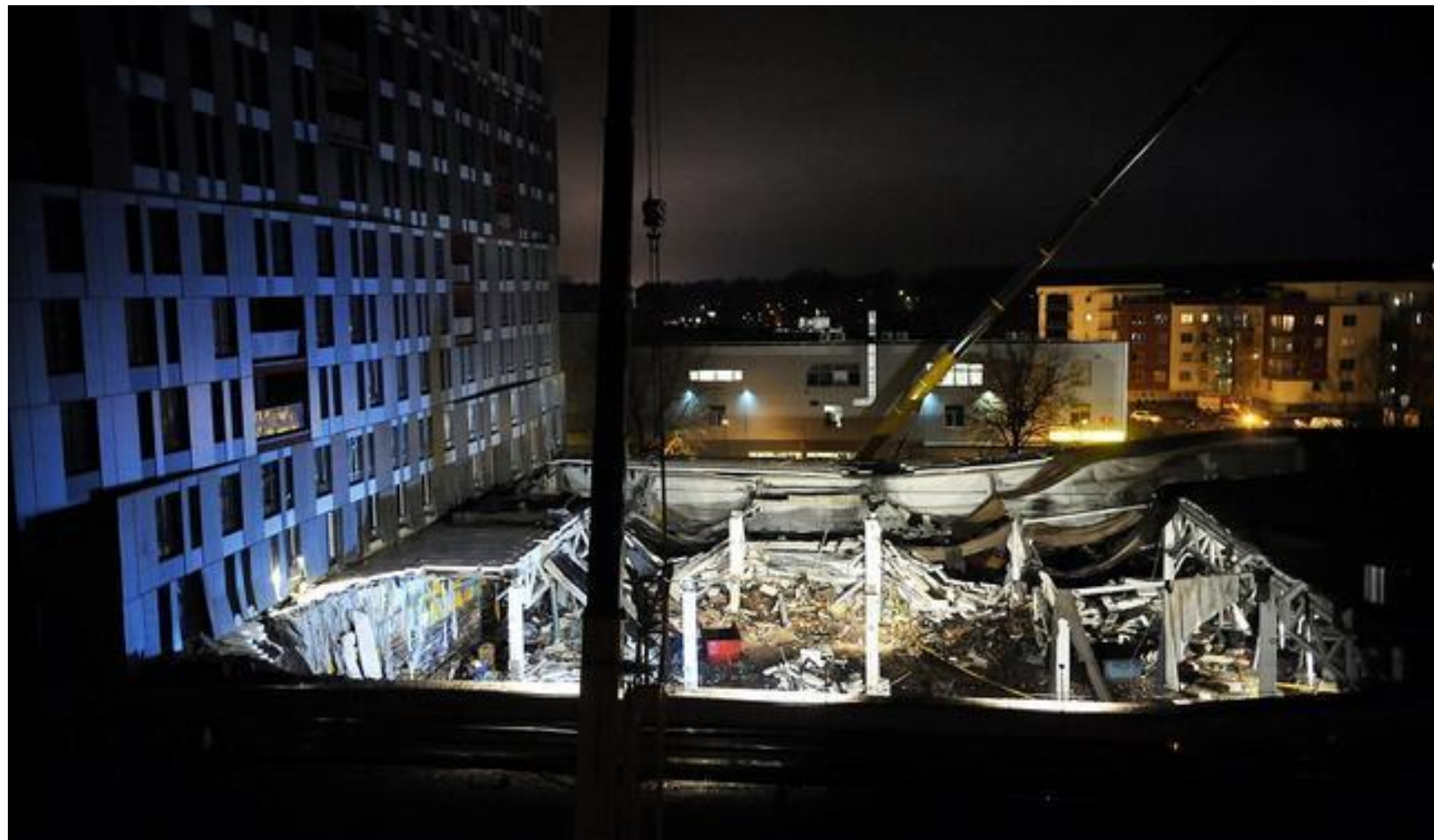
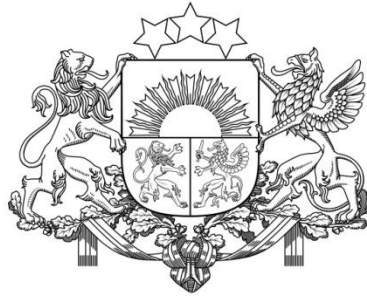


Foto: Evija Trifanova, LETA



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Thank you!

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