

EY Attractiveness Survey 2026 Latvia

August 2026

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Foreword

Latvia delivers where it counts

Investment attractiveness rankings are usually read through one number: how many projects a country won. That number matters, but it is not the number that changes an economy. What changes an economy is what investment leaves behind – the jobs it creates, the skills it builds, the capacity it adds. Read through that lens, Latvia's 2026 result is the strongest in the region: for the second consecutive year, and across the last three years taken together, no Baltic country has converted foreign investment into employment as effectively as Latvia.

The EY Baltic Attractiveness Survey 2026 sets that performance against the views of the international decision-makers who allocate global capital. Their assessment of Latvia is consistent and, in several respects, flattering. They rate the country's tax competitiveness and infrastructure among the strongest in the Baltics, and they place Latvia closer to the right balance on energy than either neighbour.

What investors are asking of Latvia is not a change of direction but a higher degree of predictability. Investment intentions have eased from the exceptional levels of 2024, and and political stability has become increasingly important to investors. The message is coherent: the fundamentals are in place, and what would convert interest into commitment is the confidence that costs, policy and the rules of the game will hold steady.

The task ahead is therefore specific. Latvia does not need to prove that it can attract investment, or that investment here produces results. It needs to demonstrate the stability and depth – in skills, in domestic enterprise, in the AI-ready infrastructure the next cycle demands – that turns a strong year into a durable position. The findings that follow set out where Latvia already leads, and where that work remains.



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Executive summary

> Europe as a whole attracted more than 5,000 foreign investment projects last year. At the same time there are signs that Europe's innovation capacity is strengthening: foreign direct investment in high-growth sectors — including artificial intelligence, defence and low-carbon energy — is rising, even though overall short-term investor sentiment remains cautious.

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The region's job engine

Latvia's three-year run

Latvia closed 2025 with the strongest job-creation record in the Baltics. Across the continent the direction was downward: Europe recorded 5,026 FDI projects, 7% fewer than in 2024, with FDI-related job creation falling to its lowest level in a decade. Latvia announced 28 projects – moderating after an exceptional 33 in 2024 – but converted them into 1,015 new jobs, more than any other Baltic country for the second consecutive year. Population-adjusted, Latvia ranks 7th in Europe for FDI projects per million residents and 8th for jobs created per million, the the strongest job-creation outcomes in the region.

Investor perceptions place the country's strengths clearly: tax competitiveness is the factor investors weigh most when choosing Latvia (34%), and infrastructure and energy balance rate among the strongest in the Baltics. Investment intentions have moderated to 54%, down from an exceptional 66% in 2024, and the rising weight investors give to political stability (24%) points to what would convert interest into commitment – predictability. Looking ahead, 69% of investors expect Baltic attractiveness to improve over the next three years.

Executive summary in numbers

Total number of FDI projects in the Baltics

28 Latvia
Europe rank #26

30 Lithuania

7 Estonia

FDI projects
by size of 1M population in the EU

Latvia	Lithuania	Estonia
#7	#11	#29

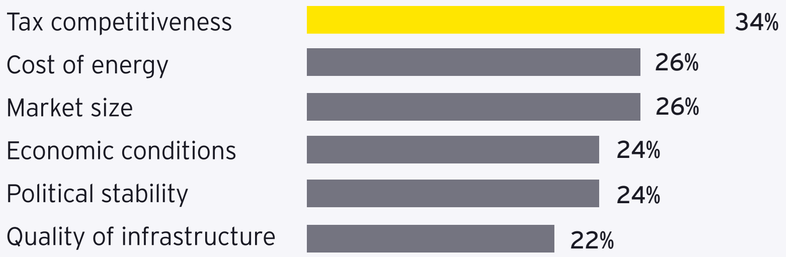
Jobs created
per 1M population in the EU

Latvia	Lithuania	Estonia
#8	#16	#23

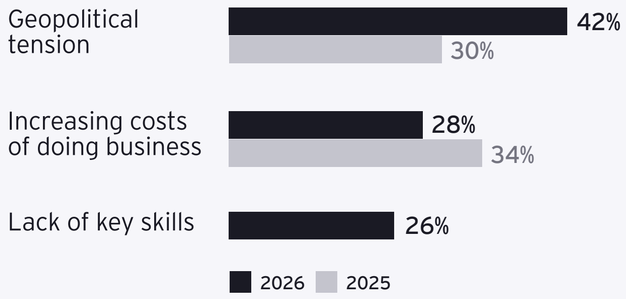
FDI-related jobs created in the Baltics, 2025

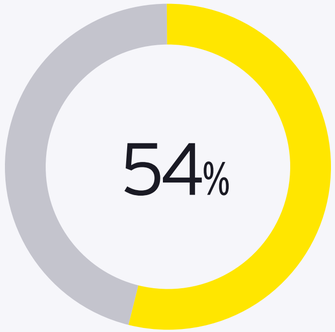
1,015	Latvia
887	Lithuania
306	Estonia

Factors investors consider when choosing Latvia



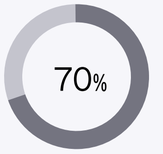
Main risks to Latvia's attractiveness



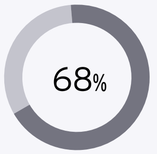


Latvia

Companies planning to establish or expand operations in 2026



Lithuania



Estonia


Key factors for
FDI Potential

Key factors

1

Job creation

The proof of the investment case

Latvia's defining strength is what its investment delivers. New FDI projects created 1,015 jobs in 2025, extending a three-year run in which the country has consistently turned incoming investment into employment. Adjusted for population, the performance is European-class: Latvia ranks 8th in Europe for jobs created per million residents (546.6) and 7th for projects per million (15.08). For an economy of Latvia's size, converting investment into jobs at this rate is the clearest evidence that the projects it attracts take root.

2

Tax competitiveness

The headline advantage

Tax competitiveness is the factor investors weigh most when choosing Latvia (34%) and the single quality they most often name as the country's advantage over other locations (40%). It anchors an investment case built on cost predictability at the point that matters most to a location decision – giving investors confidence that the terms they model at the outset are the terms they will operate under.

3

Infrastructure

Investment-ready

Telecommunications, transport and energy infrastructure is treated by investors as a reason to invest rather than an obstacle to manage: 34% identify it as an outright advantage, and 22% weigh it directly in the decision. For projects that depend on reliable connectivity and logistics, Latvia's networks are rated as decision-grade – infrastructure investors can build on from day one.

4

Energy

Close to balance in the region

On the region's most-watched cost factor, Latvia scores well on its own terms. 72% of investors place the country at or close to the right balance between energy security, affordability and sustainability – 20% say it has already achieved that balance and 52% that it is close. The remaining ask is specific and actionable: affordability, cited by 43% of those who see room for improvement, followed by renewable capacity.

5

Operating environment

Low friction, fast execution

Investors price in not only a location's strengths but the obstacles they expect to manage – and on two of the frictions that most often slow a project, Latvia is notably smooth. Just 14% of investors cite access to finance as a disadvantage, and only 10% the regulatory environment – low figures that describe an economy investors find straightforward to enter and to run: capital is accessible and the rulebook is navigable. For projects that must move from decision to delivery quickly, that ease of execution is itself a competitive advantage.


Challenges
and risks

Top Risks Ranking in Latvia

As across the region, investor concern about Latvia has consolidated around geopolitics. Geopolitical tension is the clear top risk at 42%.

What distinguishes Latvia from its neighbours is the second tier: where Estonia and Lithuania rank macroeconomic conditions next, Latvia's investors point to rising business costs and, notably, a shortage of key skills – an execution constraint specific to the country. Equally telling is what has eased: the cost of doing business fell as a concern, from 34% to 28%, running against the regional trend.

42%

Geopolitical tension and/or conflicts – up from 30% in 2025

28%

Increasing costs of doing business, incl. energy costs – down from 34% in 2025

26%

Lack of key skills – a distinctly Latvian execution constraint

Other challenges and risks affecting Latvia's attractiveness:

24% Macroeconomic conditions
22% Political instability in Latvia
22% Tariffs and other barriers to trade



> "Geopolitics is currently the biggest investor risk in the Baltics, but it is also becoming a source of new investment opportunities. Security is no longer only a public-sector issue — it increasingly shapes corporate strategies, supply chains, infrastructure development and technology choices. Defence, cybersecurity, energy independence and critical infrastructure can become a defining direction for Baltic competitiveness.

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Investment
roadmap

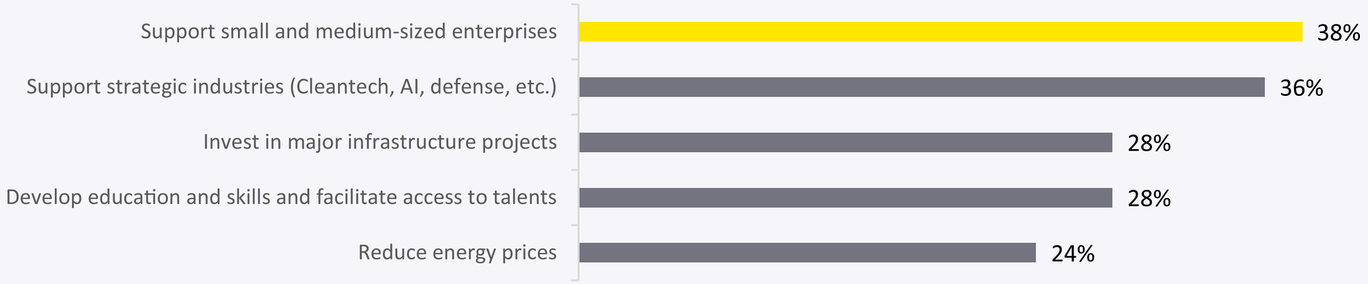
Roadmap for Securing Future Investments

Investor priorities: a stronger domestic base and strategic industries

Asked where Latvia should concentrate its efforts to maintain its competitive position, investors point most often to support for small and medium-sized enterprises (38%), followed closely by support for strategic industries such as cleantech, AI and defence (36%). Education and skills and investment in major infrastructure projects follow, each cited by 28%. The pattern is coherent and specific to Latvia's stage of development: investors are not asking the country to reposition itself, but to deepen the base it already has. Support for SMEs and skills is a request for domestic capacity – more local companies able to supply, partner with and eventually become the investors of tomorrow – while the emphasis on strategic industries reflects where capital and policy attention are converging across Europe.

Read alongside the wider signal from this year's findings, the roadmap the market is drawing is one of depth rather than reach. Latvia already converts investment into employment at a rate few comparable economies match, and investors find it a straightforward place to enter and operate. What the priorities describe is the next step: turning a strong host economy into a home for enterprises that scale – building champions of its own rather than remaining a location that others expand into and out of. That task is less about attracting attention, which Latvia's fundamentals already do, and more about supplying the domestic depth, skills and infrastructure that let announced projects grow into lasting operations.

Where should Latvia concentrate its efforts in order to maintain its competitive position in the global economy?



1 Support small and medium-sized enterprises

Latvia's leading priority, and a distinctive one. Investors are asking the country to widen its domestic base – more local firms able to supply, partner with and scale alongside foreign operations. This is the request of a market that already converts investment into jobs efficiently but wants that activity to root deeper, turning a strong host economy into one that grows enterprises of its own.

2 Support strategic industries – cleantech, AI, defence

Close behind, and shared with the wider region. Investors want policy and capital directed at the sectors where Europe's demand and strategic attention are converging. For Latvia, this connects directly to its security-driven opportunities and its energy agenda, channelling the geopolitical moment into industrial capability rather than treating it only as risk.

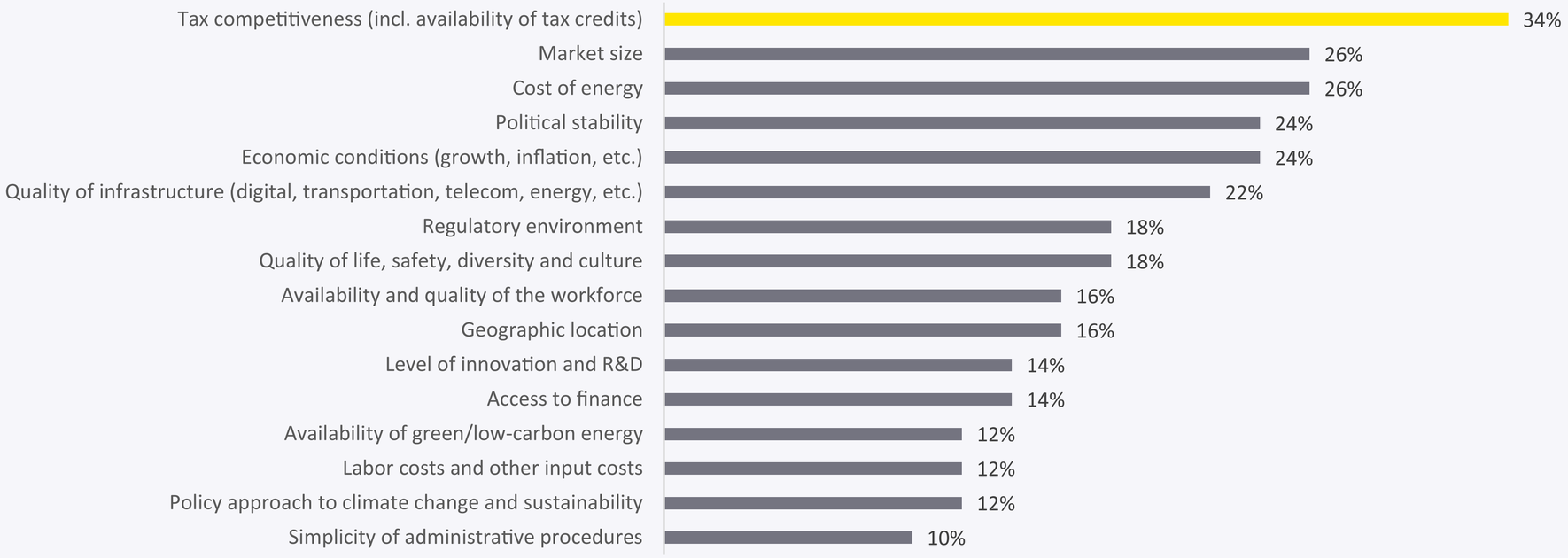
3 Develop education and skills, and invest in infrastructure

Two priorities tie at third, and they belong together. Skills answer the one execution constraint investors flag most sharply – the shortage of key talent identified in the risk ranking – while continued infrastructure investment protects an existing strength. Together they describe the groundwork that lets larger, more technologically demanding projects take root.

Strengths to leverage

Latvia's investment appeal rests on a clear and durable core. As decision logic across the region has shifted from talent and lifestyle toward competitiveness, scale and resilience, the factors that have held their value for Latvia are precisely the practical ones investors now weigh first — tax, infrastructure and a quality of life that supports the people a modern operation depends on. Workforce has fallen as a stated differentiator, from 36% in 2024 to 16% in 2026, but this reflects a change in how investors classify it rather than a weakness: skilled people are now treated as a baseline expectation, priced into the decision rather than counted as an advantage. The three strengths below are the ones investors still actively reward.

Which factors are most important when choosing to invest in Latvia?



40% Tax competitiveness

The factor investors most often name as Latvia's advantage, and the anchor of its investment case. In a market that increasingly prizes cost predictability, a competitive and legible tax system does more than lower the headline burden: it lets investors model the economics of a project with confidence that the terms will hold. This is the strength on which the rest of the case is built, and the one most worth protecting through policy stability.

34% Infrastructure

Telecommunications, transport and energy networks that investors treat as decision-grade — a reason to invest rather than a risk to manage. For projects that depend on reliable connectivity and logistics, dependable infrastructure removes a whole category of execution risk before it arises. The task here is continuity: sustained investment and modernization to keep networks ahead of the demands of larger, more technologically intensive projects.

24% Quality of life

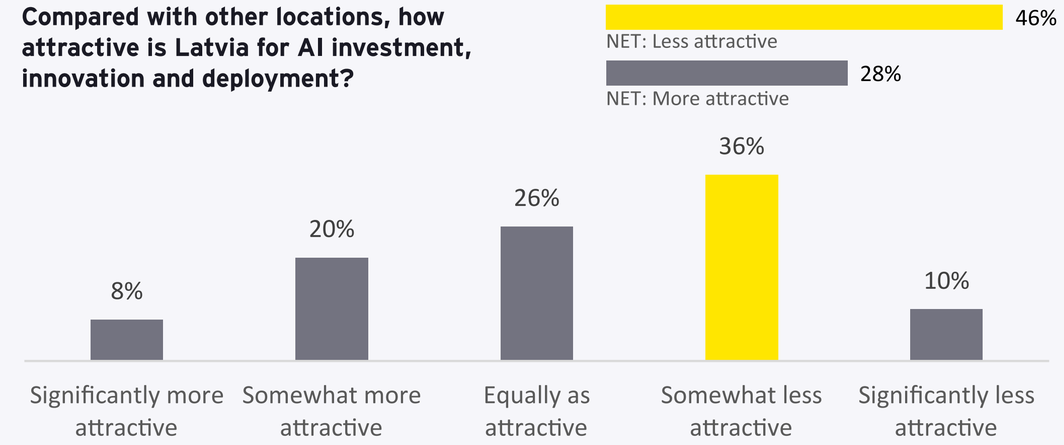
A durable draw that has quietly become a competitive asset. As talent decisions increasingly determine where higher value-added operations locate, a safe, liveable environment is what allows companies to attract and retain the people those operations require. Investors now treat it as a baseline strength rather than a differentiator — which is precisely why sustaining it matters: it underpins the workforce advantage the headline factor ranking no longer captures.



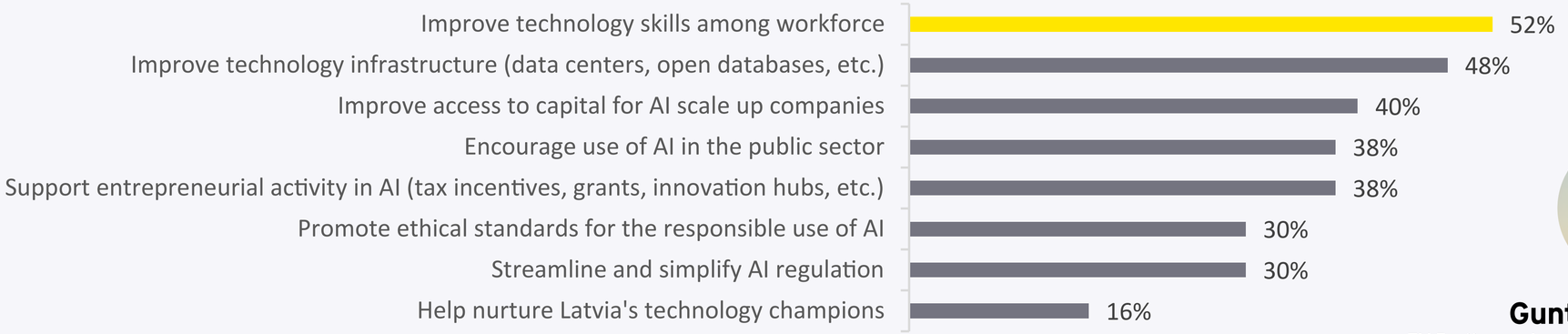
AI: strengthening human capital is Latvia's main task

Artificial intelligence has become one of the decisive factors in the competition for foreign investment, and it is the dimension where Latvia's otherwise strong case is least developed. Across the Baltics, investor sentiment is finely balanced – 37% consider the region more attractive for AI investment than other locations in the world, 37% less attractive, and 26% equivalent – a sign that the region's AI potential is real but not yet fully realised. Within that picture, Latvia currently sits behind its neighbours: 28% of investors rate the country as more attractive for AI investment, innovation and deployment, while 46% rate it as less attractive. This is not a verdict on Latvia's fundamentals, which investors reward elsewhere in this report, but a measure of how much of the AI-specific groundwork remains to be built – and investors are precise about what that groundwork is.

Compared with other locations, how attractive is Latvia for AI investment, innovation and deployment?



How should Latvia improve its attractiveness as a location for AI investment, innovation, and deployment?





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EY-Parthenon Leader in the Baltics

> The Baltics have good potential to become a strong artificial intelligence investment region, yet competition in this field is becoming ever fiercer. Investors clearly indicate that the next step is targeted investment in technology infrastructure and in improving the workforce's technology skills. For Latvia, it is particularly important to accelerate progress in this area.

The three pillars investors are asking for

Investors across every Baltic state name technology infrastructure and a skilled workforce as the preconditions for AI development, but the order of priority differs by country. For Latvia, the priorities cluster into three connected agendas – human capital first, then infrastructure, then capital.

52%

Technology skills in the workforce

Latvia's leading AI priority, and the reason this section is titled as it is. Investors want the education and training system to produce AI-adjacent talent – the engineers, data specialists and applied-AI skills that make deployment possible. It is the same workforce question that runs through the rest of the report, sharpened to a specific and fast-moving capability: in AI, the skills baseline investors expect is being redefined faster than in any other field, and human capital is where Latvia's effort must concentrate first.

48%

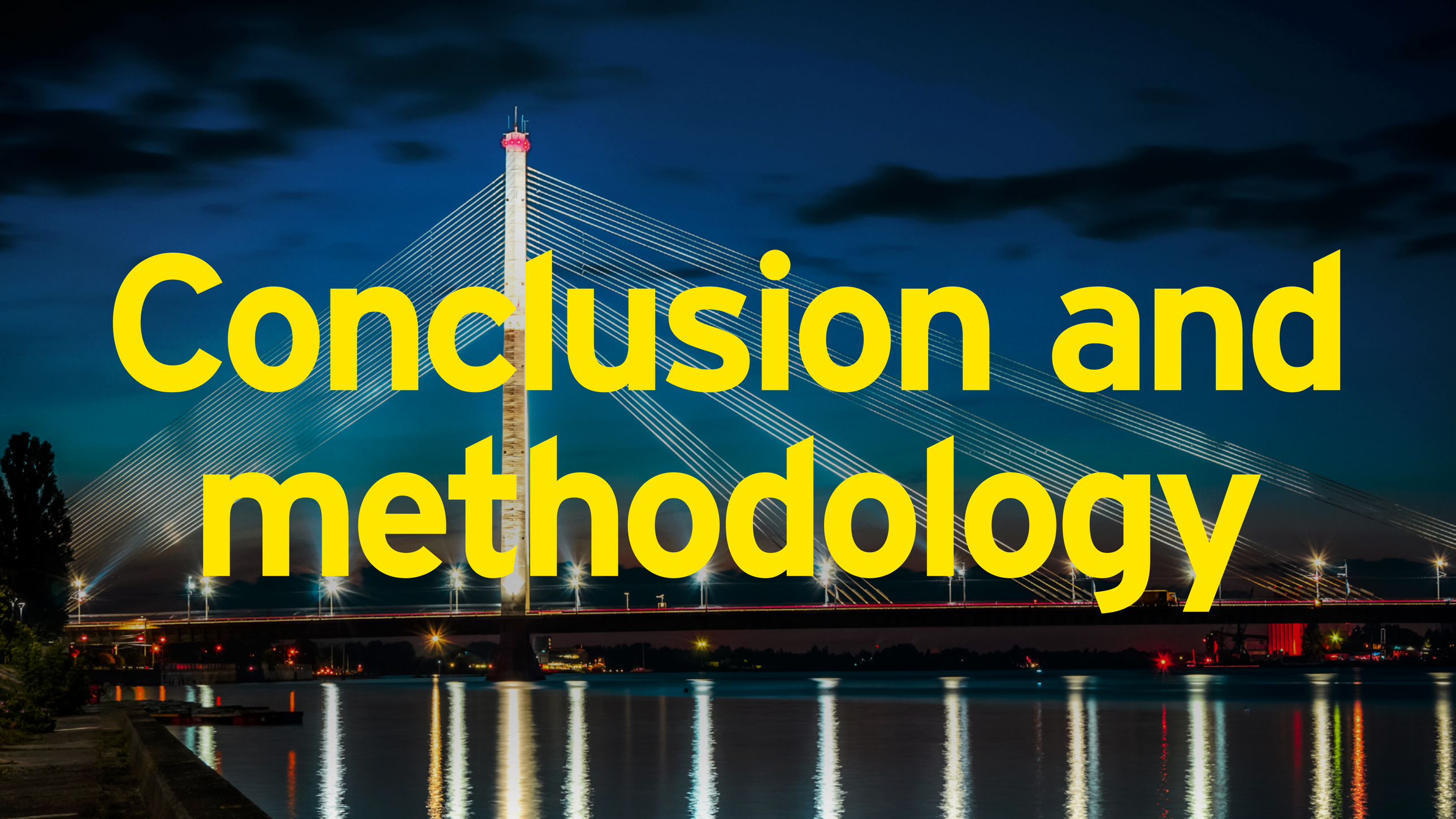
Technology infrastructure

Close behind skills, and the physical foundation of any AI project. Data centres, open databases and computing capacity are what turn AI ambition into operations that can actually run in the country. Latvia already earns strong marks for conventional infrastructure – networks investors treat as decision-grade – and extending that recognised strength into compute and data capacity is the most tractable of the three pillars, because it builds on ground where investors already rate the country well.

40%

Access to capital for AI company growth

A distinctly Latvian priority, and a revealing one. Elsewhere in this report access to finance is one of Latvia's smoothest features; in AI specifically, investors want stronger access to the risk-tolerant, growth-stage capital that lets promising AI companies scale at home rather than leave to raise it abroad. The gap is targeted rather than systemic – the general financing environment works, while the specialised capital an AI venture needs is what investors find missing.



Conclusion and methodology

A proven contribution, ready to be built into lasting scale

> Latvia has shown that foreign investment here does not simply arrive — it takes root and creates jobs. The task now is to build on that: to deepen the skills, the local enterprise base and the digital foundations that let the next wave of investment scale. Paired with predictable policy, Latvia's strongest years as an investment destination are still ahead of it.



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Latvia enters the next investment cycle with a distinct and defensible identity. It is not read by investors as a market competing to catch up with its neighbours, but as a specific proposition: the Baltic economy that converts foreign investment into employment on Europe's best population-adjusted terms, on a tax and infrastructure platform investors rate among the strongest in the region. That is a foundation few comparable economies can claim.

What the findings describe is a maturing thesis with a single organising question — predictability. Investment intentions have moderated from their 2024 peak, the weight investors place on political stability has risen, and confidence that Latvia will take the necessary strategic decisions is the lowest in the Baltics - Latvia (48%) compared with Lithuania (56%) and Estonia (60%). None of this contradicts the country's strengths; it defines the assurance investors are waiting for before they commit at scale.

The conditions that follow are specific and consistent. A shortage of key skills has become the country's leading execution constraint. Latvia's AI position is the region's weakest, and investors point first to skills, then infrastructure and capital. The distinctive domestic priority — a stronger SME base — points to the deeper task: building enterprises and champions at home, not only hosting the projects of others. Energy security is substantially in hand; affordability is the next boundary. Latvia has already proven what its investment delivers. The work of the coming cycle is to give investors the stability that turns a strong year into a durable position.



Methodology

The "real" attractiveness of Europe for foreign investors

The evaluation of the reality of FDI in Europe is based on the EY European Investment Monitor (EIM), the EY proprietary database produced in collaboration with OCO. This database tracks the FDI projects that have resulted in the creation of new facilities and new jobs. By excluding portfolio investments and M&A, it shows the reality of investment in manufacturing and services by foreign companies across the continent.

An investment in a company is normally included in FDI data if the foreign investor acquires more than 10% of the company's equity and takes a role in its management. FDI includes equity capital, reinvested earnings and intracompany loans.

The perceived attractiveness of Europe and its competitors by foreign investors

We define the attractiveness of a location as a combination of image, investor confidence, and the perception of a country's or area's ability to provide the most competitive benefits for FDI.

Field research was conducted by FT-Longitude in March and April 2026 via online interviews, with 500 international decision-makers participating.

The Baltic field research was conducted by FT-Longitude in March and April 2026 via online interviews, with 150 international decision-makers participating.

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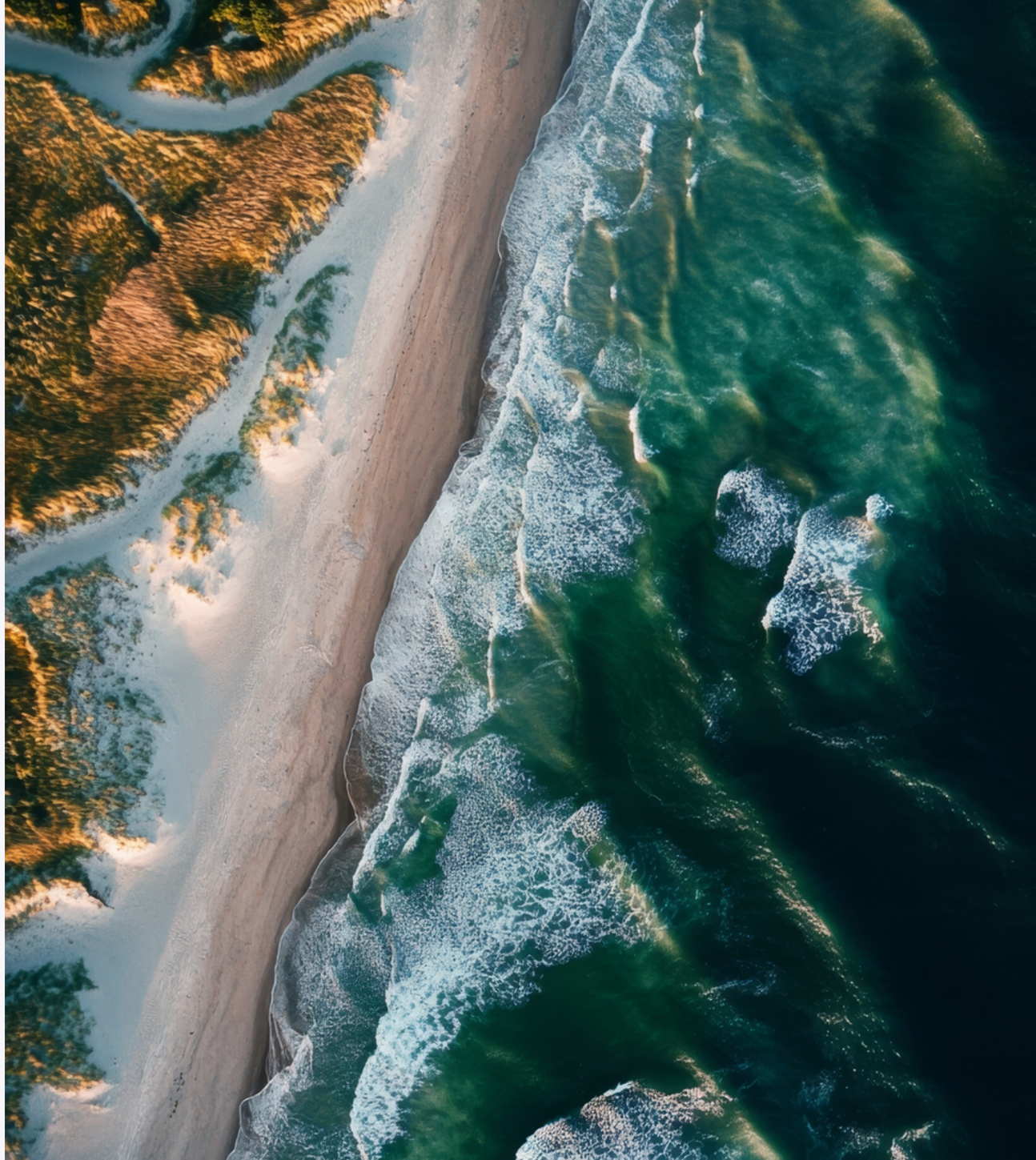
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