



bringing neighbours closer

**THE NORTHERN INDUSTRIAL AREA OF DAUGAVPILS**

<b>Location Size Zoning</b>	The industrial area is located in the northern part of Daugavpils, between Višķu, Spaļu, Slāvu, and Loģistikas Streets, in the area of Višķu Street and Mendeļejeva Street. The total surface area of the territory is 117.4 hectares, including 611 000 m <sup>2</sup> of territory already in use, and additional 27 hectares of greenfield sites. The zoning corresponds to region territorial planning, being the industrial area.
<b>Industrial Area Ownership</b>	The greater part of the buildings and plots of land belong to 35 private owners; some of them are ready either to sell or lease the industrial areas belonging to them. The owner of 27 hectares that are not in use is Daugavpils City Council.
<b>Suggested specialization</b>	Manufacture of equipment and transport, textile fabrics and clothing, food production, transit and logistics services, education and its export, IT services.
<b>Objective</b>	To facilitate the creation of new enterprises and the mobilization of investments to the Northern industrial area of Daugavpils; to make the greenfield site of 27 hectares (12+12+3 hectares) an industrial area by constructing manufacturing buildings and warehouses, thus creating a completely new manufacturing centre in the city.
<b>City in regional context</b>	Daugavpils is an important socio-economic development centre in the Baltic region with a developed city infrastructure, concentration of educational establishments, multinational environment, and cultural and historic heritage. Daugavpils is the most important city in the Eastern Baltic region, a significant industrial, transport, and business activity centre with a favourable geographical location in close proximity to the borders of three states (25 km to the Lithuanian border, 35 km to the Belarusian border, and 120 km to the Russian border).
<b>Industrial Zone Infrastructure</b>	Important resources: vast industrial areas, forest areas, large technical infrastructure, hydrographic network, residential area, as well as existing businesses and human resources, whose foreign language knowledge facilitates the cooperation with the neighbouring states. <ul style="list-style-type: none"> <li>The territory has asphalt access routes from three sides, internal railway system (2 railway lines run to the city and can be used on its whole territory), and customs office</li> <li>There are strategically important transport corridors nearby – highway A6 (Rīga – Daugavpils – Krāslava – the Belarusian border (Pāternieki)), highway A13/E262 (the Russian border (Grebņeva) – Rēzekne – Daugavpils – the Lithuanian border (Medumi) – Kaunas), highway P68 (Daugavpils – Skrudalīna – the Belarusian border (Silene))</li> <li>General aviation aerodrome (regional airport) classified as code 2c within 15 km distance</li> <li>High electrical power available (up to 50MV), as well as natural gas pipe and city’s heating plant</li> <li>16 unoccupied objects are available in the beginning of 2015 in the Northern industrial area</li> </ul>
<b>Investors’ opportunities and benefits</b>	<ul style="list-style-type: none"> <li>Available qualified workforce (the population of Daugavpils agglomeration is approx. 140 000 people)</li> <li>Labour costs are 30% lower than on average in the country</li> <li>Access to natural resources and developed logistics system with partners in EU and Russian markets</li> <li>Available land for construction of manufacturing facilities and warehouses</li> <li>Competitive municipal services costs at the regional level</li> </ul>
<b>Potential cooperation partners</b>	Daugavpils City Council, Latgale Region Development Agency, Investment and Development Agency of Latvia, local companies of the area, clients interested in the construction of new objects, continuing education service providers, Public Employment Services, Daugavpils University, job seekers of the region.
<b>Investment summary</b>	For the past three years, Daugavpils City Council has been undertaking partial reconstruction of access routes and infrastructure, as well as topographical survey of the territory for rebuilding of Mendeļejeva Street (approximately 1.8 hectares). Over the next three to five years, it is planned to invest about 4 million euros in the construction of public and technical infrastructure of the Northern industrial area.

**BUSINESS MODEL FOR THE INDUSTRIAL AREA PROPOSED BY THE MUNICIPALITY**

<b>Land lease</b>	<b>Land sale</b>	<b>Buildings</b>	<b>Financial and tax incentives</b>	<b>Non-monetary benefits provided by the municipality</b>
Long-term land lease: maximal lease agreement term is 30 years (the amount of rent depends on territory improvements, ranging between EUR 900 and 1000 per hectare, including VAT)	Sale is possible (all interested parties can participate in the land auction organized after an independent certified valuator evaluates the plot of land and determines its price; this price will be initial price during the auction)	These are greenfield sites (construction of buildings is private investor’s responsibility)	Property tax reliefs can reach 50% of tax amount (according to Daugavpils City Council regulation No.25 “Granting of Property Tax Relief in Daugavpils”)	Infrastructure projects: The City Council ensures the construction of roads and networks to the object at its expense; the participation in business development events organized by the city (including catalogues, exhibitions, forums, etc., informational support, assistance with specialist search)

**Basic Facts about Latgale Region**

- 311 058 inhabitants (01.01.2015), including approx. 2300 active job seekers with higher education, approx. 7900 job seekers with vocational education or vocational secondary education, and approx. 8000 job seekers with general secondary education
- FUTURE vision of Latgale for the year 2030 is “Intelligent Latgale” characterized by networking, cooperation, and speed
- Numerous companies of Latgale are among 100 biggest Latvian exporters
- Participation of residents in lifelong learning is greater in comparison to other Latvian regions
- Manufacture and wholesale trade have been till now most attractive sectors for foreign direct investments

**The Most Prospective Sectors in Latgale**

(based on comparative advantages of Latgale – natural resources, favourable geopolitical location, workforce skills and traditions in the long run, competitiveness of education and research institutions)

- Woodworking and production of wood products
- Metal processing and mechanical engineering
- Transport and logistics
- Food industry
- Manufacture of equipment, transport, and electrical equipment
- Manufacture of textile fabrics and clothing

**Additional prospective sectors in Latvia** include information technologies, life sciences, healthcare, and green technologies

**Competitiveness Factors of National and Regional Importance**

- Belonging to EU single market and an easy access to highways and railroad connections of EU importance
- Two regional higher education establishments and approx. 10 branches of other Latvian higher education establishments
- Foreign language skills of the residents (more than 90% of Latgale residents speak at least one foreign language)
- Tolerant society, multicultural environment and the lowest labour costs in comparison to EU average
- High internet coverage and high-speed internet



Photo from the photo archive of the Municipality

## Basic Facts about Daugavpils

- Second biggest industrial centre in Latvia, after the capital Riga, with important manufacturing, educational, cultural, and social infrastructure and 96 792 residents (according to the data of the Office of Citizenship and Migration Affairs as of 01.01.2015)
- Strategically important transport corridors nearby (highways A6, A13/E262, P68) and railway lines
- City with approx. 7500 students in universities and professional schools
- Approx. 80 companies (50 of them are exporting companies) operate in the manufacturing sector
- Daugavpils is home to more than 20 nationalities, including 11 national societies
- Strategic future development goals of Daugavpils include the development of knowledge-based economy and high-value added products and services



## Most Important Manufacturing Sectors in Daugavpils

- Processing industry (especially metal processing and mechanical engineering)
- Manufacture and repair of rail locomotives and railway rolling stocks
- Food and beverage production
- Manufacture of textile fabrics
- Manufacture of electric cables and cable joints

## Competitiveness Factors of Regional and Local Importance

- Possibility of EU co-funding for improving the industrial area and construction of networks and buildings
- Well-developed project implementation capacity in the municipality
- Access to the natural resources of the region: wood, water resources (rivers and lakes); in the city – parks and public gardens
- The priority of the municipality till 2030 – development of the industrial area and attraction of investors
- Access to 5 cargo railway lines, 2 passenger railway lines, 15 international bus routes, and many strategically important highways



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