



bringing neighbours closer

BORDER-CROSSING AND LOGISTICS PARK IN PĀTARNIEKI OF KRĀSLAVA MUNICIPALITY

Location Size Zoning	The address of the industrial area: Pātarņieki, Piedruja civil parish, Krāslava municipality. The territory is located near the Latvian – Belarusian border-crossing point Pātarņieki – Grigorovščina, which is EU external border with Belarus. The surface area of the territory is approx. 15 hectares (with the possibility of expansion to 25 hectares). The zoning corresponds to region territorial planning, being the industrial area.
Industrial Area Ownership	Krāslava municipality council.
Suggested specialization	Logistics, international contact point, customs office, possible manufacturing areas, traffic concentration terminal, lorries parking, recreation area, warehouses for transshipment, packing and manufacturing of goods with appropriate infrastructure – roads, water supply, sewage system, electricity, etc.
Objectives	To stimulate the development of logistics/customs/industrial park in close proximity to the Latvian – Belarusian border-crossing point Pātarņieki by promoting the accessibility of logistics, manufacturing, and customs services in the area, thus creating prerequisites for employment, strengthening economic links between Latvia, Lithuania, other EU countries, and CIS countries, and facilitating the accessibility of border localities and the quality of border crossing.
Regional context	Krāslava town and surroundings are one of the greenest areas in Latgale. It is called sometimes Latvian Switzerland because the county has a huge recreation services potential. There are 146 lakes in the area, which create a unique blue lake landscape of Latgale; Nature Park “Daugavas Loki”, where the Daugava River provides tourism opportunities and nature values, which are included in the Latvian National UNESCO World Heritage List. Important resources: vast industrial areas, forest areas, agricultural land, developed technical infrastructure, as well as existing businesses and human resources, whose foreign language knowledge facilitates the cooperation with the neighbouring states.
Industrial Zone Infrastructure	The territory has a greenfield status. Asphalt access routes are at the distance of 0,3 km, highway A6 – 0,5 km, railway – 9,2 km. It is planned to connect the area to cable line network (0,4 kV un 20 KV) and transformers; to provide water supply and heating system, to build waste water treatment plant, additional access roads; to develop monitored sites for short-term and long-term parking, etc.
Investors' opportunities and benefits	<ul style="list-style-type: none"> Labour costs are 30% lower than on average in the country Strategic roads and streets, leading to the largest companies, are maintained on a regular basis Municipality projects and investments in the development of access road and street infrastructure in the industrial area The municipality offers additional industrial areas near the railway and highway A6 Possible cooperation in provision of public transport
Main partners	Krāslava municipality, State Jointed Stock Company “State Property”, private capital, including property developers, logistics park Operator, Latvian and Belarusian municipalities and companies situated at the border, etc.
Investment summary	The implementation of the project is divided into 4 stages. First stage will be the basis for further development of engineering and business infrastructure. Other three stages can be implemented independently of one another; their implementation sequence is not important. Municipality is planning to invest approx. 2,5 – 3,5 millions of euros, excluding VAT, into the implementation of the first stage, which includes building of roads and sites; water, electricity, and weak current infrastructure, cost of services. The expected investments shall reach approx. 0,7 – 1,5 million euros, excluding VAT.

BUSINESS MODEL FOR THE INDUSTRIAL AREA PROPOSED BY THE MUNICIPALITY

Land lease	Land sale	Buildings	Financial and tax incentives	Non-monetary benefits provided by the municipality
Long-term land lease for one plot of land of 4-5 hectares for one or several lessees: maximal lease agreement term is 30 years (rent depends on territory improvements and chosen management model); additional land for lease might be possible at a later stage	Land sale is not planned at this point	These are greenfield sites	Property tax reliefs up to 25% of tax amount; lower land rent expenses, depending on chosen management model	Infrastructure projects: The municipality ensures the construction of roads and networks to the object from the project expenses; the participation in business development events organized by the municipality (including catalogues, exhibitions, forums, etc., informational support, assistance with specialist search); in case of the considerable job growth, public transport can be provided according to investor's or lessee's needs

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
- 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, 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

Competitiveness Factors of National and Regional Importance

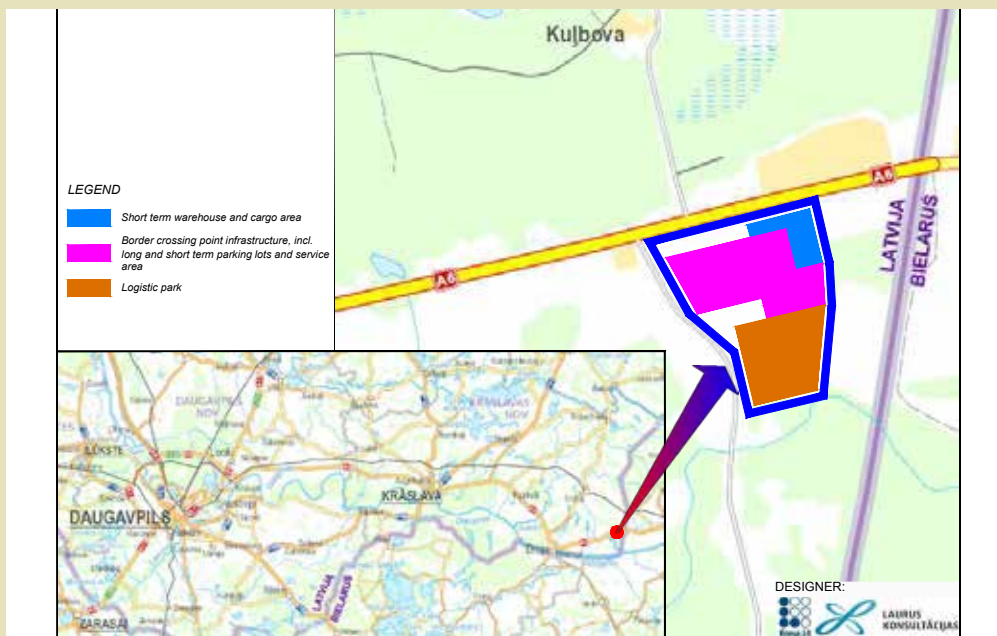
- Belonging to EU single market and an easy access to highways and railroad connections of EU importance
- Two regional higher education establishments and approx. 10 branches of other Latvian higher education establishments
- Foreign language skills of the residents (more than 90% of Latgale residents 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: J.Mickevičs



Photo: E.Škutāne



Basic Facts about Krāslava municipality

- Krāslava municipality, being part of EU border, is the meeting place of five countries (Latvia, Belarus, Lithuania, Russia, and Estonia)
- The population of the territory is 17 875 residents (according to the data of the Office of Citizenship and Migration Affairs as of 01.01.2015)
- Highway A6 (Riga – Daugavpils – Krāslava – Belarus border (Pāternieki)) of state importance crosses the municipality territory, as well as strategically important railway infrastructure point (Daugavpils (passenger station) – Indra – state border) is located on the territory
- Krāslava is known for its beer, butter, bread, and cucumbers
- The biggest textile enterprise of Latgale region “Nemo” and the biggest wood processing plant of the region „Varpa” operate in Krāslava

Most Important Manufacturing Sectors in Krāslava municipality

- Agricultural production (including milk production)
- Woodworking and furniture manufacture
- Light industry and textile fabrics
- Trade and service provision
- Rural tourism

Competitiveness Factors of Regional and Local Importance

- EU co-funding for improvement of the industrial areas, construction of buildings and networks
- Well-developed capacity of project implementation in the municipality
- Access to natural resources – wood, sand, clay, gravel, water resources (rivers and lakes), green areas
- Industrial area development and attraction of investors belong to one of the municipality's priorities till 2030
- Property tax relief, lower rent for business purposes for creation of new work places

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