



bringing neighbours closer

## BORDER-AREA LOGISTICS CENTRE IN LUDZA

<b>Location Size Zoning</b>	The address of the industrial area: Stacijas šķērsiela 1, Ludza, Ludza municipality. The total surface area: 18.8 hectares. The zoning corresponds to region territorial planning, being the industrial area.
<b>Industrial Area Ownership</b>	The land belongs to several private owners (individuals and legal persons). Access routes and streets belong to Ludza municipality.
<b>Suggested specialization</b>	Logistics, cargo handling and warehouse services. Manufacturing and processing areas are available.
<b>Objective</b>	Through cooperation of Ludza Municipality and private investors, including land owners, to restore warehouses and improve the territory, thus creating a logistics centre in Ludza in order to provide logistics services to the companies located close to the Latvian border, international partners, as well as create prerequisite for new employment possibilities in the region.
<b>Municipality in regional context</b>	The potential of Ludza and its territory in transit cargo handling is not fully used. Taking into account international importance of this aspect, it is necessary to seek for cooperation with other municipalities in Latgale, in the proximity to such logistics centres like Daugavpils, Krāslava, and Rēzekne, which have the potential of becoming well developed in prospect, as well as in the proximity to border-crossing points like Zilupe and Krāslava municipalities. New prospective sectors include beekeeping, sheep breeding, fruit-growing, as well as some non-traditional sectors like mushroom production, cranberry growing, organic agriculture and fisheries. All these sectors have export potential.
<b>Industrial Zone Infrastructure</b>	Project territory is in degraded condition at this point. The area is favourably located, close to transport corridors, not far from the border with the Russian Federation, which is favourable for business development for companies, planning to export goods to Russia and Belarus. The territory has an asphalt access route, its own internal railway, and cable line of 20 KV; highways A12 and E22 (Rēzekne, Riga – Zilupe, Terehova (border-crossing point) in the direction to Moscow) are at the distance of 0.2 km. Territory provides liquefied gas, which is not natural gas; waste water treatment plant; the possibility to connect to central water, sanitation and heating systems.
<b>Investors' opportunities and benefits</b>	<ul style="list-style-type: none"> <li>• Labour costs are 30% lower than on average in the country</li> <li>• Property tax reliefs are possible</li> <li>• Informational support is free of charge (publishing of information on Ludza Municipality website)</li> <li>• Municipality projects and investments in the development of access roads and street infrastructure in the industrial area</li> </ul>
<b>Main partners</b>	Ludza Municipality, property developers, logistics park Operator, clients interested in the construction of new objects, Latgale Region Development Agency, Investment and Development Agency of Latvia, Latgale branch of Transport and Telecommunication Institute, Transport and Telecommunication technical school of Latgale, job seekers of the region, Latvian, Russian, and Belarusian border area companies.
<b>Investment summary</b>	Whenever possible, the local municipality will invest in small-scale and large-scale infrastructure with the purpose to create favourable environment for investors. During 2016 and 2017, Ludza Municipality, with the help of European funds, is planning to reconstruct Dzelzceļa Street, introducing communication networks, and Latgales šķērsiela, which will positively influence development of the logistics park. Private investments are necessary for technical study, designing of buildings and sites, improving and building up of the area.

## BUSINESS MODEL FOR THE INDUSTRIAL AREA PROPOSED BY THE MUNICIPALITY AND PRIVATE PARTNERS

<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 and the amount of rent depend on territory improvements and chosen spatial planning model	Sale is possible; Including division of land into smaller parts or joining several plots of land into one bigger piece	Part of the territory – greenfield sites; part of it holds old buildings, which need reconstruction or demolition	Property tax reliefs can reach 25-50% of tax amount	Infrastructure projects: The Municipality ensures the construction of roads and networks to the object at its expense; the participation in business development events organized by the Municipality (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: S. Rimša



Photo from the photo archive of the Municipality



### Basic Facts about Ludza municipality

- Ludza municipality is located in the eastern part of Latvia and Latgale by the Russian border (14.7 km long border line) and Belarusian border. It is the oldest town in Latvia.
- Total surface area is 966 km<sup>2</sup>, that of the town – 11 km<sup>2</sup>
- 14264 people live on the territory of the municipality (according to the data of the Office of Citizenship and Migration Affairs as of 01.01.2015)
- Ludza municipality is rightly considered to be a gateway between the East and the West. Starting from May 1, 2004, the border of the municipality is also the EU border. The territory is crossed by the road A12 of state importance and international highway E22, as well as railway line Riga – Moscow
- Projects of Ludza Municipality include the development of transport and logistics services, which is the Municipality's priority and one of the prospective future directions

### Most Important Commercial Activity Sectors in Ludza Municipality

- Traditional agriculture: cultivation of grain, rape, flax and forage crops
- Dairy and cattle farming
- Food production
- Logging and wood processing
- Repair of motor vehicles and motorcycle
- Catering, accommodation and other services

### Competitiveness Factors of Regional and Local Importance

- EU co-funding for improvement of the industrial area, construction of buildings and networks
- Industrial area development and attraction of investors belong to one of the Municipality's priorities till 2030
- Ludza municipality provides workforce with higher, vocational, and vocational secondary education
- 25 – 50% property tax relief
- Municipality's strategy for sustainable development supports the creation of transport infrastructure, logistics and transit service areas along state road A12 and railway line.

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