The goal of the present Law shall be to promote foreign investments in the Latvian Republic and to provide for the observance of the interests of the Latvian Republic.

Terminology Used in the Law

Foreign investors — legal persons registered in foreign states and natural persons who invest property to engage in entrepreneurial activities in the Latvian Republic.

Foreign investments — convertible currency of foreign investors designated for engaging in entrepreneurial activity in the Latvian Republic as well as assets or intellectual property of foreign investors valued in convertible currency transferred from foreign states. The conversion of convertible currency shall be made at the rate of exchange established by the Bank of Latvia as of the date of engaging in the operation.

Enterprises with foreign investors — newly-established or existing enterprises (entrepreneurial societies), in which foreign investment is made.

Control of foreign investors over an enterprise — the right that a foreign investor has to determine the scope and nature of the business of an enterprise by way of a deciding vote or by any other manner.

National regime — a legal regime under the provisions of which foreign investors have the same rights and duties as legal and natural persons of the Latvian Republic.

Article 1. The Application of the National Regime to Foreign Investors

Foreign investors in the Latvian Republic shall be guaranteed the national regime with the exceptions thereto established by the present Law.

Article 2. Forms of Entrepreneurial Activity

1. Foreign investors shall be entitled to engage in entrepreneurial activity only by way of establishing societies with limited liability or joint stock societies both with and without the participation of entrepreneurs of Latvia or by way of entering into such societies.

* Translated by William B. Simons, Documentation Office for East European Law, Leiden University Faculty of Law.
2. A foreign entrepreneurial society may also be the sole founder of an enterprise with foreign investments.

3. Foreign enterprises (entrepreneurial societies) on the territory of the Latvian Republic may establish branches in accordance with the provisions of section 1 of the present Article.

4. Foreign enterprises (entrepreneurial societies) may open representations which are not authorized to engage in entrepreneurial activity on the territory of the Latvian Republic.

**Article 3. Restrictions on Foreign Investments in the Latvian Republic**

1. Foreign investors may not receive the right of control over enterprises engaged in entrepreneurial activities:
   - in state defense;
   - in manufacturing and selling narcotics;
   - in manufacturing and selling weapons and explosives;
   - in producing securities, currency, coins, and postage stamps;
   - in the field of mass information;
   - in the field of state education;
   - in extracting any renewable and non-renewable natural resources as well as resources of the continental shelf;
   - in fishing in internal waters under the jurisdiction of the Latvian Republic;
   - in hunting;
   - in operating port facilities.

2. Where the provisions of section 1 of the present Article have been violated, it shall be the obligation of foreign investors to sell that portion of an enterprise over which illegal control has been taken within three months, failing which the property shall be sold by order of a court in *ex parte* proceedings with forfeiture to the state of 25 percent of the value thereof.

3. In accordance with legislative acts of the Latvian Republic, foreign investors may enjoy the use of land on the basis of a lease agreement, the term of which may not exceed ninety-nine (99) years.

4. Enterprises with foreign investments may commence entrepreneurial activities, upon which restrictions have been established by the Law of the Latvian Republic "On entrepreneurial activities", only after the receipt of licenses in the procedure established by law.

**Article 4. Attracting Foreign Investments and Control Thereover**

Measures relating to attracting foreign investments and control thereover shall be exercised by one agency specially authorized by the Council of Ministers of the Latvian Republic.