

KEYS TO DOING BUSINESS IN THE BALTIC COUNTRIES

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The Baltic Countries were not just the first European economies to recover from the crisis of 2009 (their GDP began to grow already in the 3rd quarter of that year), but they also lead the ranking of growth in the European Union now. Moreover, they are still net beneficiaries of the structural funds assigned for the period 2014-2021 for a better development of their infrastructures and their energy sector.

Thanks to the courage of its adjustment policies, its pro-business and pro-investment tax systems, its relatively low corruption indexes and its price stability, Lithuania, Estonia and Latvia have earned the respect and the admiration of their European neighbours and of many other countries worldwide. as well as of good part of the rest of the world.

After being dubbed the “Baltic Tigers” these 3 countries, with their liberal policies and their support to investment, offer many opportunities to foreign entrepreneurs. Their privileged situation as gateway to Scandinavia and the Customs Union of Russia, Belarus and Kazakhstan, its legal certainty, its competitive prices and the simplicity of their bureaucratic procedures, have consolidated these 3 republics as an exceptional logistic platform for the development of business of all kinds, both for regional (600 million consumers within a 1,500 km area) and global purposes (exponential growth of data centers and outsourcing of services).

Lithuania, Estonia and Latvia are 3 countries that, despite their geographical proximity and the foreign tendency to identify them as a homogeneous unit, differ significantly. If Lithuania and Latvia have languages deriving from the Baltic branch (together with Old Prussian, now disappeared), Estonia is culturally and idiomatically closer to its northern neighbor, Finland. With regard to religion, Lithuania is mostly catholic, whereas in Estonia and Latvia similar numbers of orthodox and protestants co-exist.

Talking about business, the managers of the 3 Baltics, with all their differences, commonly appreciate 3 main characteristics which are indispensable: punctuality, efficiency and the importance of personal relationships.

On this basis, we can offer 7 basic insider tips for the foreign entrepreneur willing to develop its business in these 3 growing economies:

1. **Conceive a strategy that will allow you to cover several countries at once:** in Lithuania, as in Estonia and Latvia, there are all kinds of companies that not only do cover the 3 Baltics, but also conduct their activities, either directly or through strategic partners, in Scandinavia, Russia and other neighbouring regions. Recognizing and contacting partners with capabilities and flexibility to move our product in a broader

area will allow us to combine the comfort, the multilingualism and the commercial advantages of the little Baltics with all the potentiality of the big markets that surround them.

2. **Take advantage of the extraordinary development of the new technologies in the 3 countries and catch the new wave of growth of their e-commerce:** Worldwide, Lithuania is second only to Singapore with regard to the speed of its Internet connections and its capital city, Vilnius, heads the global ranking in data uploading speed. Estonia was the cradle of 'Skype' and currently is at the forefront of the global technological development. In both countries, as in Latvia, the e-commerce of all kinds of items and services is experiencing a formidable growth, with several success stories of market places on the internet. All this generates a very interesting platform for all those foreign enterprises ready to benefit from cutting-edge communication infrastructures at a price sometimes up to 4 times below Western standards.
3. **Work with local enterprises and look for public support:** reaching mutually beneficial agreements with local companies and using the high willingness of the local authorities to receive foreign investors are 2 fundamental pillars to achieve a sustainable success in the Baltics. Look for the official public channels to support the investment and take advantage of them.
4. **Take care of your reputation and be sure that your future partner's is beyond reproach:** the reduced size of the Baltic markets allows all actors within a given sector to know each other very well. Irresponsibility and inappropriate comments can spread very rapidly and ruin your commercial expectations. To penetrate with guarantees into every Baltic country, it is essential to find a local partner with good reputation in the market and a good network of contacts to support the recognition of our product, as well as its consolidation and expansion. Take advantage of every kind of well linked contacts in order to fix appointments and optimize the time of the negotiations.
5. **Invest in the recognition of your brand:** even products broadly known in Spain won't be sold easily in the Baltics if they are completely unknown. With this target may be fundamental to build on, once again, a local partner that could share our advertisement expenditures and/or help us to develop a marketing strategy with possibilities to succeed, taking advantage of their experience in the targeted market. Sometimes the recognition of the product may not need a direct investment, but a cession of exclusivity or even the distribution under the brand, already consolidated, of our Baltic partner. This last possibility may be especially useful when introducing Spanish products still unknown in the region.
6. **Always confirm every meeting in advance and be punctual:** closing complete business agendas in the Baltic countries requires a meticulous task carried out beforehand and the definitive confirmation a few days before the meetings take place. This is due to the high degree of occupation of the managers of every company, whom

you have to address if you want to make any kind of commercial headway (it's convenient to avoid middle and low managers, except to the extent that those may help us to get the top of the company). On the other hand, punctuality is a basic quality in all 3 countries (it is common to arrive to the meetings 5 minutes before the agreed time) and unpunctuality is commonly understood as a clear lack of respect.

7. **Try to be serious and efficient at your business encounters:** the Baltic managers don't use to lose time in their business conversations. They will go straight to the core of every issue and try to identify in which aspects to cooperate with you may generate a mutual benefit. Equally, the lack of seriousness (promising more than can be given, promising and not complying, changing the agenda at the last moment, kidding around their culture or habits...) may seriously hurt our image before our potential Baltic clients and partners.

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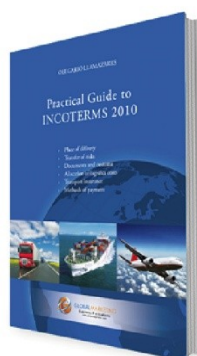


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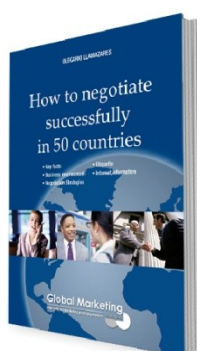


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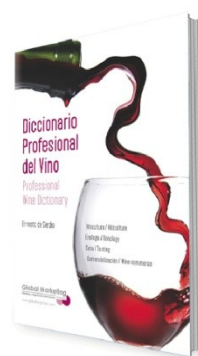
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