

AmCham continues to work on improving trade relations and business sentiment

Trump's election victory raised some concerns in the Baltics regarding trade, investment and geopolitical security. Questions remain over the future of TTIP. The Transatlantic Trade and Investment Partnership. Latvia was the first country this year to sign CETA, a trade deal with Canada. Latvia is determined to continue developing trade ties across the globe. The American Chamber of Commerce in Latvia is committed to fostering trade, investment, partnership and friendship between the US and Latvia. It serves as a business, knowledge, networking and policy forum for its members and partners. As Latvia celebrates its 100 years in 2018, the American of Commerce will embark on its 25th anniversary. The American Chamber of Commerce AmCham speaks on behalf of 140 leading U.S. and international companies in Latvia. AmCham's actions are grounded in four core values: integrity, responsibility, cooperation and excellence. Arnis Kākulis, Director of AECOM has been the President of the American Chamber of Commerce since 2005. He grew up in the US and obtained a Master's Degree in Architecture and a Master's Degree in Urban Planning at Wisconsin University, Milwaukee, USA. Kākulis sat down with *The Baltic Times* to discuss some of AmCham's latest achievements and plans for the future.

What were the highlights and greatest achievements last year for the American Chamber of Commerce?

Last year we had a very good year and we continue to uphold our mission and values. One of our golden highlights was that we established officially the gateway to the USA program, the Latvian Government didn't at that point have a US economic representation in the States, and as such, the American Chamber of Commerce felt it was very important to continue to foster this relationship of trade between Latvia and the United States in both directions. We kind of went out on a limb with the Latvian Chamber of Commerce, signed an agreement, worked together and created this Gateway to the USA program, which has now evolved into a database of providers that can assist companies and individuals who are looking at those opportunities. We are now starting to give that offering to our membership at the AmCham and to the Latvian Chamber of Commerce membership. In total, together with the Latvian Chamber of Commerce, we are reaching around 1,500 companies that could use this vehicle, and that is also kind of on the cusp of TTIP. The second achievement is, that based on this pressure, we established with the Latvian Government, the Ministry of Economics, Ministry of Foreign Affairs and with the



AmCham held its 24th Annual General Meeting on March 16th.

Latvian Investment and Development Agency. We finally were able to get them to agree to establish a Latvian economic representation in the United States. Last month, a representative was selected after an open tender, who will be transitioning to the US and taking an active role from the Latvian Investment and Development agency to foster this interaction between the US and Latvia. This was a lot of our doing and a lot of pressure that made it happen. Another achievement is that we continue to do a very strong participation in the foreign investors council, and lead most of the working groups. Our members are the heads of most of them. We continue to work on the tough issues, such as the grey economy, corruption, the legal framework of Latvia and potential reforms, so we are proud of that. The last highlight would be our continued support of the Human Development Awards. It was a program that the American Chamber of Commerce started with the American Embassies. We have transitioned that to the Civic Alliance now, who will continue the leadership. It is one of the larger corporate social responsibility activities, along with supporting some of our other charities.

What are AmCham's goals and strategies for the future?

There are three major work streams that we will be heightening and emphasising over the next year: One is enhancing transatlantic trade, understanding whether TTIP has a future or not. We need to continue working on the Gateway to the USA program to assist the Latvian Investment and Development Agency in getting this representative launched into the United States and giving him a network of contacts. We will also continue to raise awareness of these transatlantic ties and continue to communicate TTIP and its future. The second priority will be a slightly different angle for us. It is what we call-preparing the future labor force of Latvia. We, as many American-based companies, see that there is still a lack of highly educated workforce that doesn't leave Latvia. We need to give them

the appropriate job types and make sure they are trained for what is needed for the upcoming economic drivers of Latvia. So, talent attraction, talent retention and even talent recruitment back from countries. We even see that at my company at AECOM. I am starting to surface other AECOM employees who are of Latvian descent, who have moved, worked for our company, but don't even know we have a local presence in Latvia. Two of them right now are considering migrating back. So, we are trying to reinforce at AmCham that there are possibilities to help the demographic issue, by providing good jobs to people. It will have more of an educational emphasis, which we haven't done in the past few years. The third goal is to continue to support the improvement of the business environment in Latvia. This year we will focus on securing a safe business environment with geopolitical nature before we stand right now. We don't see aggressive investment in Latvia, everybody is a little more cautious. I think the more we can present to the business community that this is a safe place to do business by the advocacy elements of reducing corruption, and from a defence perspective-both cyber and physical. It is important to emphasise that this still is a place safe for investment, and we will continue to work on that this year.

Is it difficult to attract talent back to Latvia?

It can be somewhat difficult, but not always. You have to look at what the businesses offer. If you are talking about professional services and consulting services, I don't think that the salary issue is as much of an issue, as their work and clients are more international and global, which means their international clients can commit to higher level service fees. Here you can take advantage of a slightly lower cost labour force, but pay them better. That is why we see a lot of the shared service centres coming here taking advantage of that. One of the better examples that we were involved with is the Barclays Bank migration to another Baltic country, Lithuania. There they have really

been able to improve wages to their local and international employees, and attract Lithuanian talent back from the UK with good white collar jobs, not just blue collar jobs. I think there is an opportunity to instill the culture within our companies, to not be afraid to provide higher wages, but at the same time remain competitive. Latvian business will not succumb to adding an increase in their wages. We as corporate citizens have to try to emphasise and call for an improvement in wages as this country really needs it.

EU Ambassador to the U.S, David O'Sullivan said TTIP is neither alive nor dead. How has Trump's administration affected it?

As far as I know, his statement is probably very accurate. We know that the new US administration has not supported a lot of external trade type initiatives. The very quick closure of the Transatlantic Trade Agreement kind of shows that there might not be that presidential support for TTIP, but I don't think it is dead. There is still quite a bit to go before finalising it. I think it was very smart that they didn't try to rush into finalising it during the Obama administration, but actually kept the framework, will work at it and see if it goes anywhere. That's why from our perspective, you can't wait for it to happen, I don't think it will happen in the near future. I don't think there will be an actual TTIP. There will be some actions to enhance trade amongst smaller sets of countries. It was very complicated, when you take the entire European Union, try to gain consensus and agree on the package details-it was not an easy task. As you see, the Latvian side is quite positive, they quickly ratified the Canadian European Trade Agreement (CETA). I think Latvia was number one in accepting that agreement. I would imagine the one with the US is similar, so we feel it is very positive to break down the barriers, because the barriers are still very great for small-medium enterprises to enter into the US, and it is not easy. And those barriers being lifted slightly in the TTIP or that type of trade agree-

ment is just a positive. I don't see large trade partnerships happening under Trump, but it is hard to tell, it is very unpredictable. The American Chamber has to be in a position to work with whichever government is established in the US. We work very closely with the US embassy to understand what is going on to provide our members with the best information possible. I think this administration, compared to any other administration, has been probably the most chaotic at its beginning points. You really can't understand if it is positive or not, as it is very haphazard. I don't think it is doing a lot for these smaller countries, especially the ones that border Russia with uncertainty. I think it is not helping the situation, it is making it more unclear, more unstable, more uncertain, which won't help Latvia attract investment from the US or from anywhere else nor vice-versa. Everything that Latvia in essence has to offer, is relatively small scale, even the largest of things, the technical engineering things, and fiberglass things that are happening in the US. Latvian businesses are building factories there, I don't think that will stop, as it is creating local jobs, but exporting products. I don't know, the jury is out on that. Will it be continued or will it be stopped? I am not sure what will happen with that, but who knows.

The US Embassy traditionally hosted Independence Day celebrations, but last year the AmCham organised it instead. Tell us about this transition and your plans for this year.

We transitioned the Independence Day picnic from the American Embassy to AmCham. We felt it was our duty to take on the leadership role, as it has always been a really nice event. Last year, we held a nice picnic at the Ethnographic Museum and we will do it again this year. The US embassy had that culture of including families, not only families of those companies that are represented in the US and here, but also the military community, the expat community and anyone holding a US passport. It's a really great event and shows the US spirit on a large scale.

AmCham will celebrate its 25th anniversary in 2018. Are you organising some special events to celebrate this event?

There will be some special events. We usually celebrate the major milestones as a Gala event. At the 20th anniversary, there was a large black-tie Gala event. This year it will also take place in a very formal and prestigious way. It will be the 25th anniversary for AmCham, the same year that Latvia has its 100th anniversary. I would imagine there will be some themes that will overlap there for the event. It is scheduled for April, 2018 and it will be a relatively large-scale event.