

## Representative Office

A permanent sales office can be a representative office, a branch office or a sales subsidiary. A permanent representative office is equivalent to a supplier establishing its own agency or distribution center. The supplier can have complete control over its marketing efforts in Latvia including the reputation that is being established for its products. It guarantees that the supplier is kept informed of the situation in Latvia and that his interests are being well served.

Representative offices of foreign companies on Latvian territory are restricted to tasks such as gathering information, establishing or furthering business contacts and concluding contracts. Representative offices are expressly prohibited from undertaking "business activity," unless the foreign investor founds a locally registered limited liability or joint-stock company.

## **Advantages**

- Marketing activities can be more effectively controlled
- New opportunities can be identified
- Effective coordination with government officials, industry associations

## **Disadvantages**

- A representative office involves considerable **expense**

Sending a technical salesperson from Canada is expensive. You must calculate the cost of maintaining an expatriate: salary, apartment costs, transportation, home leaves, etc. Hiring a local manager for the office results in all the problems associated with reliance on an agent: dissimilarity of goals, unfamiliarity with the product, etc.

## **Legalities**

Representative offices must be registered with the *Ministry of Justice*. Requests can be made by submitting a written application. This should outline the purpose of creating an office in Latvia, the type of commercial activity intended and the commercial links proposed with Latvian companies.

The application for registration must be supported by documents confirming the following:

- a copy of the home country company registration documents,
- a letter of reference from the company's Canadian bank,
- details of the bank accounts that will be used by the office.

All documents must be translated into Latvian and notarized.