



PROACTIVE, HIGHLY EFFICIENT, EASY TO REACH AND PASSIONATE ABOUT AVIATION - MEET THE AVIATION DEPARTMENT OF THE LATVIAN MINISTRY OF TRANSPORT

News / Airlines



Today, I have the pleasure to welcome Director of aviation department of Ministry of Transport of Latvia – Arturs Kokars. Why? Because 50skyshades had the pleasure to be Media Partner of Riga Aviation Forum 2023. Two days of event were not enough to ask all questions and have everyone we would love to talk with.

T.O. First, thank you! It was a pleasure to be back to my birth country and see the development. My question is obvious – Latvia is the leader of aviation in Baltics. You were first to resume flights after pandemic. What is the secret of success and what is the strategy which gives you this power to be the leader?

A.K. We were first who had closed the air traffic and we were among the first who did open air traffic. So that's means that we are reacting fast and trying to be on edge on any aviation event we have. Locally or globally. And yes, thank you for possibility to have this discussion.

Greetings to all your visitors and reader of your platform. I hope I will give you some insights about aviation in Latvia, in Baltics. First, I would like to say – we are passionate about aviation. We are also a bit lucky because we have very good our national based airline Air Baltic. We have excellent aviation infrastructure in place, starting with Riga International Airport. Also, I need to mention, air traffic control organization, which is also a crucial part of the ecosystem of aviation locally. So that means we have infrastructure in place, we have an airline in place and now we are fighting for the market. You might also note at Riga Aviation Forum – big changes are coming to the industry. We are trying to be green, efficient and to respond to the, let's say external bothers which are affecting our development and one of the most we need to consider of course this is a sustainability and a green course which will affect us locally and globally as well.

What can we do locally? When you look on the Baltics and even Scandinavian markets, it is obvious that we've reached a certain level of market's maturity. There is no place for revolution. There is no new airline for example that can crash the market. New concept is not born yet, but we have a vision of what could be the new concept. If market is mature, we need to adjust our business strategies. And that's actually what we are doing. We are adjusting our business strategies and we are focusing today on a business diversity in aviation industry. We try to create various way of aviation activities which are related to the modern technologies. Which won't be developed today, maybe tomorrow, maybe the day after tomorrow. But we plan to be in these industries also on the edge of the development. For example, Latvia is already very famous with drones. Various applications, various sizes, various concepts. And we're building those drones from the idea up to practical applications. So, we have the knowledge, we have capacity, and we are working not for the internal market. Nevertheless, the internal market is an excellent "playground" for the development of this kind of projects. We are not trying to develop mass production products, rather looking for "niche" ones.

As Transport Ministry, we are doing a lot for legislative framework. It is not enough to just have brilliant drones. You need to have regulations in place that allows these drones to operate in a controlled manner. That is how we are building our connections with business and supervisory authorities. I think those are among some basic concepts why we are on the leading position in the Baltics. We are not relaxing. We are not taking this for granted. We are looking for way to do more and go further.

Just a short comment. There's a scientific debate about aviation public and private contribution, as an industry. It is obvious that private contribution these are ticket sales, because aviation is everything about to transport something from point A to point B.

But if you're talking about public goods arising from aviation industry, it becomes a tricky question. How you can measure these public benefits of the aviation: these are taxes, it is extra income to national government budget, more jobs, more competitive advantages for our Latvian manufacturers. And when we combine all those assets together as direct benefits, indirect catalytic and inducted for example attraction to the foreign investments to Latvia. Then we can also discover and describe what aviation generates for the society. It is not enough to tell that aviation is all about connectivity. Aviation today is about public wealth and economic development in general.

T.O. When we were speaking back during Riga Aviation Forum, I had an impression that Latvia is a country which is more than welcoming new ideas, investors, or business partners. Like whatever idea is up on the table, you will look at that and see what could be

done to find a solution. Are you open to hear from different potential partners, see what is viable and important for Latvia?

A.K. Our advantage and disadvantage at the same time is our size. We are quite small country. We have very efficient entities. For us it is not an issue to connect in one room all shareholders at once. If you have a bright idea: we can think what you would need from legislative side, what you need from infrastructure perspective, what kind of relations you need at governmental, municipality or other state authorities... We can bring them all in one room at one time. We can easily share this information among all stakeholders. This is one thing. Second thing is We have one of the most advanced legislative framework among EU countries for drone operations. We are really on the edge of this legislative development. And we have quite good business development in this matter as well. That's how we act. Today, for example, to certify an eVTOL concept in a big country would be quite a challenge. To go throe all administrative burdens, to search for a place, for partners, for skilled personal. In our case – we are welcoming – we have everything business needs for their actions. If you need to operate in low density area with proper infrastructure – we have regional airports like Liepaja and Ventspils. If you need to upgrade your framework for test flights – we can arrange you meeting with any city municipality in the country. All we need is a action plan or guideline from the business. As soon as we have it, we can respond in a very fast and efficient way.

T.O. I guess that would partly be an answer to my next question – what do you plan to do to keep this level. As you told – it is good to be a leader, but neighbors' countries are not sleeping, and they are trying everything. I guess that is the way to keep and depend on advantages you have. As a proactive country, what do you need from EU, what would be the best help for the development of aviation industry in Latvia? Would it be regulations, infrastructure projects? During the RAF we've discussed Rail Baltica and how this huge European project will impact Riga International Airport.

A.K. Let's be honest on this: aviation is not a favorite industry for European Union. Unfortunately. And this is how we are treated. Therefore, state aid for aviation is very

limited in Europe. For these reasons we are losing our competitive advantages on a global scale. Of course, I do understand the difference between high-speed train and aviation. But they need to support each other, not to compete. Nevertheless, aviation is a driver of modern economic. We shouldn't forget about that. We need to support aviation industry to help with transformation process. We need to support aviation industry to become more efficient. We need to be very careful with activities which could guide to ticket price increase. We are absolutely lucky, that today, what we observe for example in our region –, bus, sea routes and airline are competing. High speed train line also is coming soon. If we try to give advantages to one of transportation mode it can impact in a very negative way other modes. WE need to be focused on multimodality, on connecting advantages on rail, aviation, sea and ground to deliver it as a transport system on European level. We need to work hard to support for example production of sustainable aviation fuel on regional level. To avoid building new mega factories rather than decentralize the system. This is how we can reach a truly green product not a greenwashing one. We need to support those new manufacturers as eVTOLs. As I noted, in our region aviation has reached the maturity. New concepts can bring us new development of aviation industry. With urban air mobility and regional air mobility concepts, we can start to increase our local mobility adding aviation to the public transportation sector. And it is fantastic advantage, we need to use it, we need to work in this direction. This is what we need from EU – to deliver this perspective. Not only bans and restrictions, but we also need tools for high-risk investments, for research and for start-ups in this area.

T.O. You were talking about sustainable aviation and it is something we talk about everywhere. What is the situation in Latvia? I was impressed by your sentence at RAF2023 that Latvia has a window of opportunity to become a “SAF important country”.

A.K. That's true! For fossil fuel you need to have oil drill and to have recourses under your soil. In case of SAF you can produce fuel from CO2 and electricity. There are no more geographical restrictions. We know there will be short of supply and demand is there. It is obvious for countries like Baltics to try to step in this business. We can produce products based on our local needs and we can try to export as well. Everything is about price of the product. We need to have low electricity price for this production and have a lot of electricity. It is also a challenge. Very important point is that production of sustainable aviation fuel needs to be sustainable itself on all supply chain. We are discussing this kind of projects with our neighbors countries – Estonia and Lithuania, to combine our consumptions and to deliver proper volume for cost efficiency. SAF production today is a window of opportunity for Latvia for next few years. This is how we can improve public wealth brought by aviation industry. New jobs, new incomes for government, new local added value product. And it will be beneficial for green course, green deal.

T.O. I hope to have the opportunity for more question during next Riga Aviation Forum! I will for sure spread the message and do my best to bring some potential business partners to Latvia. It is a pleasure to see that you are going fast, you are more than active, and you are more than determined to keep the leadership in Baltics. So, thank you very much and I very much looking forward to discovering what's new in Latvia at the next event!

A.K. Thank you Tatjana for giving this opportunity! You are really welcome! At the end I just want to highlight that we are open for new businesses, we are open for foreign companies to step into our market on various projects. We have opportunities and already ready to use products which are an excellent complement to existing supply chain for aircraft manufacturers, designers, IT companies, universities. We have a very solid knowledge base here. You are welcome to do not only airline business but all kind of manufacturing and drone activities, starting from simple

assembling to tailor made products.

T.O. It means welcome to Latvia – visit and set up a business! Thank you very much!

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