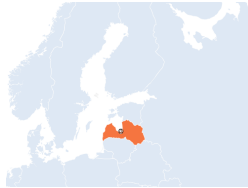


## Introduction

Latvia is a country in the Baltic region of Northern Europe. It is bordered by Estonia, Lithuania, Russia, Belarus, and the Baltic Sea. Across the Baltic Sea lies Sweden. The government system is a parliamentary republic; the chief of state is the president, and the head of government is the prime minister. Latvia has transitioned to a market-oriented economy in which the prices of goods and services are determined in a free price system. Latvia is a member of the European Union (EU).



**Location:** Northern Europe

**Capital City:** Riga (+2 GMT)

**Chief of State:** President Edgar Rinkevics

**Head of Govt.:** Prime Minister Evika Silina

**Currency:** Latvia lat (LVL)

**Major Languages:** <p>Latvian (official) 56.3%, Russian 33.8%, other 0.6% (includes Polish, Ukrainian, and Belarusian), unspecified 9.4%</p>

**Primary Religions:** <p>Lutheran 36.2%, Roman Catholic 19.5%, Orthodox 19.1%, other Christian 1.6%, other 0.1%, unspecified/none 23.5%&nbsp;&nbsp;&nbsp;</p>

**Calling Code:** 371

**Voltage:** 220

## Key Websites

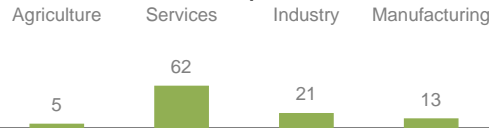
Main Government Page: [president.lv](http://president.lv)

Investment Promotion Agency: [liaa.gov.lv](http://liaa.gov.lv)

## Key Economic Facts

Income Level (by per capita GNI):	High Income
Level of Development:	Developed
GDP, PPP (current international \$):	\$75.25 billion (2022)
GDP growth (annual %):	1.98% (2022)
GDP per capita, PPP (current international \$):	\$39,956.19 (2022)
External debt stocks, total (DOD, current US\$):	\$38,255,247,000.00 (2011)
Manufacturing, value added (% of GDP):	12.61% (2022)
Current account balance (BoP, current US\$):	-\$2.64 billion (2022)
Inflation, consumer prices (annual %):	17.31% (2022)
Labor force, total:	971,430 (2022)
Unemployment, total (% of total labor force) (modeled ILO estimate):	6.43% (2022)
Imports of goods and services (current US\$):	\$31.34 billion (2022)
Exports of goods and services (current US\$):	\$28.95 billion (2022)

## GDP Composition %



*\*Although Manufacturing is included in the Industry figures, it is also separately reported because it plays a critical role in economy.*

## Rankings

Index	Rank
Corruption Perceptions Index	35 / 178
Global Competitiveness Index	41 / 141
Global Enabling Trade Index	40 / 136
Global Services Location Index	20 / 60
Index of Economic Freedom	17 / 176
International Logistics Performance Index (LPI)	70 / 160
Inward FDI Potential Index	42 / 139
KOF Index of Globalization	41 / 185
Networked Readiness Index (NRI)	32 / 139

## Risk Assessment (Provided by Coface)

**Country rating: A4** - A somewhat shaky political and economic outlook and a relatively volatile business environment can affect corporate payment behavior. Corporate default probability is still acceptable on average.

**Business Climate rating: A1** - The business environment is very good. Corporate financial information is available and reliable. Debt collection is efficient. Institutional quality is very good. Intercompany transactions run smoothly in environments rated A1.

### Strengths

- Member of the eurozone (2014) and the OECD (2016)
- Domestic financial system dominated by Swedish banks (47% of all assets)
- Efforts to improve the regulation of the offshore financial system
- High level of digitalization

### Weaknesses

- Russia was a main trading partner as Latvia is a transit point between the EU and Russia (coastline and ports)
- Except for the Baltic states, inadequate land links with the rest of the European Union
- Declining workforce (low birth rate, emigration) and high structural unemployment
- High labor taxation, which hits people on low wages and encourages under-reporting
- Wealth concentrated in the capital, high income inequality

## U.S. Embassy

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