

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 democracy; 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 Raimonds Vejonis

Head of Govt.: Prime Minister Maris Kucinskis

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 19.6%, Orthodox 15.3%, other Christian 1%, other 0.4%, unspecified 63.7%</p>

Calling Code: 371

Voltage: 220

Key Websites

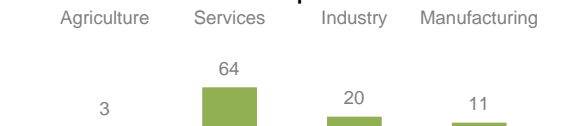
Main Government Page: president.lv

Investment Promotion Agency: liaa.gov.lv

Key Economic Facts

Income Level (by per capita GNI):	High Income
Level of Development:	Developed
GDP, PPP (current international \$):	\$53.56 billion (2017)
GDP growth (annual %):	4.55% (2017)
GDP per capita, PPP (current international \$):	\$27,598.33 (2017)
External debt stocks, total (DOD, current US\$):	\$38,255,247,000.00 (2011)
Manufacturing, value added (% of GDP):	11.05% (2017)
Current account balance (BoP, current US\$):	-\$0.25 billion (2017)
Inflation, consumer prices (annual %):	0.13% (2016)
Labor force, total:	995,283 (2017)
Unemployment, total (% of total labor force) (modeled ILO estimate):	8.71% (2017)
Imports of goods and services (current US\$):	\$18.70 billion (2017)
Exports of goods and services (current US\$):	\$18.30 billion (2017)

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	40 / 178
Global Competitiveness Index	50 / 137
Global Enabling Trade Index	40 / 136
Global Services Location Index	27 / 55
Index of Economic Freedom	28 / 180
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: A3 - Changes in generally good but somewhat volatile political and economic environment can affect corporate payment behavior. A basically secure business environment can nonetheless give rise to occasional difficulties for companies. Corporate default probability is quite acceptable on average.

Business Climate rating: A2 - The business environment is good. When available, corporate financial information is reliable. Debt collection is reasonably efficient. Institutions generally perform efficiently. Intercompany transactions usually run smoothly in the relatively stable environment rated A2.

Strengths

- Membership of the euro zone (2014) and the OECD (2016)
- Financial system dominated by Swedish banks (85% of domestic credit)
- Reform of insolvency law and legal system
- Transit point between the European Union and Russia (coastline and its ports)
- Advanced digitization of the country

Weaknesses

- Decline in the workforce (low birth rate, emigration); high rate of structural unemployment
- Technological lag (R&D = 0.6% of GDP, EU average = 2%)
- Inadequate land links with the rest of the European Union
- Concentration of wealth in the capital; high income inequalities
- Heavy taxation of labour which hits those on low wages and encourages under-declaration
- Problem of corruption
- Declining competitiveness and profitability: wage increases above productivity gains
- Importance of non-residents' bank deposits (half of the total)

U.S. Embassy

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<https://lv.usembassy.gov>