

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 Egils Levits

Head of Govt.: Prime Minister Vacant

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% </p>

Calling Code: 371

Voltage: 220

Key Websites

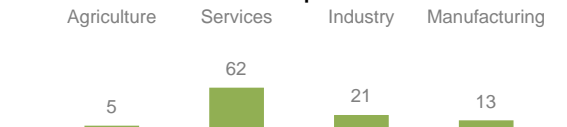
Main Government Page: president.lv

Investment Promotion Agency: laa.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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