Formulaire CH@WORLD: **A754**

Représentation suisse à: Riga	
Pays: Lettonie	Date de la dernière mise à jour: 29.06.2020

Economic report Latvia

0 Executive summary

As elsewhere, the economic data and forecasts for Latvia need to viewed through the "before Covid-19" and "after Covid-19" lenses. Before the pandemic hit the world, forecasts for Latvia indicated generally positive trends towards growth. In line with the forecasts of the International Monetary Fund (IMF) in October 2019, Latvia's economy was expected to grow by 2.8% in 2020. The annual inflation rate should have been around 2.6% and the unemployment was estimated to be at 6.7%. In April 2020, IMF revised its projections. As a result of the global Covid-19 crisis, the IMF predicts that the Latvian economy will contract by 8.6% in 2020 (projecting the GDP growth at 8.3% in 2021). It is also expected that there will be a 0.3% deflation and that unemployment in Latvia will reach 8% by the end of 2020[1].
The depth and length of the crisis in Latvia is largely interconnected with the global economic outlook and the containment of the virus. If a gradual rebound – both at the national level and at the wider European level, will be possible in the third quarter of 2020, the negative effects on the economy could indeed remain in single digits.
As a small domestic market (1.9 million inhabitants), Latvia is an open economy with a strong orientation towards export. The IT software companies and the woodworking industry are particularly well developed. As the neighboring countries, Lithuania and Estonia, are important trading partners, a relatively early creation of the so-called "Baltic bubble" or the "Baltic Schengen" (as of May 15, 2020) should have a positive effect in limiting the scope of the downturn caused by the pandemic.
Despite the small size of its market, there are niche opportunities for Swiss companies. As part of Switzerland's enlargement contribution to the new EU member states, twelve projects totaling CHF 60 million were implemented in Latvia by 2017, as it had been planned. The discussions about a possible new Swiss contribution, scheduled to be launched in 2021, are currently underway.

1 Economic problems and issues

In recent years **Latvia's economy has been steadily growing** at a rate above the EU average. In 2019, Latvia's GDP increased by 2.2% (lower than the GDP increase in Lithuania – 3.9% and Estonia – 4.3%). According to the Latvian Ministry of Economics, the slight economic slowdown was driven by both internal factors (investments from EU funds have peaked, unfavorable developments in the financial sector, etc.) and external factors (review of global trade tensions, Brexit, slower growth in other EU countries)[2].

The rate of **growth was expected to increase** in 2020 – according to the IMF, by 2.8%. **The prognosis has been adjusted in the light of the global pandemic, expecting Latvian economy to contract** by 8.6%. The forecasts by the Economist Intelligence Unit are more cautious, predicting a 10.5% contraction in 2020 at the same time expecting a rebound of growth from 2021 onwards, averaging 4.4% from 2021-2024[3].

[1] International Monetary Fund, Latvia at a glance: https://www.imf.org/en/Countries/LVA
[2] Macroeconomic Review of Latvia by the Ministry of Economics of Latvia, April 2020: https://em.gov.lv/files/tautsaimniecibas_attistiba/makro/makro74-eng.pdf
[3] The Economist Intelligence Unit, Latvia country forecast, May 2020: http://country.eiu.com/FileHandler.ashx?issue_id=1559574939&mode=pdf

In comparison to the crisis a decade ago, **Latvia is considered to be better equipped in the face of economic downturn** caused by Covid-19 – the euro membership ensures more accessible borrowing on better terms, the government has a better fiscal space and banks are well capitalized.

There are, however, "pre-existing conditions" that were pulling down Latvia's growth in the recent past, for instance, the fall in transit cargoes (persisting consequence of deterioration in the relationship with Russia) and the contracting financial sector due to structural changes. These aspects have been highlighted in earlier years by EU Commission analysts and they remain topical in the current outlook.

At the beginning of 2020 one of the biggest concerns for the Latvian authorities and decision makers was directly related to the abovementioned **structural changes in the financial sector**.
Latvia's third largest bank, ABLV, has been undergoing self-administered liquidation after its closure in 2018 due to alleged money laundering. As a consequence to these events, Latvia ended up being supervised by the European Council's anti-money laundering and terrorism prevention expert committee Moneyval. After more than a year of substantial improvements to the financial sector, in February 2020 the Financial Action Task Force (FATF) concluded that sufficient progress has been made and that Latvia has created a strong and sustainable crime prevention system. As a result, it was decided against subjecting Latvia to an increased monitoring by FATF and the country was not added to the FATF's "grey list".

After two years of rapid **investment growth** (2017 – 11.3%, 2018 – 15.8%), the investment dynamics in 2019 had moderated and were 3.1% higher than the year before.
In 2019, the growth rate of private investment was almost three times slower than the year before - it increased by 4.4% and accounted for 17.6% of GDP. The low level and slower dynamics were mainly influenced by weak lending, moderately growing demand, and the uncertainty of the economic and political situation in the external environment. Investment financing was mainly provided by entrepreneurs' own funds. Significant support for private investment was also granted by the state with co-financing from the EU structural funds.
Public investment constitutes 1/5 of total investment in the Latvian economy, and its dynamics largely rely on the cyclicality of the absorption of EU structural funds. The largest share of investments has been made in construction. Primarily these constituted investments in buildings and structures, which during the last three years accounted for 43.1% of total fixed capital formation expenditure. Investments in housing comprised 10% of total investments.[4]

According to the IMF assessment in August 2019, in the short term, the Latvian authorities were advised to tackle challenges posed by labor market tightness, the expected decrease of EU funding, anemic credit growth, and lingering integrity and reputational risks in the financial sector. Higher productivity and investment growth are needed to offset the impact of Latvia's exceptionally unfavorable demographics and achieve long-term growth and income convergence[5]. While Covid-19 has elicited some adjustments in the list of priorities, the main challenges remain the same and will have to be addressed.

In 2019, the **average gross wage** rose by 7.2% to EUR 1076 while the minimum wage remained at 430 EUR/gross. Statistical figures show that the centralized structure of the state leads to regional inequalities, also with regards to wages. The average gross wage was 38% lower in the Eastern border region of Latgale than in the Riga region. As a result of Covid-19, the **unemployment** is on the rise – in comparison to the 6.3% unemployment rate of 2019, in May 2020 the registered number of unemployed reached 8.4%[6] while the actual number was estimated to be at 9.2%. Economists assess that the unemployment rate could have been twice as high if not for the state support in a form of downtime benefits.

The **population** of Latvia continues to decrease. Since the beginning of 2010, it has dropped by 200'000 people, reaching 1.9 million at the beginning of 2020. During 2019, population shrank by 0.6% (by 0.7 % over 2018). As a result of international long-term migration the population in 2010-2018 fell by 126'100.

---

[4] Macroeconomic Review of Latvia by the Ministry of Economics of Latvia https://em.gov.lv/files/tautsaimniecibas_attistiba/makro/makro74-eng.pdf

[5] International Monetary Fund, Article IV Consultation for Latvia, 2019: https://www.imf.org/en/Publications/CR/Issues/2019/08/06/Republic-of-Latvia-2019-Article-IV-Consultation-Press-Release-and-Staff-Report-48565

[6] State Employment Agency data: https://www.nva.gov.lv/index.php?cid=3&mid=67

Latvia's **energy policy** is the responsibility of the Ministry of Economy and has three main objectives: a) security of energy supply – access of energy users to stable sources of supply and a well-developed infrastructure; b) competitiveness – a market-based energy sector, which ensures further development of the national economy, its competitiveness in the region and globally; and c) sustainable energy – reduced dependence on energy imports, promotion of new, efficient technologies for the use of renewable energy, and efficiency improvement measures have been carried out.

Latvia covers its energy needs in roughly equal parts from electricity, natural gas and oil products. In terms of electricity, Latvia is largely self-sufficient, based on hydroelectric power plants and wood energy. The electricity market was liberalised in 2015 and the gas market - in 2017.
Oil and gas are mainly imported from Russia. Incukalns is home to the largest underground gas storage facility in the Baltic region. During the winter months, it supplies gas not only to Latvia, Estonia and Lithuania, but also to neighboring Russian regions.
The governments of the Baltic States have agreed to create a single, liberalised gas market in the Baltic States by 2021. The states are also planning to establish a **joint gas network**. The construction of the "Gas Interconnection Poland-Lithuania" (GIPL) pipeline will connect it to the Western European network. The planned completion date is scheduled to be the end of 2021. In December 2019, the pipeline “Balticconnector” was launched, joining Finland and the Baltic countries in a joint gas network. The electricity networks of the Baltic countries are still connected to the Russian grid. The EU will support financially, among other things, the separation of the Baltic electricity networks from Russia and integration into the EU networks.

In general, the business climate in Latvia has been generally regarded as positive. In current international country rankings the country’s positions are as follows:

- World Bank's Doing Business Report 2019: 19th place (out of 190, no change)
- Global Competitiveness Report 2019 of the WEF: Rank 41 (of 141, one position up)
- Transparency International Corruption Perceptions Index 2019: Rank 44 (of 180, three positions down)
- Global Innovation Index 2019: Rank 34 (of 143, no change)
- Index of Economic Freedom 2020: Rank 32 (of 186, three positions up)

2 International and regional economic agreements

2.1. Latvia’s policy and priorities

Latvia has been a member of the WTO since 1999, a member of the EU (and of NATO) since 2004, in the Schengen zone since 2007 and part of the euro zone since 2014. In 2016 it was admitted to the OECD. Regional cooperation is primarily oriented towards the Baltic Sea region.
Brexit remains a challenge for the Latvian economy, which still involves a great deal of uncertainty, as there are currently around 110,000 Latvian citizens living in the UK.

The priorities of Latvia's **external economic policy** are the participation in the definition of the EU’s economic policy orientations, attracting foreign direct investment, the development of transport and energy infrastructure, the promotion of innovation and technology, improving the reputation of the financial sector, and attracting transit revenues. The most important infrastructure project is by far the expansion of the "Rail Baltica" railway line.

The EU has approved EUR 323 million for the first stage of synchronisation of the Baltic electricity networks with the continental European system. The total cost of the whole project is EUR 1.5 billion. At present, the Baltic networks are still part of the post-Soviet BRELL ring, which includes Russia and Belarus. The full synchronization of the Baltic State’s electricity networks with the Central European Network via Poland is scheduled to be finished by 2025.

Regional cooperation is primarily focused on the **Baltic Sea region**. Latvia is a member of the Council of the Baltic Sea States and was its presiding state in 2018/2019 when the priorities included integrity and societal security, dialogue and responsibility[7]. Latvia is also a member of the Baltic Council of Ministers and presided it in 2019. The priorities of Latvia’s presidency were to strengthen security in

[7] Latvian presidency of the Council of the Baltic Sea States: https://www.cbss.org/wp-content/uploads/2018/06/LV-presidency-leaflet_FINAL.pdf

the region, develop regional connectivity with a focus on energy and transport infrastructure and digital agenda as well as to promote common interests within the EU[8].
There are close and strong relations with the Nordic Council of Ministers, and there is a joint platform with "**NB8**". (Nordic-Baltic 8). It aims to intensify cooperation - with Western Europe and the countries of the Baltic region - in the fields of (among others) economy, energy, security and education.

2.2 Outlook for Switzerland (potential for discrimination)

The economic relations between Switzerland and Latvia are based on the bilateral agreements between Switzerland and the EU and are in fact rather good and problem-free. Switzerland is a respected trading partner – while the volume of trade is not high, Switzerland is well regarded because of the quality of its products and the reliability of its companies. The strength of the Swiss franc has not been an issue in the public debate. Swiss companies in Latvia, as far as it is known, are not subject to discrimination.
The double taxation agreements (DTAs) between Switzerland and the three Baltic States came into force on 1 January 2003. Amendments concerning the automatic exchange of information were adopted in 2016. Amendments with respect to taxes on income and capital entered into force on 3 September 2018 and have taken effect as of 1 January 2019.

State Secretary Marie-Gabrielle Ineichen-Fleisch visited the Baltic States in May 2015 with a delegation consisting of SECO, SDC and S-GE. In Latvia she met with representatives of the Ministry of Economy and Finance.
Federal President Alain Berset paid an official visit to Riga in May 2018. Although the economy was not the main component of the programme, Swiss companies such as Roche, Novartis and Bucher Munizipal also met briefly with his delegation and the Latvian hosts on this important occasion.
In December 2019, the Director for European Affairs of the Swiss Federal Department of Foreign Affairs, State Secretary Roberto Balzaretti, visited Riga and took part in political consultations with his Latvian counterparts. One of the topics discussed was the need for promoting economic cooperation given the potential in the areas of **transport and logistics** as well as **science and research**.

Despite the small size of Latvia's domestic market, there are niche opportunities for Swiss companies. Railway, airport and port infrastructure, as well as renewable energies, deserve special mention. The embassy regularly shares information about the ongoing tenders, mainly within the Rail Baltica project, to ensure availability of information to any interested Swiss companies.

3. Foreign trade

3.1 Development and general outlook

Since joining the World Trade Organisation in 1999, Latvia has adopted a **liberal and open export and import regime**. Its EU membership also plays a significant role in its commercial balance: the European Union accounts for over 72% of Latvia's total exports. In 2019, Latvia's exports increased by 0.8% (2018 had shown a 7% increase), and in volume terms, they rose to a total of EUR 12.87 billion. Imports dropped by 0.3% comprising EUR 15.8 billion. Neighbors **Lithuania** (17.1%), **Estonia** (11.7%) and **Russia** (9.2%) remain the most important export destinations, followed by **Germany** (7.2%) and **Sweden** (6.6%). The largest contribution to the growth of exports of goods was made by the export of wood and wood products, electrical appliances and equipment, as well as the increase in the value of exports of cereals, alcoholic and non-alcoholic beverages and pharmaceutical products.

Imports of goods and services rose by 5%, with inward services rising by about 7%. The main imports were machinery and electronic equipment, transport vehicles, mineral products and chemical products. The largest share of imports came from **Lithuania** (17.7%), **Germany** (10.9%), **Poland** (9.4%), **Estonia** (8.5%) and **Russia** (6.8%). EU and neighboring countries specifically are the main trading partners but also Russia remains an important destination for Latvian exports even after the introduction of sanctions and retaliatory measures.

According to the Latvian Ministry of Economics, in 2019 the most significant contribution to economic growth was provided by the **trade sector** (an increase of 4.1%), which was facilitated by the growth of both retail and wholesale volumes. Rapid growth was also observed in the **agricultural and forestry**

[8] Cooperation among the Baltic countries, Ministry of Foreign Affairs of Latvia:
https://www.mfa.gov.lv/en/policy/baltic-sea-region/co-operation-among-the-baltic-states-13464-en

sector (by 12.8%), which was largely influenced by the high grain yield. Also, in 2019, **catering services** (by 11.2%), **computer programming and consulting** (by 9.1%) services, and **commercial services** (by 6.5%) experienced accelerated growth.

An important foreign trade issue for Latvia is the revenue from cargo operations in the country's **three major Baltic Sea ports**. In 2019, the **volume of the handled cargo has decreased** by 5.7%. With regard to the port of Riga, the turnover of cargo was by 10.1% less; with 32.8 billion tons transshipped. The handling of general cargo decreased by 7.3% year-on-year to 52.9% billion tons. With a slight spike in 2018, the current results are in line with the overall trend of decreasing amounts of cargo since 2014, partly explainable by EU's sanctions against Russia and partly – by Russia's strategic decision to use the ports of other countries less and rely more on its own resources.

In 2019, **Riga International Airport** continued its growth with 7.8 million passengers arriving and departing, 10.5% more than in 2018. The largest passenger turnover at the Riga International Airport was with German airports: 1.0 million passengers (+ 5.9%), Russian airports: 0.9 million passengers (+ 18.4%) and British airports: 0.8 million passengers (- 0.3%). Swiss airports are among TOP 20 connections with 0.13 million passengers (+ 2.7%).

Riga Airport's goal is to transform itself into a modern and convenient North European air hub by 2023, serving 10 million passengers but the Covid-19 crisis has proven to be a major set-back. With no air travel possible for more than two months due to the state-of-emergency, both Riga International Airport and national airline airBaltic decided to lay off hundreds of employees and both companies have required state support to go through the crisis. The government decided to support Riga International Airport with 54.4 million EUR and airBaltic – with up to 250 million EUR contribution to companies' fixed capital. airBaltic estimates that it could take till 2023 to be able to return to the 2019 volumes of passenger turnover.

3.2 Bilateral trade

Swiss-Latvian trade in goods is relatively small. According to the calculations by the Swiss Customs Administration, in 2019 **Switzerland's export to Latvia shrunk** by 9.5% to CHF 133.65 million from CHF 147.72 million in 2018. The main categories were pharmaceutical products and machinery (both electric and non-electric).

Switzerland's import from Latvia slightly increased, by 5% – from CHF 53.12 million in 2018 to CHF 55.77 million in 2019. The main categories included wood, electric machinery, vehicles and furniture. Altogether, the surplus of the Swiss balance of trade reached CHF 77.88 million in 2019.

4 Direct investments

4.1 Development and general outlook

In 2019, **gross fixed capital formation** in Latvia increased by 4.7%[9]. Foreign Direct Investment increased by 5.09% and reached EUR 15.9 billion[10].

The **foreign investment in the share capital** of the capital registered in Latvia has been decreasing for the fourth consecutive year: by EUR 125.42 million in 2019 and by EUR 502.33 million in four years, in 2019 totaling at EUR 7.03 billion.

The results of the 2019 annual survey conducted by the Council of Foreign Investors in Latvia (FICIL)[11] suggest that, even though the assessment of foreign investors with regard to the **investment attractiveness of Latvia** and the work of policy-makers to improve the investment climate in Latvia is still on the level of 'average', it still shows some positive tendencies. Namely, the development of the investment climate in 2019 was evaluated as 2.6 on a scale of 5 points (2.5 in 2018 and 2017). Furthermore, in both the 2017 and 2018 studies, investors gave the policy-makers' efforts to improve the investment climate in Latvia a score of 2.9, whereas in 2019 it was 3.1 on a scale of 5 points.

---

[9] https://em.gov.lv/files/tautsaimniecibas_attistiba/leap/leap2019-eng-3.pdf

[10] Foreign Direct Investment in Latvia, Central Bank of Latvia: https://statdb.bank.lv/lb/Data.aspx?id=128

[11] FICIL Sentiment Index 2019 - https://www.ficil.lv/sentiment-index/

According to the viewpoints of the foreign investors in Latvia, quality of education and science, and availability of labor were among the key areas of concern.

According to the Investment and Development Agency of Latvia, there are **seven main sectors identified for investment** in Latvia – woodworking; metalworking and mechanical engineering; transport and storage; information technology (including global business services); green technology; health care; life sciences as well as food processing.
There are five **free trade zones** (EPZs) in Latvia - the free ports of Ventspils and Riga, and the special economic zones of Liepaja, Rezekne and Latgale. They offer higher tax relief: 80% corporate tax reduction on distributed profits, up to 100% reduction on real estate tax. Since 2018, reinvested profits are no longer taxable in Latvia.

Currently, however, the government is focusing on ways to **support and develop the economy in order to tackle the Covid-19 crisis**. Three directions have been identified – **social benefits** (downtime support, upskilling for employment in less affected sectors), **investments in infrastructure** (EUR 75 million state investment in road infrastructure, more possibilities to obtain loans for development projects on the municipal level) and **modernization** (restructuring the economy towards export and manufacturing, EUR 5 million investment in Covid-19 research).

Among the major projects in the construction industry where foreign investors are expected and would be particularly welcome, **Rail Baltica** railway line Estonia-Latvia-Lithuania remains the most important one with the total costs of project estimated up to EUR 5.8 billion, of which EUR 2 billion in Latvia.

The payment to Latvia of the EU subsidies has a stimulating effect. For the years 2014-2020, Latvia has EUR 4.4 billion at its disposal, which can be used for private and public projects. In May 2020, the government agreed on the redistribution of the EU Funds in amount of almost EUR 500 million for the economic recovery after the Covid-19 crisis. The main focus areas will be increasing capacity of the health sector and support for exporting and manufacturing companies.

4.2 Bilateral investment

According to the Latvian Central Bank, **Swiss investments** (15th place in the investor ranking) amounted to a total of 213 million EUR in 2019, on a decreasing trend since 2017 when the Swiss investment reached 259 million EUR and down from 2018 when the investments stood at 217 million EUR.

Among the **largest Swiss investors** is Bucher Municipal (formerly Bucher Schoerling Baltic; 363 employees) which opened an assembly plant for municipal vehicles in Ventspils in 2004, and it has since been expanded several times. A 4.7 million euro expansion project started in spring 2010 and was put into operation in summer 2011, generating 40 - 50 new jobs.
MSC Shared Service Center Riga offering cargo services is also among the well performing Swiss owned companies in terms of turnout and the number of employees, with 163 people employed. Philip Morris International remains the largest tax payer among the Swiss companies in Latvia, but ALSO Latvia, active in the computer programming field, should be mentioned as the second (72 employees) and Roche Latvia, pharmaceutical company – as the third largest tax payer (28 employees). Pepco Latvia was established in 2017, currently has 158 employees and is the fourth largest tax contributor.

Latvia's investments in Switzerland increased from EUR 43 million to EUR 60 million in 2019, according to the Latvian Central Bank.

5 Trade, economic and tourism promotion "Country advertising"

5.1 Foreign economic promotion instruments

The Swiss Chamber of Commerce in Latvia (SCCL) in Riga, founded in 2007, had concluded an agreement for the provision of services with Switzerland Global Enterprise (S-GE) until the end of 2018. As a result, there is no direct contractual partner in Latvia for any inquiries from Swiss companies, except for the embassy. SCCL continues to exist and is also a member of the Foreign Investors Council in Latvia (FICIL). The Board of Directors has recently seen various changes. The number of members remains low at 18 companies and 3 persons (as of 25 May 2020) and the number of events held is declining.

5.2 Latvia’s interest in Switzerland

Switzerland enjoys an **excellent reputation** in Latvia.
Before Covid-19, the Latvian airline airBaltic offered daily **direct flights** from Riga to Zurich and several times a week also to Geneva. The airline is yet to resume its direct flights to Switzerland, it is planned for July 2020.
The Latvian media regularly publish articles on Switzerland in the fields of **tourism, culture and politics** (although the latter are non-analytical in nature). The visit of the President of the Swiss Confederation, Alain Berset, to Riga in May 2018 was covered in a variety of media.
The ESKAS scholarships offered by Switzerland are rather sought after, as is the training at Swiss hotel management schools, which regularly take part in education fairs in Latvia.
2021 marks the **centenary** of the establishment of Latvia’s and Switzerland’s diplomatic relations.

Switzerland is known and appreciated in Latvia as a **financial centre**. The issue of tax evasion - as well as the related problems with the EU - has been closely followed. Investment and Development Agency of Latvia (LIAA) does not have a representational office in Switzerland, thus the investment possibilities are explored on a private basis.

Economic structure

Gross domestic product by kind of activity (NACE Rev.2), in %	2014	2019
Employed population	100.0	100.0
(A) Agriculture, Forestry and Fishing	3.7	4.3
(B C D E) Mining and quarrying; Manufacturing; Electricity, gas, steam and air conditioning supply; Water supply, sewerage, waste management and remediation activities	15.5	15.2
(F) Construction	6.8	6.8
(G H I) Wholesale and retail trade; repair of motor vehicles and motorcycles; Transportation and storage; Accommodation and food service activities	26.3	24.3
(J) Information and communication	4.4	5.8
(K) Financial and insurance activities	4.6	3.2
(L) Real estate activities	13.3	12.4
(M N) Professional, scientific and technical activities; Administrative and support service activities	7.0	8.3
(O) Public administration and defence; compulsory social security	7.6	7.8
(P) Education	4.7	4.8
(Q) Human health and social work activities	3.2	4.0
(R S T) Arts, entertainment and recreation; Other service activities; Activities of households as employers	2.9	3.1

Source: Central Statistical Bureau of Latvia

Employed by economic activity (NACE Rev. 2.), in %	2014	2019
Employed population	100.0	100.0
(A) Agriculture, forestry and fishing	7.5	7.3
(B-E) Imanufacturing, mining and quarrying, other industry	15.6	14.8
(F) Construction	8.3	8.9
(G, I) Trade, accommodation and food service activities	18.3	18.6
(H, J) Transportation, storage, information and communication	12.6	11.0
(K-N) Financial, insurance, scientific and administrative activities; real estate activities	11.2	11.8
(O) Public administration and defence; compulsory social security	6.6	7.0
(P) Education	9.6	9.2
(Q) Human health and social work activities	5.9	6.4
(R-U) Other services	4.5	5.0

Source: Central Statistical Bureau of Latvia

Main economic data

	2018	**2019**	**2020 P***
GDP (EURbn)	29.5	31.4	*28.6*
GDP per capita (EUR)	15.3	16.3	15.1
Growth rate (% of GDP)	4.3	2.2	-8.6
Inflation rate (%)	2.6	2.7	-0.3
Unemployment rate (%)	7.4	6.3	8
Fiscal balance (% of GDP)	-0.7	-0.7	
Current account balance (% of GDP)**	-0.7	-0.5	3,4
Total external debt (% of GDP)**	37.2	36.9	49.9
Budget surplus/deficit (% of GDP)**	-0.8	-0.2	-7.3
Reserves (months of imports)***	2	n/a	n/a

Source: CBS.gov.lv; IMF (Article IV consultations of August 2019*), ** Latvia's Central Bank* *** World Bank
P* Projections, where available, by IMF and Latvia's Central Bank

Trade partners – 2019

Export	Mio. EUR	Share %	2018 vs 2019	Import	Mio. EUR	Share %	2018 vs 2019
Total	12’869		0.8	Total	15’852		0.38
Europe	9’310	72.3	2.44	Europe	12’182	76.9	4.35
1. Lithuania	2’204	17.1	1.0	1. Lithuania	2’802	17.7	2.01
2. Estonia	1’504	11.7	7.0	2. Germany	1’729	10.9	4.32
3. Russia	1’182	9.2	4.2	3. Poland	1’486	9.4	6.6
4. Germany	928	7.2	6.2	4. Estonia	1’343	8.5	-0.8
5. Sweden	851	6.6	-6.6	5. Russia	1’080	6.8	-18.24
6. United Kingdom	723	5.6	-0.6	6. Finland	671	4.2	-0.31
7. Denmark	554	4.3	1.1	7. Netherlands	625	3.9	13.4
8. Poland	469	3.6	-6.1	8. Canada	598	3.8	-18.84
9. Netherlands	348	2.7	21.9	9. Sweden	524	3.3	7.1
10. Finland	318	2.5	6.7	10. Italy	519	3.3	15.4
33. Switzerland	45	0.35	-29	27. Switzerland	85	0.5	-10.88

Source: Central Statistical Bureau of Latvia I and Central Statistical Bureau of Latvia II

Bilateral trade

Total 2		Import in Mio. CHF			Export in Mio. CHF				Saldo in Mio. CHF		
		2018	2019	+/- %	Anteil	2018	2019	+/- %	Anteil	2018	2019
Total		53.12	55.77	5.0	100.0	147.72	133.65	-9.5	100.0	94.60	77.88
01 - 24	Landwirtschaftliche	1.84	1.56	-15.0	2.8	2.49	2.59	3.9	1.9	0.66	1.03
25 - 26	Mineralische Stoffe	0.01	0.00	-42.7	0.0	0.00		-100.0	*	0.00	0.00
27	Energieträger	0.42	0.38	-7.6	0.7	2.64	2.54	-3.9	1.9	2.23	2.16
28 - 29	Chemische	1.74	1.86	7.0	3.3	1.22	2.81	130.9	2.1	-0.52	0.95
30	Pharmazeutische	1.05	0.16	-85.0	0.3	79.07	**66.51**	-15.9	49.8	78.01	66.36
31 - 32	Düngemittel, Farbstoffe,	0.03	0.03	4.7	0.1	0.92	0.93	1.1	0.7	0.89	0.90
33 - 34	Schönheitsmittel,	1.58	1.79	13.2	3.2	2.58	2.75	6.3	2.1	1.01	0.96
35 - 38	Stärke, versch.	0.78	0.17	-78.9	0.3	0.73	0.79	9.0	0.6	-0.06	0.63
39 - 40	Kunststoffe, Kautschuk	0.84	0.63	-25.1	1.1	3.22	2.80	-13.0	2.1	2.38	2.17
41 - 43	Felle, Leder,	0.03	0.03	11.4	0.1	0.16	0.01	-92.7	0.0	0.14	-0.02
44 - 46	Holz, Kork, Flechtwaren	9.60	**9.66**	0.6	17.3	0.07	0.08	14.9	0.1	-9.53	-9.58
47 - 49	Papier und Papierwaren	0.78	0.81	3.4	1.4	0.13	0.23	84.5	0.2	-0.66	-0.58
50 - 63	Textilien und Bekleidung	6.16	5.36	-13.0	9.6	3.90	4.47	14.5	3.3	-2.25	-0.89
64 - 67	Schuhe, Schirme usw.	0.15	0.30	101.5	0.5	0.02	0.03	37.3	0.0	-0.13	-0.27
68 - 70	Waren aus Steinen,	2.29	2.29	-0.1	4.1	1.19	0.85	-28.9	0.6	-1.10	-1.44
71	Edelsteine, Edelmetalle,	0.39	1.69	333.6	3.0	2.85	0.39	-86.3	0.3	2.46	-1.30
72 - 83	Unedle Metalle und	1.72	2.32	35.2	4.2	3.09	3.18	2.9	2.4	1.38	0.86
84	Maschinen (nicht	2.25	2.98	32.1	5.3	14.71	**15.65**	6.4	11.7	12.46	12.68
85	Maschinen (elektrisch)	6.76	**7.67**	13.5	13.8	11.19	**13.04**	16.5	9.8	4.43	5.36
86 - 89	Fahrzeuge, Flugzeuge	6.89	**6.15**	-10.9	11.0	7.07	1.21	-82.9	0.9	0.17	-4.93
90	Opt. / medizin.	1.86	3.00	61.5	5.4	5.24	**7.32**	39.8	5.5	3.38	4.32
91	Uhrmacherwaren	0.04	0.14	241.3	0.2	4.70	4.76	1.4	3.6	4.66	4.62
92	Musikinstrumente	0.03	0.02	-17.9	0.0	0.01	0.00	-60.5	0.0	-0.02	-0.02
93	Waffen und Munitionen		0.01	*	0.0	0.02	0.03	75.8	0.0	0.02	0.02
94	Möbel, Bettzeug usw.	5.42	**6.15**	13.6	11.0	0.29	0.26	-10.7	0.2	-5.13	-5.89
95 - 96	Spielzeuge, Sportgeräte	0.44	0.48	7.4	0.9	0.09	0.17	86.6	0.1	-0.35	-0.31
97	Kunstgegenstände,	0.03	0.15	428.5	0.3	0.10	0.23	135.7	0.2	0.07	0.08

Source: Swiss Customs Administration

Main investing countries – 2019

	In Mio. EUR	2019	% versus 2018	% from Total
	Total	**15 976**	**5.09**	**100**
No.	Total EU	12 244	5.79	76.64
1.	SE Sweden	2 349	-11.96	14.70
2.	EE Estonia	2 167	42.66	13.56
3.	RU Russian Federation	1 568	-6.16	9.81
4.	NL Netherlands	1 127	3.58	7.05
5.	CY Cyprus	1 113	2.96	6.97
6.	LT Lithuania	1 090	11.79	6.82
7.	DE Germany	1 026	36.25	6.42
8.	LU Luxembourg	859	-5.91	5.38
9.	DK Denmark	582	3.19	3.64
10.	FI Finland	539	45.28	3.37
11.	NO Norway	458	-12.26	2.87
12.	MT Malta	351	-21.48	2.20
13.	AT Austria	253	21.05	1.58
14.	GB United Kingdom	214	-24.91	1.34
15.	**CH Switzerland**	**213**	**-1.84**	**1.33**

Source: Central Bank of Latvia