

The Republic of Latvia: Statistical Appendix

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REPUBLIC OF LATVIA

Statistical Appendix

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Approved by European II Department

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Latvia: Basic Data

Social and demographic indicators

Area	64,589 sq. km.
Population	2.4 million
Urban	68.2 percent
Rate of population growth	-0.6 percent per year
Life expectancy at birth	
Male	64.9 years
Female	76.0 years
Infant mortality rate (per 1,000 births)	10.4
Hospital beds (per 10,000 inhabitants)	87.3
Physicians (per 10,000 inhabitants)	34.4

	1996	1997	1998	1999	2000
	In percent of GDP				
Shares of gross domestic product at current prices					
Agriculture and hunting	6.7	4.0	2.5	2.3	2.2
Forestry and logging	0.8	0.8	1.0	1.3	1.4
Fishing	0.3	0.2	0.2	0.3	0.4
Mining and quarrying	0.1	0.1	0.1	0.1	0.1
Manufacturing	18.2	19.4	15.4	13.4	12.8
Electricity, gas, and water	4.6	4.3	4.6	3.9	3.5
Construction	4.1	4.2	5.9	6.2	6.0
Services	52.3	54.0	56.4	59.9	61.9
Taxes and subsidies	12.7	12.8	13.8	12.5	11.8
GDP					
Nominal GDP (in millions of lats)	2,829	3,275	3,589	3,897	4,333
GDP per capita (in lats)	1,131	1,321	1,460	1,637	1,826
Real GDP (percentage change)	3.3	8.6	3.9	1.1	6.6
Consumer prices (percentage change, end-period)	13.1	7.0	2.8	3.2	1.8
General government finances	In millions of lats, unless otherwise stated				
Total revenue	1,057	1,352	1,529	1,561	1,620
(in percent of GDP)	37.4	41.3	42.6	40.0	37.4
Total expenditure	1,104	1,332	1,554	1,707	1,764
(in percent of GDP)	39.0	40.7	43.3	43.8	40.7
Financial balance	-47	20	-25	-146	-144
(in percent of GDP)	-1.7	0.6	-0.7	-3.8	-3.3
Net lending	5	10	3	7	0
(in percent of GDP)	0.2	0.3	0.1	0.2	0.0
Fiscal balance	-52	10	-27	-153	-143
(in percent of GDP)	-1.8	0.3	-0.8	-3.9	-3.3
Money and credit (end-period)					
Net foreign assets	445	619	415	364	538
Broad money	628	871	923	997	1275
Domestic credit	366	479	647	745	1062
Velocity (level)	5.0	4.1	4.0	4.2	3.8
Balance of payments					
Total exports (GNFS)	1,440	1,669	1,841	1,708	1,984
Total imports (GNFS)	1,669	1,947	2,327	2,110	2,360
Current account balance	-154	-201	-380	-380	-302
Official reserves (in months of imports of goods and nonfactor services)	2.8	2.5	2.9	2.9	2.6
Exchange rate, lats per US\$, end-period	0.556	0.590	0.569	0.583	0.613

Sources: Latvian authorities; and Fund staff estimates.

Table 1. Latvia: Savings-Investment Balance, 1996-2000
(In percent of GDP)

	1996	1997	1998	1999	2000
Foreign savings 1/	5.5	6.1	10.6	9.7	6.9
Gross national savings	14.6	17.7	17.8	17.2	20.2
Government 2/	0.4	3.0	3.4	0.8	0.7
Nongovernment	14.2	14.7	14.5	16.4	19.5
Gross domestic investment	18.8	22.8	27.6	27.0	27.1
Government 3/	2.3	2.7	4.1	4.7	4.0
Nongovernment	16.6	20.1	23.5	22.3	23.1
Fixed capital formation	15.9	16.0	23.2	20.4	20.6
Change in inventories	0.7	4.0	0.3	1.9	2.6
<i>Memorandum item:</i>					
Government savings-investment balance (fiscal balance) 2/	-1.8	0.3	-0.8	-3.9	-3.3
Nongovernment savings-investment balance	-2.4	-5.4	-9.0	-5.9	-3.6
Nominal GDP (in millions of lats)	2,829	3,275	3,589	3,897	4,333
Real GDP growth rate	3.3	8.6	3.9	1.1	6.6
Inflation (annual average rate)	17.6	8.4	4.7	2.4	2.6

Sources: Latvian authorities; and Fund staff estimates.

1/ External current account deficit.

2/ Government revenues do not include privatization receipts.

3/ Including net lending.

Table 2. Latvia: Gross Domestic Product by Sector of Economic Activity at Current Prices, 1992-2000
(In thousands of current lats)

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Agriculture and hunting 1/	161,649	155,516	170,122	180,782	190,932	132,290	88,559	89,768	93,628
Forestry, logging and related services	...	...	...	29,983	22,996	27,489	37,068	52,084	62,262
Fishing	3,640	1,311	1,101	8,898	8,189	6,466	8,614	12,319	15,450
Mining and quarrying	1,425	2,414	3,688	3,168	3,978	4,869	5,123	4,989	5,158
Manufacturing	264,785	307,089	360,622	456,444	516,196	634,793	554,230	521,356	553,383
Electricity, gas and water supply	13,795	100,205	94,379	112,026	130,880	141,839	164,576	151,459	149,559
Construction	47,310	56,603	107,324	102,886	116,519	136,710	212,200	242,712	258,042
Services	445,965	708,685	1,071,603	1,139,656	1,479,129	1,770,333	2,025,446	2,336,078	2,682,653
Wholesale and retail trade; repair services	108,770	113,532	177,359	230,352	378,979	459,824	521,060	600,652	688,566
Hotels and restaurants	27,410	14,488	28,632	22,154	27,322	36,213	38,619	43,098	47,575
Transport, storage and communications	166,445	307,651	370,154	324,715	419,816	480,176	515,544	522,046	617,228
Financial intermediation	39,410	54,547	128,170	114,808	139,983	137,153	110,403	169,970	186,311
Real estate, renting and related	24,680	49,892	90,155	87,160	81,518	144,364	237,954	320,017	401,315
Public administration and defense	13,520	40,674	68,920	103,957	126,125	166,215	201,188	234,971	249,179
Education	29,460	58,089	96,051	107,522	127,883	139,199	169,802	183,347	207,472
Health and social work	19,270	40,319	63,125	80,496	86,117	97,093	110,210	116,909	119,693
Other community, social and personal service	17,000	29,493	49,037	68,492	91,386	110,096	120,666	145,068	165,314
Taxes on products	69,740	135,189	234,576	318,328	363,941	432,683	510,937	507,965	534,633
Subsidies on products	3,755	...	860	2,947	3,625	12,016	17,277	21,740	21,740
Gross domestic product	1,004,555	1,467,012	2,042,555	2,349,223	2,829,135	3,275,456	3,589,476	3,896,990	4,333,028

Source: Central Statistical Bureau of Latvia.

1/ For 1990-94 includes forestry, logging, and related services.

Table 3. Latvia: Gross Domestic Product by Sector of Economic Activity at Current Prices, 1992-2000
(In percent of GDP)

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Agriculture and hunting 1/	16.1	10.6	8.3	7.7	6.7	4.0	2.5	2.3	2.2
Forestry, logging and related services	...	...	...	1.3	0.8	0.8	1.0	1.3	1.4
Fishing	0.4	0.1	0.1	0.4	0.3	0.2	0.2	0.3	0.4
Mining and quarrying	0.1	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Manufacturing	26.4	20.9	17.7	19.4	18.2	19.4	15.4	13.4	12.8
Electricity, gas and water supply	1.4	6.8	4.6	4.8	4.6	4.3	4.6	3.9	3.5
Construction	4.7	3.9	5.3	4.4	4.1	4.2	5.9	6.2	6.0
Services	44.4	48.3	52.5	48.5	52.3	54.0	56.4	59.9	61.9
Wholesale and retail trade; repair services	10.8	7.7	8.7	9.8	13.4	14.0	14.5	15.4	15.9
Hotels and restaurants	2.7	1.0	1.4	0.9	1.0	1.1	1.1	1.1	1.1
Transport, storage and communications	16.6	21.0	18.1	13.8	14.8	14.7	14.4	13.4	14.2
Financial intermediation	3.9	3.7	6.3	4.9	4.9	4.2	3.1	4.4	4.3
Real estate, renting and related	2.5	3.4	4.4	3.7	2.9	4.4	6.6	8.2	9.3
Public administration and defense	1.3	2.8	3.4	4.4	4.5	5.1	5.6	6.0	5.8
Education	2.9	4.0	4.7	4.6	4.5	4.2	4.7	4.7	4.8
Health and social work	1.9	2.7	3.1	3.4	3.0	3.0	3.1	3.0	2.8
Other community, social and personal serv	1.7	2.0	2.4	2.9	3.2	3.4	3.4	3.7	3.8
Taxes on products	6.9	9.2	11.5	13.6	12.9	13.2	14.2	13.0	12.3
Subsidies on products	0.4	...	0.0	0.1	0.1	0.4	0.5	0.6	0.5
Gross domestic product	100	100	100	100	100	100	100	100	100

Source: Central Statistical Bureau of Latvia.

1/ For 1990-94 includes forestry, logging, and related services.

Table 4. Latvia: Gross Domestic Product by Sector of Economic Activity at Constant Prices, 1992-2000
(In thousands of 1995 lats)

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Agriculture and hunting 1/	293,610	240,295	204,332	180,782	170,145	170,483	155,564	135,961	140,446
Forestry, logging and related services	...	...	...	29,983	29,450	38,855	42,638	45,702	57,966
Fishing	1,351	1,091	1,044	8,898	8,391	6,319	6,126	7,836	8,480
Mining and quarrying	6,243	4,237	6,044	3,168	3,244	3,523	3,811	4,189	4,529
Manufacturing	741,861	507,010	458,773	456,444	475,158	556,410	578,667	544,526	575,653
Electricity, gas and water supply	126,664	102,761	101,909	112,026	109,898	109,128	111,030	105,202	101,910
Construction	197,300	100,754	113,643	102,886	108,339	117,247	137,178	148,267	160,707
Services	1,006,335	1,080,725	1,164,608	1,139,654	1,197,022	1,287,353	1,344,726	1,413,838	1,513,683
Wholesale and retail trade; repair services	129,887	157,320	183,561	230,352	232,195	264,469	317,049	349,938	383,481
Hotels and restaurants	38,271	25,644	34,806	22,154	23,360	23,572	25,027	27,014	28,981
Transport, storage and communications	306,021	333,206	383,144	324,713	368,875	396,173	385,105	385,967	413,698
Financial intermediation	95,298	100,461	107,278	114,808	105,593	109,817	108,938	114,494	125,471
Real estate, renting and related	110,402	116,576	104,619	87,160	93,087	101,744	109,899	129,427	146,978
Public administration and defense	80,572	95,708	104,256	103,957	111,057	117,610	118,570	120,191	120,261
Education	106,413	100,690	103,510	107,522	109,780	110,883	113,766	114,015	114,846
Health and social work	73,137	87,104	81,573	80,496	76,578	78,097	76,145	75,434	75,855
Other community, social and personal services	66,334	64,016	61,861	68,492	76,497	84,988	90,227	97,358	104,112
Taxes on products	394,463	319,312	321,067	318,328	328,832	350,207	362,466	366,928	391,225
Subsidies on products	3,637	3,007	2,985	2,947	2,774	2,771	3,085	3,883	3,883
Gross domestic product	2,764,190	2,353,178	2,368,435	2,349,223	2,427,705	2,636,754	2,739,121	2,768,566	2,950,716

Source: Central Statistical Bureau of Latvia.

1/ For 1990-1994 includes forestry, logging, and related services.

Table 5. Latvia: Gross Domestic Product by Sector of Economic Activity at Constant Prices, 1992-2000
(Percentage growth)

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Agriculture and hunting 1/	-28.6	-18.2	-15.0	-11.5	-5.9	0.2	-8.8	-12.6	3.3
Forestry, logging and related services	...	...	...	...	-1.8	31.9	9.7	7.2	26.8
Fishing	-51.3	-19.2	-4.3	752.3	-5.7	-24.7	-3.1	27.9	8.2
Mining and quarrying	-45.1	-32.1	42.6	-47.6	2.4	8.6	8.2	9.9	8.1
Manufacturing	-48.4	-31.7	-9.5	-0.5	4.1	17.1	4.0	-5.9	5.7
Electricity, gas and water supply	-29.2	-18.9	-0.8	9.9	-1.9	-0.7	1.7	-5.2	-3.1
Construction	-58.7	-48.9	12.8	-9.5	5.3	8.2	17.0	8.1	8.4
Services	-13.5	7.4	7.8	-2.1	5.0	7.5	4.5	5.1	7.1
Wholesale and retail trade; repair services	-20.2	21.1	16.7	25.5	0.8	13.9	19.9	10.4	9.6
Hotels and restaurants	-40.7	-33.0	35.7	-36.4	5.4	0.9	6.2	7.9	7.3
Transport, storage and communications	-27.2	8.9	15.0	-15.3	13.6	7.4	-2.8	0.2	7.2
Financial intermediation	40.0	5.4	6.8	7.0	-8.0	4.0	-0.8	5.1	9.6
Real estate, renting and related	-18.3	5.6	-10.3	-16.7	6.8	9.3	8.0	17.8	13.6
Public administration and defense	51.1	18.8	8.9	-0.3	6.8	5.9	0.8	1.4	0.1
Education	5.3	-5.4	2.8	3.9	2.1	1.0	2.6	0.2	0.7
Health and social work	3.9	19.1	-6.3	-1.3	-4.9	2.0	-2.5	-0.9	0.6
Other community, social and personal services	-24.9	-3.5	-3.4	10.7	11.7	11.1	6.2	7.9	6.9
Taxes on products	-30.3	-19.1	0.5	-0.9	3.3	6.5	3.5	1.2	6.6
Subsidies on products	-31.9	-17.3	-0.7	-1.3	-5.9	-0.1	11.3	25.9	0.0
Gross domestic product	-34.9	-14.9	0.6	-0.8	3.3	8.6	3.9	1.1	6.6

Source: Central Statistical Bureau of Latvia.

1/ For 1990-1994 includes forestry, logging, and related services.

Table 6. Latvia: Gross Domestic Product by Expenditure at Current Prices, 1996-2000

	1996	1997	1998	1999	2000
	(In thousands of lats)				
Final consumption	2,525,226	2,807,319	3,084,103	3,245,719	3,534,764
Households and of non-profit institutions serving households (NPISH)	1,912,924	2,181,073	2,316,028	2,445,511	2,709,396
General government	612,302	626,246	768,075	800,208	825,368
Gross capital formation	532,642	746,309	990,773	1,053,022	1,174,442
Gross fixed capital formation	512,774	613,670	979,450	980,010	1,063,894
Changes in inventories	19,868	132,639	11,323	73,012	110,548
Exports of goods and services	1,440,078	1,669,117	1,841,352	1,708,074	1,983,845
Imports of goods and services	1,668,811	1,947,289	2,326,752	2,109,825	2,360,023
GDP at purchasers' prices	2,829,135	3,275,456	3,589,476	3,896,990	4,333,028
	(In percent of GDP)				
Final consumption	89.3	85.7	85.9	83.3	81.6
Households and of non-profit institutions serving households (NPISH)	67.6	66.6	64.5	62.8	62.5
General government	21.6	19.1	21.4	20.5	19.0
Gross capital formation	18.8	22.8	27.6	27.0	27.1
Gross fixed capital formation	18.1	18.7	27.3	25.1	24.6
Changes in inventories	0.7	4.0	0.3	1.9	2.6
Exports of goods and services	50.9	51.0	51.3	43.8	45.8
Imports of goods and services	59.0	59.5	64.8	54.1	54.5
GDP at purchasers' prices	100	100	100	100	100

Source: Central Statistical Bureau of Latvia.

Table 7. Latvia: Gross Domestic Product by Expenditure at Constant Prices, 1996-2000

	1996	1997	1998	1999	2000
	(In thousands of 1995 lats)				
Final consumption	2,153,375	2,236,061	2,374,749	2,466,123	2,559,601
Households and of non-profit institutions serving households (NPISH)	1,622,276	1,703,541	1,809,935	1,901,359	2,007,234
General government	531,099	532,520	564,814	564,764	552,367
Gross capital formation	438,258	491,880	684,786	624,870	617,163
Gross fixed capital formation	434,026	523,996	754,489	724,215	802,305
Exports of goods and services	1,323,911	1,497,675	1,570,381	1,470,475	1,658,408
Imports of goods and services	1,487,839	1,588,862	1,890,795	1,792,902	1,884,456
GDP at purchasers' prices	2,427,705	2,636,754	2,739,121	2,768,566	2,950,716
	(Percentage growth)				
Final consumption	...	3.8	6.2	3.8	3.8
Households and of non-profit institutions serving households (NPISH)	...	5.0	6.2	5.1	5.6
General government *	...	0.3	6.1	0.0	-2.2
Gross capital formation	...	12.2	39.2	-8.7	-1.2
Gross fixed capital formation	...	20.7	44.0	-4.0	10.8
Exports of goods and services	...	13.1	4.9	-6.4	12.8
Imports of goods and services	...	6.8	19.0	-5.2	5.1
GDP at purchasers' prices	...	8.6	3.9	1.1	6.6

Source: Central Statistical Bureau of Latvia.

Table 8. Latvia: Energy Balance Overview, 1996-2000

	1996	1997	1998	1999	2000
	(Thousand tonnes of oil equivalent)				
Energy resources, total	4,318	4,514	4,366	4,029	3,800
Production of primary energy	1,051	1,660	1,781	1,516	1,252
Imports	3,806	2,979	3,148	2,737	2,672
Exports	-300	-302	-505	-480	-231
Stock changes	-240	177	-58	129	86
Statistical differences	...	...	...	127	21
Consumed for the conversion to another type of energy	1,495	1,548	1,446	1,240	1,231
Production of electricity and thermal energy	1,460	1,353	1,182	981	874
Self-consumption	87	106	96	116	147
Losses	319	328	311	281	250
Gross consumption	3,877	3,885	3,696	3,373	3,046
	(In percent)				
Gross import as share of:					
Energy resources, total	88.2	66.0	72.1	67.9	70.3
Net import as share of:					
Energy resources, total	81.2	59.3	60.5	56.0	64.2

Source: Latvian authorities.

Table 9. Latvia: Energy Balance in 2000

	Total	Coal	Oil products	Natural gas	Solid fuel 1/	Electricity 2/	Thermal energy
	(Thousand tonnes of oil equivalent)						
Energy resources, total	3,800	66	1,204	1,211	923	396	...
Production of primary energy	1,252		1	...	1,008	243	...
Imports	2,672	55	1,134	1,237	65	181	...
Exports	-231	...	-31	...	-172	-28	...
Stock changes	86	5	69	-23	35	...	...
Statistical differences	21	6	31	-3	-13	...	...
Transformation	1,231	12	135	807	277		
Production of electricity and thermal energy	874	0	0	0	0	113	761
Self-consumption	147	...	48	21	10	39	29
Losses	250	...	4	18	1	85	142
Gross final consumption	3,046	54	1,017	365	635	385	590
<i>Of which :</i>							
industry	688	2	144	230	177	117	18
transport	716	...	701	2	...	13	...
<i>Of which :</i>							
air	27	...	27	...	...	...	...
road and urban electrical	609	...	601	2	...	6	...
rail	69	...	65	...	...	4	...
water	8	...	8	...	...	...	...
pipeline	3	...	...	...	...	3	...
agriculture, forestry, hunting, fishing	94	2	46	13	18	14	1
construction	28	1	12	1	7	6	1
households	971	12	28	70	319	102	440
other consumers	549	37	86	49	114	133	130

Source: Statistical Yearbook of Latvia.

1/ Including oil shale.

2/ Production is electricity produced by using hydro and wind power.

Table 10. Latvia: Labor Market Indicators, 1996-2001
(In thousands)

	1996	1997	1998	1999				2000				2001		
	Dec	Dec	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep
Registered unemployed 1/	90.8	84.9	111.4	120.5	120.1	114.3	109.5	108.5	100.6	94.3	93.3	96.7	93.7	91.3
<i>Of which:</i>														
Women	49.7	50.4	65.2	69.5	69.6	66.5	62.8	60.9	57.2	54.5	53.8	54.7	53.5	52.7
Long term unemployed 2/	49.5	52.7	29.3	30.5	30.5	* 31.4	34.0	33.2	29.9	27.6	27.0	27.4	26.0	24.9
Benefit recipients 3/	32.2	26.2	37.5	47.2	50.0	49.4	44.5	43.0	39.8	39.5	36.8	37.7	38.1	38.1
<i>Memorandum items:</i>														
Hidden unemployment 4/ 5/	6.6	9.1	10.8	14.8	13.1	13.5	11.8	11.5	10.1	10.5	9.8	9.0	8.4	...
Total employment 6/	1,012	1,043	1,033	1,028	1,035	1,046	1,041	1,037	1,039	1,038	1,037	1,035	1,039	...
Unemployment rate 1/ (In percent of labor force)	7.2	7.0	9.2	10.1	10.0	9.5	9.1	9.0	8.4	7.9	7.8	8.1	7.8	7.6

Source: Central Statistical Bureau of Latvia.

1/ End of the period.

2/ Persons unemployed for six months or more, starting in 1998.

3/ Average number of recipients.

4/ Defined as the full time work equivalent of working time that is reported lost due to enforced reduced hours and unpaid leave.

5/ Beginning of year data; since 1998, average quarterly.

6/ Average quarterly.

Table 11. Latvia: Employment and Unemployment Changes, 1997-2000

(In percent of labor force, except where noted)

	1997	1998	1999	2000
Change in employment	5.7	1.0	0.5	0.4
Change in state employment	-3.1	-6.9	-5.1	-4.1
Change in private employment	10.9	5.1	3.1	2.3
Change in unemployment	-23.7	-5.4	-3.6	-2.2
Change unemployment as percent of change employment	-27.6	-6.8	-3.6	-2.8
Change unemployment as percent of change public employment	-21.1	1.2	2.1	1.8

Source: Central Statistical Bureau of Latvia.

Table 12. Latvia: Labor Force Survey Results, 1996-2000

	1996	1997	1998	1999	2000
	Nov.	Nov.	Nov.	Nov.	Nov.
Economically active population (in thousands)	1,182	1,186	1,168	1,157	1,132
As percent of population 1/	59.8	59.7	58.8	58.2	56.8
Employed (in thousands)	966	1,015	1,007	990	967
<i>Of which:</i>					
On involuntary unpaid leave	3.6	3.0	2.0	1.4	1.2
Involuntary paid leave	0.4	0.4	0.2	0.2	0.1
Involuntary part time work	77.7	82.1	80.5	74.7	62.2
Jobseekers (in thousands)	217	171.2	161	167	165
As percent of economically active	18.3	14.4	13.8	14.5	14.6
Unemployment rate (in percent)	18.3	14.4	13.8	14.5	14.6
City	21.3	17.6	16.4	16.0	16.0
Countryside	10.8	6.9	7.4	10.7	10.8
Male	18.9	14.3	13.5	15.5	15.6
Female	17.7	14.6	14.1	13.3	13.5
15-24 years	29.0	24.9	25.5	24.6	23.6
50-69 years	16.4	12.3	10.7	10.9	11.9
Higher education	9.0	7.6	6.0	7.4	5.4
Basic education	25.9	17.7	17.1	22.1	22.3
Without formal education	35.3	...	21.4	18.8	43.3
Economically inactive population (in thousands)	796	801	817	831	860
<i>Of which:</i>					
Discouraged 2/	37	50	51	46	51
<i>Memorandum items:</i>					
Characteristics of jobseekers					
Percent under 24 years	21.9	22.0	22.3	20.9	17.9
Percent over 60 years	5.1	3.3	2.4	3.3	3.4
Percent male	54.4	51.4	51.6	56.4	55.2
Percent urban	83.7	85.9	84.1	78.7	79.3

Source: Central Statistical Bureau of Latvia, "Labor in Latvia: Labor Force Survey Data," various issues.

1/ In 1995, age 15 to 69. Since 1996, age 15 and older.

2/ Unemployed who have given up seeking a job, and are therefore not counted as jobseekers.

Table 13. Latvia: Average Employment by Sector of Economic Activity, 1991-2000
(In thousands)

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total employment	1,397	1,294	1,205	1,083	1,046	1,018	1,037	1,043	1,038	1,038
Public sector	...	763	593	460	422	382	357	331	311	297
Private sector	...	531	612	623	624	636	680	712	727	741
Agriculture, hunting and forestry	236	252	228	201	188	181	187	178	171	153
Agriculture and hunting	219	239	216	188	174	167	172	164	156	137
Forestry and logging	17	13	12	13	14	14	15	14	15	16
Fishing	12	7	7	8	5	5	6	6	5	6
Industry	371	328	278	227	214	202	209	192	184	188
Mining and quarrying	4	3	2	2	3	3	2	2	2	2
Manufacturing	356	309	260	209	194	180	187	171	164	168
Energy and water	11	16	16	16	17	19	20	19	18	18
Construction	130	85	66	60	56	58	60	63	64	65
Services	648	622	626	587	583	572	575	604	614	626
Wholesale and retail trade	119	133	141	147	147	136	152	169	170	174
Hotels and restaurants	59	47	31	33	23	21	21	22	24	26
Transport and communications	107	101	104	95	92	90	89	90	88	85
Financial intermediation	7	9	10	11	14	15	15	15	16	16
Real estate	78	62	59	55	50	41	38	47	53	57
Public administration and defense	24	36	44	48	57	61	63	64	64	64
Education	94	97	93	91	91	90	91	90	89	87
Health and social work	66	67	77	66	65	62	61	62	61	59
Other community services	94	70	67	41	44	56	45	45	49	58

Sources: Central Statistical Bureau of Latvia.

Table 14. Latvia: Share of Employment by Industry, 1991-2000
(In percent of total employment)

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Agriculture	16.9	19.5	18.9	18.6	18.0	17.8	18.0	17.1	16.5	14.7
Industry	26.6	25.3	23.1	21.0	20.5	19.8	20.2	18.4	17.7	18.1
Mining and quarrying	0.3	0.2	0.2	0.2	0.3	0.3	0.2	0.2	0.2	0.2
Manufacturing	25.5	23.9	21.6	19.3	18.6	17.7	18.0	16.4	15.8	16.2
Energy and water	0.8	1.2	1.3	1.5	1.6	1.9	1.9	1.8	1.7	1.7
Construction	9.3	6.6	5.5	5.5	5.4	5.7	5.8	6.0	6.2	6.3
Services	46.4	48.1	52.0	54.2	55.8	56.2	55.4	57.9	59.2	60.3
Wholesale and retail trade	8.5	10.3	11.7	13.6	14.1	13.4	14.7	16.2	16.4	16.8
Hotels and restaurants	4.2	3.6	2.6	3.0	2.2	2.1	2.0	2.1	2.3	2.5
Transport and communications	7.7	7.8	8.6	8.8	8.8	8.8	8.6	8.6	8.5	8.2
Financial intermediation	0.5	0.7	0.8	1.0	1.3	1.5	1.4	1.4	1.5	1.6
Real estate	5.6	4.8	4.9	5.1	4.8	4.0	3.7	4.5	5.1	5.5
Public administration and defense	1.7	2.8	3.7	4.4	5.5	6.0	6.1	6.1	6.2	6.1
Education	6.7	7.5	7.7	8.4	8.7	8.8	8.8	8.6	8.6	8.4
Health and social work	4.7	5.2	6.4	6.1	6.2	6.1	5.9	5.9	5.9	5.7
Other community services	6.7	5.4	5.6	3.8	4.2	5.5	4.3	4.3	4.7	5.6

Sources: Central Statistical Bureau of Latvia.

Table 15. Latvia: Average Wages, 1996-2001

	Whole Economy	State Sector 1/	Budgetary Organizations	State Enterprises	State Sector In US\$	Min. Wage In Lats
(In lats per month)						
1996	98.73	105.63	88.89	123.68	191.71	35.50
Jan-Mar	89.41	95.20	79.99	109.79	174.36	28.00
Apr-June	99.21	105.70	87.55	123.99	191.14	38.00
July-Sep	102.29	106.20	88.27	125.61	192.74	38.00
Oct-Dec	107.54	117.51	99.68	137.55	212.11	38.00
1997	120.03	126.89	107.12	149.31	218.40	38.00
Jan-Mar	109.81	116.91	98.64	137.26	203.68	38.00
Apr-June	118.55	125.26	104.21	148.90	216.34	38.00
July-Sep	122.24	127.12	106.31	150.57	216.93	38.00
Oct-Dec	129.59	138.90	119.62	161.52	237.44	38.00
1998	133.30	142.97	124.32	166.35	242.32	42.00
Jan-Mar	123.07	128.49	109.53	151.61	216.31	42.00
Apr-June	132.98	142.00	120.13	169.19	237.86	42.00
July-Sep	136.50	145.42	126.49	169.44	243.58	42.00
Oct-Dec	140.82	156.64	141.53	176.13	273.85	42.00
1999	140.99	156.77	140.07	179.48	267.98	50.00
Jan-Mar	132.61	144.91	127.45	168.97	250.71	50.00
Apr-June	141.04	156.84	136.60	184.83	264.49	50.00
July-Sep	142.59	156.74	139.74	179.96	266.56	50.00
Oct-Dec	147.71	168.90	157.25	184.22	291.12	50.00
2000	149.53	169.03	152.44	191.20	278.93	50.00
Jan-Mar	141.75	156.92	138.74	181.15	265.52	50.00
Apr-June	149.31	168.29	151.79	190.38	279.09	50.00
July-Sep	150.54	168.88	152.13	191.06	276.42	50.00
Oct-Dec	156.39	182.27	167.29	202.47	293.51	50.00
2001						
Jan-Mar	149.54	165.16	150.25	185.40	266.81	50.00
Apr-June	157.27	176.57	161.61	196.82	278.50	50.00
July-Sep	...	...	...	...	...	60.00
(Real terms, index 1993=100)						
1995 average	108.60	108.97	113.87	114.78	n.a.	131.84
1996 average	102.86	104.14	107.23	112.81	n.a.	142.14
1997 average	114.35	114.93	119.30	125.22	n.a.	140.29
1998 average	121.44	123.86	132.38	128.06	n.a.	148.21
1999 average	125.43	132.57	145.81	134.79	n.a.	172.34
2000 average	129.59	135.77	...	...	n.a.	...

Source: Latvian authorities.

1/ The state sector includes enterprises where central or local government capital participation in the company capital is equal to or above 50 percent.

Table 16. Latvia: Average Gross Wages by Sector of Economic Activity, 1996-2000
(In lats per month)

	1996			1997			1998			1999			2000		
	Whole economy	of which		Whole economy	of which		Whole economy	of which		Whole economy	of which		Whole economy	of which	
		public sector	private sector		public sector	private sector		public sector	private sector		public sector	private sector		public sector	private sector
Total	98.73	103.86	93.00	120.03	126.83	112.60	133.30	142.91	124.62	140.99	156.67	129.19	149.53	168.95	135.96
Agriculture, hunting and forestry	69.76	83.07	70.95	83.03	112.31	74.36	93.76	128.13	83.67	98.45	148.65	85.02	114.58	192.36	97.10
Fishing	115.07	126.97	93.86	149.86	235.92	98.19	105.80	83.22	108.95	105.58	82.95	109.43	85.85	105.84	80.55
Industry of which:	108.81	116.28	107.97	132.34	144.36	127.38	140.99	168.37	134.32	146.60	194.77	139.72	151.26	223.92	142.66
Mining and quarrying	112.79	109.35	119.19	130.49	111.23	134.25	139.85	110.45	140.31	157.40	67.92	157.50	152.69	...	152.72
Manufacturing	104.31	109.71	107.97	127.42	127.33	127.44	134.15	131.92	134.40	136.95	138.85	136.88	140.53	167.24	140.07
Electricity, gas and water supply	144.10	138.04	97.07	169.56	173.30	115.35	193.46	198.24	116.26	215.32	211.94	228.46	235.89	233.36	247.21
Construction	85.63	75.22	96.42	112.55	136.13	109.38	131.54	173.34	126.99	137.47	177.17	136.42	133.08	202.15	131.33
Wholesale and retail trade	69.11	104.73	72.94	84.32	122.67	82.29	95.67	125.04	94.83	101.79	127.46	101.50	108.20	148.28	107.89
Hotels and restaurants	66.52	140.88	53.34	85.75	148.04	74.86	85.02	153.27	76.56	81.51	162.71	74.90	85.15	187.62	78.46
Transport, storage and communication of which:	151.71	152.02	133.33	177.87	184.34	161.82	185.70	197.04	164.61	186.85	203.48	159.39	193.06	214.09	161.70
Land transport; transport via pipelines	113.96	...	...	136.27	147.98	96.00	142.15	160.56	95.45	142.48	163.27	96.69	150.58	176.12	100.39
Railway	130.95	...	...	...	...	...	169.02	169.12	56.32	166.58	166.69	69.94	182.96	183.71	164.56
Road	87.61	...	...	...	...	...	108.69	143.63	77.67	113.51	156.98	78.47	117.78	163.14	81.93
Waterway	292.47	283.65	296.93	353.06	403.18	216.38	526.90	584.38	354.31	487.53	542.08	281.44	254.29	...	287.93
Air	196.94	239.71	124.32	238.31	375.28	106.16	288.21	457.57	154.21	312.67	495.41	134.87	346.33	...	133.96
Post and communication	134.60	126.45	168.06	158.02	154.87	208.13	193.75	192.03	213.76	219.56	217.84	236.22	239.85	237.34	264.42
Financial intermediation	210.92	201.13	230.96	267.52	284.72	261.02	309.95	346.98	297.80	335.47	418.13	311.22	382.50	655.00	351.94
Operations of real estate and related activities	92.55	90.42	98.45	114.18	112.08	116.78	139.83	133.02	147.13	158.29	150.10	164.31	170.51	167.64	172.21
Public administration and defense	117.44	167.63	116.62	144.38	143.98	343.37	168.14	167.69	413.45	187.97	187.48	468.59	197.85	197.32	453.67
Education	78.20	74.05	77.44	93.07	92.93	100.55	108.11	107.87	119.06	119.90	119.89	120.45	135.13	134.36	159.33
Health and social work	77.64	74.23	78.13	90.60	91.90	80.19	104.19	105.41	93.48	118.42	119.94	106.31	124.32	126.11	111.45
Other community and social services of which:	82.48	80.02	84.08	99.43	101.51	93.27	111.47	113.61	106.08	125.62	132.49	109.74	128.86	138.95	108.17
recreation, culture and sport	75.13	71.59	78.58	94.04	92.01	107.77	108.12	105.51	120.66	117.54	116.01	123.03	122.93	123.12	122.27

Sources: Central Statistical Bureau of Latvia.

Table 17. Latvia: Consumer Price Inflation, 1996-2001

Year/Month	Consumer Price Index (Dec. 1990 = 100)	Percentage Change Over Previous Month	Percentage Change Over Same Month Last Year			Annual Average Inflation	Quarterly Inflation	
			All Items	Goods	Services		Over Previous Quarter	Over Previous Year
1996								
December	9,101	0.6	13.1	11.0	18.6	17.6	2.2	14.4
1997								
December	9,738	0.2	7.0	4.2	18.2	8.4	1.4	7.3
1998								
December	10,006	0.2	2.8	1.6	7.0	4.7	0.4	2.8
1999								
January	10,121	1.2	2.6	1.6	6.2	...	...	...
February	10,143	0.2	2.7	1.7	6.0	...	...	...
March	10,139	0.0	2.3	1.2	5.9	...	1.6	2.5
April	10,127	-0.1	1.5	0.7	4.2	...	...	...
May	10,171	0.4	1.9	1.1	4.4	...	...	...
June	10,243	0.7	1.9	1.0	4.7	...	0.5	1.8
July	10,150	-0.9	1.8	0.9	4.5	...	...	...
August	10,131	-0.2	2.1	1.3	4.4	...	...	...
September	10,164	0.3	2.4	1.4	5.4	...	-0.3	2.1
October	10,232	0.7	2.9	2.1	5.4	...	...	...
November	10,310	0.8	3.2	2.6	5.1	...	...	...
December	10,328	0.2	3.2	2.6	5.1	2.4	1.4	3.1
2000								
January	10,437	1.1	3.1	2.5	5.3	...	...	...
February	10,489	0.5	3.4	2.5	6.5	...	...	...
March	10,466	-0.2	3.2	2.3	6.4	...	1.7	3.3
April	10,504	0.4	3.7	2.7	7.2	...	...	...
May	10,480	-0.2	3.0	1.8	7.1	...	...	...
June	10,489	0.1	2.4	1.6	5.0	...	0.3	3.1
July	10,436	-0.5	2.8	2.1	5.2	...	...	...
August	10,379	-0.5	2.5	1.6	5.1	...	...	...
September	10,389	0.1	2.2	1.6	4.2	...	-0.9	2.5
October	10,434	0.4	2.0	1.3	4.3	...	...	...
November	10,478	0.4	1.6	0.9	4.0	...	...	...
December	10,510	0.3	1.8	1.0	4.2	2.6	0.7	1.8
2001								
January	10,576	0.6	1.3	0.5	4.0	...	...	...
February	10,560	-0.2	0.7	0.0	2.9	...	...	...
March	10,610	0.5	1.4	1.2	2.0	...	1.0	1.1
April	10,650	0.4	1.4	1.4	1.5	...	...	...
May	10,758	1.0	2.7	2.9	1.9	...	...	...
June	10,818	0.6	3.1	3.6	1.9	...	1.5	2.4
July	10,765	-0.5	3.1	3.6	1.7	...	...	...
August	10,694	-0.7	3.0	3.4	1.8	...	...	...
September	10,764	0.6	3.6	4.2	1.8	2.1	0.0	3.3

Sources: Central Statistical Bureau of Latvia.

Table 18. Latvia: Summary of General Government Operations, 1996-2000

	1996	1997	1998	1999	2000
	(In millions of lats)				
Revenue	1,057	1,352	1,529	1,561	1,620
<i>Of which:</i>					
Corporate income tax	57	79	92	92	74
Personal income and social tax	481	564	647	693	728
Taxes on goods and services	374	431	506	487	516
Expenditure	1,104	1,332	1,554	1,707	1,764
<i>Of which:</i>					
Wages and salaries	266	297	355	386	397
Transfers to households	447	432	537	616	604
Interest	40	33	25	25	49
Other current	292	491	491	502	542
Capital expenditure	59	79	145	177	173
Financial surplus(+)/deficit(-)	-47	20	-25	-146	-144
Net lending	-5	-10	-3	-7	0
Fiscal surplus(+)/deficit(-)	-52	10	-27	-153	-143
Financing of fiscal balance	52	-10	27	153	143
Privatization	2	47	39	6	25
Domestic	37	-63	-25	36	129
Banking system	25	-57	-25	35	92
Other domestic	12	-6	0	2	38
Foreign	12	6	13	111	-11
	(In percent of GDP)				
Revenue	37.4	41.3	42.6	40.0	37.4
<i>Of which:</i>					
Corporate income tax	2.0	2.4	2.6	2.4	1.7
Personal income and social tax	17.0	17.2	18.0	17.8	16.8
Taxes on goods and services	13.2	13.1	14.1	12.5	11.9
Expenditure	39.0	40.7	43.3	43.8	40.7
<i>Of which:</i>					
Wages and salaries	9.4	9.1	9.9	9.9	9.2
Transfers to households	15.8	13.2	15.0	15.8	13.9
Interest	1.4	1.0	0.7	0.6	1.1
Other current	10.3	15.0	13.7	12.9	12.5
Capital expenditure	2.1	2.4	4.1	4.5	4.0
Financial surplus(+)/deficit(-)	-1.7	0.6	-0.7	-3.8	-3.3
Net lending	-0.2	-0.3	-0.1	-0.2	0.0
Fiscal surplus(+)/deficit(-)	-1.8	0.3	-0.8	-3.9	-3.3

Sources: Latvian authorities; and Fund staff estimates.

Table 19. Latvia: Operations of the Central Government and Social Fund, 1996-2000

	1996	1997	1998	1999	2000
	(In millions of lats)				
Revenue	788	968	1,106	1,099	1,154
Current revenue	787	968	1,106	1,099	1,154
Taxes on income, profits and property	58	81	92	92	74
Corporate income tax	57	79	92	92	74
Property tax	0	2	0	0	0
Social security taxes	328	381	427	453	466
Taxes on goods and services	347	393	452	438	470
Taxes on domestic transactions	328	372	432	422	456
Turnover/VAT	268	289	316	316	338
Excise	61	83	116	106	118
Taxes on international trade	19	22	20	16	14
Other taxes	14	8	0	0	0
Other current revenue	40	105	134	116	144
Transfer from private fund	1	21	27	5	...
Non-budgeted revenues	18	53	69	62	...
Capital revenue	1	0	0	0	...
Expenditure	815	909	1,089	1,196	1,265
Current expenditure	800	878	1,028	1,131	1,200
Wages and salaries	178	155	181	189	202
Supplies and maintenance	94	119	132	124	153
Interest payments	38	31	25	24	40
Subsidies	9	12	20	19	22
Transfers	465	558	662	767	783
To individuals	427	453	550	612	597
Social budget	337	361	430	500	486
Basic budget	90	92	120	112	111
To local government	38	92	92	92	99
To extrabudgetary funds	...	13	20	63	62
Other current expenditure	16	4	8	8	25
Investment	15	31	61	64	65
Financial Surplus(+)/Deficit(-)	-27	58	17	-97	-111
Net lending	-5	-10	-12	-9	-7
Fiscal Surplus(+)/Deficit(-)	-32	34	5	-106	-118
Basic budget	-23	14	8	-59	-99
Social budget	-9	20	-3	-47	-19
Financing fiscal balance	32	-34	-5	106	118
Domestic	20	-40	-18	-5	130
Banking system	12	-36	8	-6	...
Other domestic	8	-4	-26	2	...
Foreign	12	6	13	111	-12
	(In percent of GDP)				
Revenue	26.8	29.0	30.8	30.0	26.6
Of which: Basic budget	15.6	17.6	18.9	17.6	15.8
exc. non-budgeted revenues	15.0	16.0	17.0	16.0	...
Of which: Social budget	11.1	11.4	11.9	12.4	10.8
Expenditure	27.7	27.3	30.3	32.6	29.2
Financial balance	-0.9	1.7	0.5	-2.6	-2.6
Net lending	-0.2	-0.3	-0.3	-0.2	-0.2
Fiscal balance	-1.1	1.0	0.1	-2.9	-2.7

Sources: Latvian authorities and Fund staff estimates.

Table 20. Latvia: Local Government Operations, 1996-2000 1/

	1996	1997	1998	1999	2000
	(In millions of lats)				
Revenue	238	334	396	412	442
Taxes on income, profits and property	189	163	206	217	231
Personal income tax	157	132	158	172	187
Property taxes	32	37	48	45	44
Taxes on goods and services	4	4	1	1	3
Other taxes	7	0	0	0	0
Other current revenue	38	138	160	166	74
Transfers from central government	38	95	116	122	118
Other revenue	0	12	26	26	16
Expenditure	238	334	394	424	457
Current expenditure	218	308	306	380	365
Wages and salaries	63	123	128	142	153
Interest payments	2	3	2	2	3
Supplies and maintenance	87	147	130	128	128
Subsidies	0	4	6	6	30
Transfers	50	22	31	32	45
To enterprises	0	0	0	0	0
To individuals	50	22	31	32	45
Other current expenditure	19	7	10	70	6
Capital expenditure	20	27	60	75	92
Investment	20	22	21	23	52
Net lending	...	...	-9	-2	-3
Fiscal Surplus(+)/Deficit(-)	-4	-1	-7	-14	-12
	(In percent of GDP)				
Revenue	8.1	10.2	11.0	11.3	10.2
Expenditure	8.4	10.2	11.0	11.6	10.5
Fiscal balance	-0.1	0.0	-0.2	-0.4	-0.3

Sources: Latvian authorities and Fund staff estimates.

1/ For 1997-2000 includes special funds of local governments.

Table 21. Latvia: General Government Consolidated Budget Expenditure by Function, 1996-2000 1/
(In thousands of lats)

	1996	1997	1998	1999	2000
Total expenditure (incl. lending & repayment)	1,112,235	1,266,759	1,572,263	2,026,009	2,021,702
Central government	393,101	423,818	537,630	763,439	802,311
Central government special budget	441,253	538,748	631,313	805,340	728,980
Local government	214,385	276,376	356,947	408,655	442,049
Local government special budget	63,496	27,817	46,373	48,575	48,362
General public services	94,370	111,928	142,770	139,712	137,578
Central government	42,860	60,192	85,344	79,350	80,787
Central government special budget	19,850	18,687	12,376	6,496	701
Local government	20,045	28,598	40,198	45,849	46,195
Local government special budget	11,615	4,451	4,852	8,017	-9,895
Defence	21,155	23,054	37,197	32,603	41,135
Central government	19,202	22,705	36,767	32,254	40,870
Central government special budget	1,701	0	94	204	151
Local government	229	349	336	145	114
Local government special budget	23	0	0	0	0
Public order and safety	56,370	67,115	91,930	116,451	111,774
Central government	44,807	63,592	84,787	110,261	105,574
Central government special budget	8,513	...	1,469	315	356
Local government	2,826	3,523	5,579	5,875	5,844
Local government special budget	224	0	95	0	0
Education	162,586	184,916	246,526	266,952	295,129
Central government	78,726	56,506	73,187	78,870	86,724
Central government special budget	8,448	0	819	5,234	7,307
Local government	56,810	128,402	170,372	182,848	201,098
Local government special budget	18,602	8	2,148	0	0
Health care	110,413	125,625	148,489	215,204	209,005
Central government	52,837	49,922	61,417	70,051	67,989
Central government special budget	2,101	67,624	79,942	138,426	134,743
Local government	51,812	8,071	7,124	6,727	6,273
Local government special budget	3,663	8	6	0	0
Social security and welfare	415,355	458,625	541,059	633,512	621,382
Central government	49,554	60,810	65,782	82,901	83,336
Central government special budget	337,612	372,517	444,327	518,220	503,796
Local government	25,414	25,142	30,443	32,391	34,250
Local government special budget	2,775	156	507	0	0
Housing and environmental protection	50,594	64,178	86,764	77,719	88,631
Central government	4,576	4,498	5,165	4,199	9,311
Central government special budget	2,303	6,479	12,396	8,947	10,209
Local government	35,540	50,473	63,916	62,070	67,321
Local government special budget	8,175	2,728	5,287	2,503	1,790
Recreation, sport, cultural and relig. affairs	33,004	33,219	43,859	49,139	58,665
Central government	18,859	16,589	19,819	20,648	24,772
Central government special budget	1,498	1,928	4,089	5,427	5,422
Local government	11,376	14,702	19,685	23,064	28,471
Local government special budget	1,271	0	266	0	0
Fuel and energy	3,339	9,228	5,246	2,566	1,856
Central government	98	320	377	169	156
Central government special budget	110	0	0	0	0
Local government	2,827	8,908	4,869	2,397	1,700
Local government special budget	304	0	0	0	0
Agriculture, forestry and fishing	42,142	46,585	72,100	79,754	65,006
Central government	17,886	25,812	50,897	55,341	63,863
Central government special budget	23,884	20,325	20,815	24,003	640
Local government	202	448	388	410	503
Local government special budget	170	0	0	0	0
Transport and communication	48,563	72,797	91,507	122,992	103,374
Central government	2,431	5,657	10,302	8,085	17,220
Central government special budget	34,326	51,133	53,797	87,727	61,102
Local government	3,704	4,708	8,072	11,423	10,772
Local government special budget	8,102	11,299	19,336	15,757	14,280
Other economic affairs	4,256	6,359	16,105	54,866	50,854
Central government	2,986	5,823	13,610	20,983	22,663
Central government special budget	907	55	1,189	10,326	4,553
Local government	132	481	782	1,259	1,241
Local government special budget	231	0	524	22,298	22,397
Other expenditures not classified above	70,088	63,130	48,711	234,539	237,313
Central government	58,279	51,392	30,176	200,327	199,046
Central government special budget	0	0	0	15	0
Local government	3,468	2,571	5,183	34,197	38,267
Local government special budget	8,341	9,167	13,352	...	0

Source: Latvian State Treasury and Latvian Central Statistics Office.

1/ Data for 1999 and 2000 are not consolidated. Data are not fully comparable with Tables 18-20, due to different methods of consolidation.

Table 22. Larvia: General Government Budget Tax Arrears, 1996-2001
(In millions of lats)

	General gov. tax arrears	Central gov. basic budget tax arrears	of which actual arrears 1/	VAT	Excise Taxes	Corp. Income Tax	Special budget tax arrears	of which actual arrears 1/	Local gov. tax arrears	of which actual arrears 1/
1/1/96	122.0	122.0	...	61.9	14.6	44.3	...	...	...	...
1/1/97	154.8	154.8	...	81.8	23.5	48.1	...	...	...	...
1/1/98	142.6	142.6	94.3	78.5	21.3	41.5	...	...	...	59.1
1/1/99	295.7	146.6	93.6	77.0	25.6	42.8	149.1	81.8	...	44.1
2/1/99	297.8	151.3	92.5	81.2	25.8	43.2	146.4	70.1	...	44.2
3/1/99	291.8	151.8	92.9	81.1	26.1	43.5	140.0	64.5	...	44.7
4/1/99	345.7	152.1	90.5	81.6	26.4	43.1	140.3	59.5	...	53.3
5/1/99	361.3	154.3	89.9	83.1	25.7	44.5	143.7	51.3	63.3	34.8
6/1/99	367.4	158.3	80.7	84.0	26.0	47.3	141.5	46.6	67.6	36.5
7/1/99	376.6	160.0	77.6	85.8	26.0	47.2	146.3	43.9	70.3	36.4
8/1/99	374.3	160.3	76.7	87.0	24.9	47.4	139.0	42.5	74.9	39.7
9/1/99	377.2	158.8	75.1	88.9	24.6	44.3	141.1	44.7	77.3	39.6
10/1/99	378.7	161.4	78.1	90.7	25.0	44.8	139.7	47.0	77.6	40.2
11/1/99	379.3	163.2	78.9	91.6	26.2	44.5	140.0	46.9	76.0	39.2
12/1/99	388.7	168.1	81.3	93.7	26.9	46.5	142.4	47.5	78.2	40.5
1/1/00	389.2	167.2	79.3	95.3	26.0	44.9	139.4	43.2	82.7	44.1
2/1/00	401.2	178.5	84.8	105.9	26.3	45.4	141.2	43.8	81.5	42.1
3/1/00	401.4	178.7	85.4	106.3	25.9	45.5	138.6	40.7	84.1	43.1
4/1/00	403.9	180.8	85.6	107.9	26.0	45.9	138.3	39.7	84.7	42.3
5/1/00	402.8	183.7	89.1	109.7	25.8	47.0	137.0	39.7	82.2	41.6
6/1/00	417.9	193.9	98.9	111.8	25.9	55.3	138.5	40.5	85.5	40.1
7/1/00	425.2	199.4	102.7	117.2	26.0	55.2	137.9	39.1	87.9	40.3
8/1/00	427.2	200.8	103.0	118.6	25.8	67.5	138.3	39.3	88.0	39.9
9/1/00	424.4	199.4	102.0	118.4	25.6	54.2	137.5	38.9	87.5	38.1
10/1/00	422.5	202.0	102.5	120.8	25.7	54.2	136.3	38.5	84.2	37.2
11/1/00	411.9	203.0	100.1	121.8	25.9	54.5	133.5	39.4	75.4	37.1
12/1/00	411.2	205.6	105.1	124.8	25.9	54.0	131.8	37.6	73.8	36.9
1/1/01	410.7	207.4	108.2	125.8	25.9	54.8	130.5	38.4	72.7	36.6
2/1/01	407.0	202.6	113.4	128.3	18.5	54.9	131.0	39.5	73.4	37.0
3/1/01	412.5	209.5	118.1	131.7	20.4	56.7	128.8	37.7	74.2	37.6
4/1/01	418.6	212.7	120.2	134.0	21.0	57.0	128.7	38.6	77.2	34.8
5/1/01	423.3	216.6	123.5	136.4	21.5	58.0	129.3	39.7	77.4	35.4
6/1/01	420.1	218.7	127.3	134.7	22.3	61.1	123.9	38.9	77.5	35.2
7/1/01	418.5	218.2	121.8	133.7	23.6	60.2	122.5	37.4	77.8	34.0
8/1/01	420.0	219.7	123.4	133.7	25.2	60.1	123.5	40.2	76.9	34.3
9/1/01	422.9	221.8	122.7	134.3	26.7	60.4	123.7	40.1	77.4	34.4
10/1/01	423.4	223.3	128.2	134.7	27.5	60.7	123.3	40.1	76.8	41.3

Source: Ministry of Finance.

1/ Arrears include some claims that are unlikely to be collected. Actual arrears refer to those that are likely to be collected

Table 23. Latvia: Employment and Wages in Budget Organizations, 1996-2000

	1996			1997			1998			1999			2000		
	Average number of employees on the main job			Average number of employees on the main job			Average number of employees on the main job			Average number of employees at the main job			Average number of employees at the main job		
	Budget institutions	of which:		Budget institutions	of which:		Budget institutions	of which:		Budget institutions	of which:		Budget institutions	of which:	
	state budget institutions	local government budget		state budget institutions	local government budget		state budget institutions	local government budget		state budget institutions	local government budget		state budget institutions	local government budget	
Employment															
Total	188,418	86,868	101,550	186,846	83,578	103,268	180,360	80,866	99,494	173,963	76,841	97,122	163,715	69,631	94,084
Agriculture, hunting and forestry	4,823	4,823	-	4,802	4,802	-	4,608	4,608	-	4,339	4,339	-	2,259	2,259	-
Fishing	16	16	-	17	17	-	17	17	-	16	16	-	17	17	-
Transport, storage and communication	262	262	-	175	175	-	148	148	-	149	149	-	117	117	-
Real estate, renting and business activities	2,451	2,359	92	1,241	1,147	94	1,143	1,033	110	1,086	984	102	966	890	76
Public administration and defense	55,020	40,087	14,933	57,223	41,775	15,448	56,888	41,455	15,433	57,723	42,221	15,502	57,070	41,677	15,393
Education	84,477	19,246	65,231	84,598	18,468	66,130	83,247	18,279	64,968	81,807	17,633	64,174	79,150	16,184	62,966
Health and social work	29,654	16,510	13,144	27,672	13,858	13,814	23,259	12,025	11,234	17,872	8,301	9,571	13,392	5,426	7,966
Other community services	11,715	3,565	8,150	11,118	3,336	7,782	11,050	3,301	7,749	10,971	3,198	7,773	10,745	3,061	7,684
	1996			1997			1998			1999			2000		
	Average monthly gross wages and salaries, lats			Average monthly gross wages and salaries, lats			Average monthly gross wages and salaries, lats			Average monthly gross wages and salaries, lats			Average monthly gross wages and salaries, lats		
	Budget institutions	of which:		Budget institutions	of which:		Budget institutions	of which:		Budget institutions	of which:		Budget institutions	of which:	
		state budget institutions	local government budget institutions		state budget institutions	local government budget institutions		state budget institutions	local government budget institutions		state budget institutions	local government budget institutions		state budget institutions	local government budget institutions
Wages															
Total	88.9	102.3	77.4	107.1	124.8	92.6	124.3	144.2	107.9	140.1	164.0	120.8	152.4	179.4	132.1
Agriculture, hunting and forestry	98.5	98.5	-	127.9	127.9	-	141.6	141.6	-	156.6	156.6	-	174.8	174.8	-
Fishing	61.5	61.5	-	60.0	60.0	-	61.3	61.3	-	64.8	64.8	-	64.7	64.7	-
Transport, storage and communication	122.1	122.1	-	104.7	104.7	-	95.4	95.4	-	108.9	108.9	-	88.3	88.3	-
Real estate, renting and business activities	91.5	91.1	102.6	118.5	117.2	132.7	137.0	134.7	157.1	143.5	139.2	183.5	162.1	156.6	225.6
Public administration and defense	115.1	121.5	97.7	139.1	147.7	120.8	161.4	167.9	143.3	181.7	187.1	166.3	191.8	196.0	179.9
Education	78.3	85.9	76.0	92.8	105.4	89.3	107.7	122.9	103.5	119.7	140.7	114.0	134.3	167.6	125.9
Health and social work	77.5	82.8	70.8	89.8	95.3	84.0	102.6	107.1	97.5	116.0	122.9	109.8	120.1	128.7	113.7
Other community services	66.3	76.9	61.7	80.2	84.6	78.2	91.2	98.5	87.9	100.5	105.2	98.5	107.5	113.2	105.2

Source: Latvian Central Statistical Bureau.

Table 24. Latvia: Government Securities Auctions, 1996-2001

(In millions of lats, at face value)

	Gross sales of government securities 1/							Outstanding stock (end-month) 1/								
	28 day	91 day	182 day	1 year	2 year	3 year	5 year	Total	28 day	91 day	182 day	1 year	2 year	3 year	5 year	Total
1996	67.6	105.2	126.2	58.4	0.0	0.0	0.0	357.4	4.5	12.8	57.0	58.4	0.0	0.0	0.0	132.6
1997	30.1	46.3	57.5	87.0	34.0	0.0	0.0	254.8	1.5	8.2	24.7	86.0	34.0	0.0	0.0	154.4
1998	13.4	21.2	30.8	46.4	34.0	0.0	0.0	145.7								
Jan.	0.7	0.8	0.5	0.0	0.0	0.0	0.0	2.0	0.7	5.9	21.2	76.0	34.0	0.0	0.0	137.8
Feb.	1.1	1.5	2.1	5.4	0.0	0.0	0.0	10.0	1.1	5.1	19.3	81.4	34.0	0.0	0.0	140.8
Mar.	0.3	0.7	4.0	2.6	0.0	0.0	0.0	7.5	0.3	2.9	19.3	72.0	34.0	0.0	0.0	128.4
Apr.	2.0	2.8	6.0	10.0	0.0	0.0	0.0	20.7	2.0	4.9	20.3	82.0	34.0	0.0	0.0	143.1
May	2.0	2.8	4.0	0.0	17.0	0.0	0.0	25.8	2.0	6.2	20.6	72.0	51.0	0.0	0.0	151.8
June	2.0	2.8	4.0	10.0	0.0	0.0	0.0	18.8	2.0	8.4	20.6	82.0	51.0	0.0	0.0	163.9
July	2.5	3.5	4.0	10.0	0.0	0.0	0.0	20.0	2.0	9.1	24.1	80.0	51.0	0.0	0.0	166.2
Aug.	1.3	2.6	3.9	8.0	0.0	0.0	0.0	15.8	1.3	8.9	25.9	76.0	51.0	0.0	0.0	163.1
Sep.	1.0	1.7	1.1	0.0	0.0	0.0	0.0	4.1	0.5	7.1	21.2	66.0	51.0	0.0	0.0	145.8
Oct.	0.2	0.2	0.3	0.2	0.0	0.0	0.0	0.7	0.2	4.5	17.3	66.2	51.0	0.0	0.0	139.2
Nov.	0.2	1.1	0.3	0.0	7.8	0.0	0.0	9.3	0.2	3.1	13.6	56.2	58.8	0.0	0.0	131.8
Dec.	0.3	0.8	0.6	0.2	9.3	0.0	0.0	11.1	0.3	2.1	10.2	46.4	68.0	0.0	0.0	127.0
1999	17.3	26.7	30.4	69.7	34.0	0.0	0.0	178.1								
Jan.	0.0	1.6	1.8	13.3	0.0	0.0	0.0	16.6	0.0	3.5	8.0	59.6	68.0	0.0	0.0	139.1
Feb.	1.7	2.8	4.0	6.2	0.0	0.0	0.0	14.7	1.7	5.2	8.0	57.8	68.0	0.0	0.0	140.7
Mar.	2.6	2.7	3.0	8.6	0.0	0.0	0.0	16.9	2.1	7.0	9.8	66.5	68.0	0.0	0.0	153.3
Apr.	2.1	2.5	2.3	0.0	17.0	0.0	0.0	23.9	2.1	8.0	11.9	56.5	68.0	0.0	0.0	146.5
May	1.3	1.8	3.2	4.3	0.0	0.0	0.0	10.6	1.3	7.0	14.8	60.8	68.0	0.0	0.0	151.8
June	2.4	3.2	4.0	10.6	0.0	0.0	0.0	20.2	1.9	7.5	18.2	61.4	68.0	0.0	0.0	156.9
July	1.6	2.6	2.6	0.0	0.0	0.0	0.0	6.8	1.6	7.6	19.1	51.4	68.0	0.0	0.0	147.6
Aug.	2.4	3.4	4.0	8.7	0.0	0.0	0.0	18.5	2.4	9.2	19.1	52.1	68.0	0.0	0.0	150.7
Sep.	0.6	0.7	1.1	0.0	0.0	0.0	0.0	2.3	0.3	6.6	17.1	52.1	68.0	0.0	0.0	144.0
Oct.	0.5	0.4	0.0	8.0	17.0	0.0	0.0	25.9	0.5	4.5	14.9	50.4	68.0	0.0	0.0	138.2
Nov.	0.3	2.1	0.4	0.0	0.0	0.0	0.0	2.7	0.3	3.2	12.1	50.4	68.0	0.0	0.0	133.9
Dec.	2.0	3.1	4.1	10.0	0.0	0.0	0.0	19.2	1.5	5.6	12.2	60.2	68.0	0.0	0.0	147.5
2000	9.0	18.9	39.8	54.0	15.0	50.0	61.0	247.7								
Jan.	1.8	3.0	4.3	0.0	0.0	25.0	0.0	34.0	1.8	8.1	13.9	50.2	68.0	25.0	0.0	167.0
Feb.	2.0	2.8	4.7	10.0	0.0	0.0	0.0	19.5	2.0	8.8	14.6	60.2	68.0	25.0	0.0	178.7
Mar.	1.8	3.4	6.8	0.0	0.0	0.0	21.7	33.6	1.3	9.2	20.4	51.6	68.0	25.0	21.7	197.0
Apr.	2.0	3.0	4.8	0.0	0.0	0.0	39.3	49.1	2.0	9.2	25.2	51.6	68.0	25.0	61.0	242.0
May	1.5	2.4	2.0	6.0	15.0	0.0	0.0	26.9	1.0	8.1	26.8	49.6	66.0	25.0	61.0	237.4
Jun.	0.0	2.0	0.4	8.0	0.0	0.0	0.0	10.4	0.0	7.4	23.0	50.7	66.0	25.0	61.0	233.1
Jul.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.4	18.7	50.7	66.0	25.0	61.0	225.8
Aug.	0.0	1.3	0.0	3.8	0.0	0.0	0.0	5.0	0.0	3.3	11.5	43.8	66.0	25.0	61.0	210.5
Sep.	0.0	0.0	5.6	8.0	0.0	0.0	0.0	13.6	0.0	1.3	12.8	51.8	66.0	25.0	61.0	217.8
Oct.	0.0	0.0	5.6	0.0	0.0	0.0	0.0	5.6	0.0	1.3	13.6	43.8	66.0	25.0	61.0	210.6
Nov.	0.0	0.0	5.6	1.6	0.0	25.0	0.0	32.1	0.0	0.0	17.2	31.3	49.0	50.0	61.0	208.5
Dec.	0.0	1.1	0.0	16.7	0.0	0.0	0.0	17.8	0.0	1.1	16.8	48.0	49.0	50.0	61.0	225.9
2001	0.0	3.7	15.0	25.9	0.0	20.8	81.0	146.4								
Jan.	0.0	1.2	0.6	0.0	0.0	0.0	60.0	61.8	0.0	2.3	17.4	48.0	49.0	50.0	121.0	287.7
Feb.	0.0	0.0	0.0	3.0	0.0	0.0	0.0	3.0	0.0	2.3	17.4	35.7	49.0	50.0	121.0	275.4
Mar.	0.0	0.0	0.0	4.6	0.0	0.0	0.0	4.6	0.0	1.2	11.8	40.3	49.0	50.0	121.0	273.3
Apr.	0.0	0.3	4.8	0.0	0.0	0.0	21.0	26.1	0.0	0.3	11.0	40.3	32.0	50.0	142.0	275.5
May	0.0	1.0	5.0	0.0	0.0	20.8	0.0	26.8	0.0	1.3	10.4	40.3	32.0	70.8	142.0	296.8
Jun.	0.0	0.0	0.0	5.7	0.0	0.0	0.0	5.7	0.0	1.3	10.4	32.9	32.0	70.8	142.0	289.4
Jul.	0.0	0.2	4.1	1.0	0.0	0.0	0.0	5.3	0.0	1.2	13.9	34.0	32.0	70.8	142.0	293.8
Aug.	0.0	1.1	0.5	11.6	0.0	0.0	0.0	13.1	0.0	1.2	14.4	45.5	32.0	70.8	142.0	306.0
Sep.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.2	14.4	32.9	32.0	70.8	142.0	293.3

Sources: Latvian authorities; and Fund staff estimates.

1/ Dates refer to those of auctions rather than settlements.

Table 25. Latvia: Pension System, 1996-2000 1/

	1996	1997	1998	1999	2000
	(In thousands)				
Number of recipients	640.8	643.0	638.7	643.3	633.0
Old age	504.0	511.0	512.5	521.0	513.8
Disability	98.5	94.5	90.1	85.8	83.2
Survivors	30.2	28.9	28.5	28.5	28.2
Service	6.1	6.3	5.1	5.2	5.2
Special resolution	2.0	2.3	2.4	2.8	2.7
	(Lats per month)				
Average benefit	38.5	42.4	51.2	58.0	58.5
Old age	38.3	42.6	51.6	58.9	59.8
Disability	39.2	42.8	50.9	54.7	54.0
Survivors	32.2	35.9	42.2	46.8	46.1
Service	37.4	45.7	61.2	70.6	70.4
Special resolution	64.0	69.5	77.7	81.7	80.3
	(In millions of lats)				
Expenditure	299.3	340.9	401.7	454.9	442.4
Old age	231.4	268.6	316.1	367.2	361.4
Disability	48.2	50.3	59.7	60.8	55.2
Survivors	12.4	13.6	15.8	16.9	16.8
Other	7.2	8.4	10.0	9.9	9.0
<i>Memorandum item:</i>					
Total expenditure (percent of GDP)	10.6	10.4	11.2	12.0	10.3

Sources: Ministry of Welfare; and Fund staff estimates.

1/ First pillar (PAYG) only.

Table 26. Latvia: Family Benefits, 1996-2000

	1996	1997	1998	1999	2000
	(In thousands)				
Number of beneficiaries					
Birth grant	19.0	19.0	18.0	19.0	20.0
Maternity leave 1/	63.7	74.3	95.3	96.0	102.1
Child care allowances	56.0	47.0	45.0	45.0	46.0
Ages 0-1.5	26.0	23.0	22.0	23.0	24.0
Ages 1.5-3	30.0	24.0	23.0	22.0	22.0
Family allowances	540.0	522.3	500.0	487.0	477.6
	(Lats per month)				
Average benefit					
Birth grant	97.5	117.0	180.4	182.0	182.0
Maternity leave (lats per day)	3.4	3.0	3.5	4.0	4.0
Child care allowances	9.6	9.8	14.3	19.0	19.4
Ages 0-1.5	12.0	12.0	21.0	30.0	30.0
Ages 1.5-3	7.5	7.5	7.5	7.5	7.5
Family allowances	7.4	5.2	5.2	5.2	5.2
	(In millions of lats)				
Expenditure	41.5	41.0	45.6	48.7	49.6
Birth grant	1.8	2.1	3.3	3.5	2.7
Maternity leave	2.6	2.7	3.9	4.8	4.9
Child care allowances	6.5	5.7	8.2	10.9	11.6
Family allowances	30.6	30.5	30.2	30.1	30.4
<i>Memorandum item:</i>					
Total expenditure (percent of GDP)	1.5	1.3	1.3	1.3	1.1

Sources: Ministry of Welfare; and Fund staff estimates.

1/ Monthly average number of paid maternity days, in thousands.

Table 27. Latvia: Reserve Money and Net Domestic Assets of the Bank of Latvia, 1996-2001
(in millions of lats)

	1996	1997	1998	1999				2000				2001		
	Dec	Dec 1/	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep
Reserve money	341	442	471	481	492	450	526	483	491	534	567	541	586	577
Currency in circulation	283	359	374	393	408	386	426	411	442	453	482	476	500	516
Bank deposits	58	82	97	88	84	63	100	72	49	81	84	65	85	61
Foreign currency deposits	7	0	...	...	...	...	...	...	...	...	...	...	...	...
Other	51	82	97	88	84	63	100	72	49	81	84	65	85	61
Net foreign assets 2/ 3/	349	433	464	488	557	477	523	525	519	522	542	559	579	594
Net International Reserves	355	438	464	488	557	477	523	525	518	522	542	559	579	594
Correspondent accounts 2/	-5	-5	0	0	0	0	0	0	0	0	0	0	0	0
Net domestic assets	-9	9	8	-7	-65	-28	3	-42	-27	12	25	-18	7	-17
Domestic credit	43	83	114	101	18	54	68	-8	26	46	70	43	64	49
Banks	10	8	52	84	45	39	63	47	43	44	43	35	102	61
BoP assistance	6	1	0	0	0	0	0	0	0	0	0	0	0	0
Refinance credits	4	7	52	84	45	39	63	47	43	44	42	35	102	61
Government, net	33	75	62	17	-27	15	5	-55	-17	1	28	8	-38	-12
BoP assistance	50	59	54	56	55	51	50	34	32	25	24	23	22	19
Other government, net 4/	-17	16	7	-39	-82	-36	-45	-89	-49	-24	4	-15	-59	-32
Other items, net	-52	-74	-106	-108	-83	-82	-65	-35	-53	-33	-45	-61	-57	-66
<i>Memorandum Items:</i>				(Percentage change from previous quarter)										
Reserve money	10.0	15.5	3.1	2.0	2.2	-8.5	17.1	-8.3	1.8	8.7	6.1	-4.5	8.3	-1.5
Domestic credit	-30.8	173.3	34.5	-11.4	-82.6	208.9	25.2	-111.1	442.7	76.5	53.6	-39.1	50.8	-23.8
Banks	-67.6	579.0	56.0	61.4	-46.7	-12.7	62.0	-25.1	-9.5	3.1	-3.9	-17.7	191.6	-40.2
Government, net	4.6	157.9	20.5	-72.8	-261.7	156.0	-69.5	-1,283.4	68.9	107.8	1,955.8	-72.2	-591.2	68.2
Velocity	5.0	4.1	4.0	...	...	...	4.2	...	...	...	3.8	...	...	...
Money multiplier	1.844	1.972	1.957	1.913	1.975	2.107	1.894	2.218	2.315	2.252	2.250	2.456	2.411	2.531
Exchange rate (LVL/US\$)	0.556	0.590	0.569	0.590	0.598	0.579	0.583	0.596	0.600	0.615	0.613	0.631	0.639	0.619
NFA total (US\$m)	638	734	815	828	931	824	898	881	864	849	884	886	906	960

Sources: Bank of Latvia; and staff estimates.

1/ New accounting charts became effective in June 1997, leading to a break in the series.

2/ Valued at current exchange rates.

3/ As the Bank of Latvia has almost no medium- and long-term foreign currency liabilities, NFA largely equals NIR.

4/ Includes purchase of government securities and change in government deposits.

Table 28. Latvia: Broad Money and Net Domestic Assets of the Banking System, 1996-2001
(in millions of lats)

	1996	1997	1998	1999				2000				2001		
	Dec	Dec 1/	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep
Broad money (M2X)	628	871	923	920	971	947	997	1,070	1,138	1,203	1,275	1,329	1,412	1,461
Currency held by public	264	333	340	358	372	352	377	373	398	407	428	426	443	458
Household deposits	67	96	118	109	117	114	121	134	157	167	194	204	225	246
Enterprise deposits	104	170	200	195	211	186	200	235	237	243	257	281	290	292
Residents' FC deposits 2/	193	272	264	259	272	295	298	328	346	386	397	418	454	464
Total deposits	364	538	583	563	599	596	619	698	740	796	848	903	969	1,003
Net foreign assets (total) 3/	445	619	415	416	494	417	364	417	469	599	538	519	571	543
Convertible net int'l reserves 2/ 3/ 4/	440	512	501	497	580	511	497	528	534	531	491	493	532	504
Nonconvertible reserves 2/	5	107	-86	-81	-86	-94	-133	-110	-64	69	47	27	39	38
Net domestic assets 3/	183	252	508	504	477	530	633	653	668	604	737	809	842	918
Domestic credit	366	479	647	676	622	685	745	748	815	907	1,062	1,118	1,189	1,277
Credit to the non-government sector	207	364	577	596	607	625	665	713	756	817	909	996	1,078	1,170
Households	21	37	64	70	79	86	94	104	118	139	159	172	192	211
Enterprises	185	327	513	527	528	539	571	609	638	678	751	825	887	959
Government, net	160	115	70	79	15	60	80	35	59	90	153	122	111	107
Restructuring Bonds	53	24	24	24	24	12	6	6	6	0	0	0	0	0
Other Credit to Government	107	91	46	55	-9	48	74	29	53	90	153	122	111	107
Other items, net 3/	-183	-227	-140	-172	-145	-154	-112	-95	-146	-303	-325	-309	-347	-359
<i>Memorandum Items:</i>														
								(Percentage change from previous quarter)						
Broad money(M2X)	4.4	8.1	0.2	-0.3	5.5	-2.4	5.2	7.4	6.3	5.8	6.0	4.2	6.3	3.4
Domestic credit	5.2	12.0	10.8	4.4	-8.0	10.2	8.8	0.4	8.9	11.3	17.1	5.2	6.4	7.4
Households	-14.7	17.4	9.7	8.7	13.1	9.0	9.9	10.3	13.5	18.0	14.1	8.1	11.5	10.1
Enterprises	10.4	22.5	-0.8	2.6	0.2	2.2	5.9	6.7	4.7	6.3	10.7	9.9	7.5	8.1
Government, net	-8.6	-11.0	705.0	13.1	-81.2	298.9	33.8	-56.0	67.4	52.6	70.3	-20.4	-8.9	-3.5
Exchange rate (LVL/US\$)	0.556	0.590	0.569	0.590	0.598	0.579	0.583	0.596	0.600	0.615	0.613	0.631	0.639	0.619
Total NFA (US\$m) 4/														
Total	800	1,049	729	706	827	720	624	700	782	974	878	823	893	877
of which: comm. banks 3/	172	315	-86	-122	-104	-105	-274	-180	-82	126	-6	-63	-13	-83

Sources: Bank of Latvia; and Fund staff estimates.

1/ New accounting charts became effective in June 1997, leading to a break in the series.

2/ As of June 1997, residents' foreign currency deposits are deposits in all currencies except lats.

3/ Up to end-June 2000, NFA of commercial banks include equity in Latvian commercial banks that is owned by non-residents; thereafter, such equity is treated like domestic capital and captured in "other items, net".

As of end-October 2001, this equity amounts to LVL 154 million.

4/ In currencies of OECD countries, valued at the current exchange rates.

Table 29. Latvia: Enterprise and Household Deposits, 1996-2001
(In millions of lats)

	1996	1997	1998	1999				2000				2001		
	Dec	Dec	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep
Enterprise deposits	234.8	345.8	353.9	348.9	361.7	356.5	360.5	409.7	409.5	439.2	437.6	462.7	479.6	487.4
Commercial banks	233.1	337.6	349.5	341.1	357.6	350.2	354.5	377.2	397.6	427.2	420.6	449.8	468.9	471.0
Latvian Savings Bank	1.7	8.2	4.4	7.8	4.1	6.3	6.0	32.5	11.9	12.0	17.0	12.9	10.7	16.4
Household deposits	129.4	192.8	229.0	214.2	237.9*	239.6	259.4	287.9	330.3	357.1	410.0	440.0	489.4	516.2
Commercial banks	79.4	132.5	157.5	146.1	169.9	172.3	190.0	216.9	252.5	277.3	324.5	354.2	402.0	428.6
Latvian Savings Bank	50.0	60.3	71.5	68.1	68.0	67.3	69.4	71.4	77.8	79.8	85.5	85.8	87.4	87.6
Total deposits from private sector	364.2	538.6	582.9	563.1	599.6	596.1	619.9	697.5	739.9	796.3	847.7	902.7	969.0	1,003.6
Commercial banks	312.5	470.1	507.0	487.3	527.5	522.5	544.4	594.0	650.2	704.5	745.2	804.0	870.9	899.6
Latvian Savings Bank	51.7	68.5	75.9	75.8	72.1	73.6	75.4	103.9	89.7	91.8	102.5	98.7	98.1	104.0
<i>Memorandum item:</i>														
Share of enterprise deposits (in percent)	64.5	64.2	60.7	62.0	60.3	59.8	58.2	58.7	55.4	55.2	51.6	51.3	49.5	48.6

Sources: Bank of Latvia.

Table 30. Latvia: Enterprise and Household Credits, 1996-2001
(In millions of Lats)

	1996	1997	1998	1999				2000				2001		
	Dec	Dec	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep
Enterprise credit	190.1	337.2	504.7	519.2	519.8	530.5	561.3	599.6	628.4	671.6	744.5	818.7	880.5	951.8
Commercial banks	178.7	323.5	485.7	494.7	493.6	511.6	542.6	577.0	606.5	649.5	719.1	792.6	850.7	917.8
Latvian Savings Bank	11.4	13.7	19.0	24.5	26.2	18.9	18.7	22.6	21.9	22.1	25.4	26.1	29.8	34.0
Household credit	21.4	37.1	64.4	70.1	79.2	86.4	95.0	104.6	118.7	140.1	159.7	172.6	192.4	212.0
Commercial banks	16.3	30.4	54.9	60.1	69.1	75.6	82.9	92.2	105.8	126.9	145.2	158.2	177.7	196.4
Latvian Savings Bank	5.1	6.7	9.5	10.0	10.1	10.8	12.1	12.4	12.9	13.2	14.5	14.4	14.7	15.6
Total credit to private sector	211.5	374.3	569.1	589.3	599.1	616.8	656.3	704.2	747.1	811.7	904.2	991.2	1,072.9	1,163.8
Commercial banks	195.0	353.9	540.6	554.8	562.8	587.1	625.5	669.2	712.3	776.4	864.3	950.7	1,028.4	1,114.2
Latvian Savings Bank	16.5	20.4	28.5	34.5	36.3	29.7	30.8	35.0	34.8	35.3	39.9	40.5	44.5	49.6
<i>Memorandum item:</i>														
Share of enterprise credits (in percent)	89.8	90.1	93.4	93.6	86.8	86.0	85.5	85.1	84.1	82.7	82.3	82.6	82.1	81.8

Source: Bank of Latvia.

Table 31. Latvia: Sectoral, Currency, and Maturity Distribution of Credit, 1996-2001
(In percent of total)

	1996	1997	1998	1999				2000				2001		
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Agriculture	7.5	5.7	7.2	7.2	8.2	7.6	7.1	6.4	7.2	7	6.2	5.8	5.8	5.8
Manufacturing	25.4	27.4	26.2	25.4	24.2	25.6	26.4	25.4	24.5	23.9	22.6	20.8	19.7	19.8
Electricity, gas, and water supply	9.2	3.7	1.6	2.3	2.3	3.0	3.8	4.6	4.3	4.1	5.4	4.9	4.6	5.5
Construction	7.6	3.8	4.5	5.3	6.0	6.3	5.0	4.7	5.6	5.7	4.5	4.3	4.9	6.9
Trade	31.6	29.2	25.3	26.5	26.9	24.5	24.8	25.0	25	24.6	26.3	27.2	26.4	24.6
Transport, storage, and communication	5.4	14.3	14.8	14.3	12.3	14.2	13.0	13.4	11.4	12.1	12.6	12.8	12.9	11.6
Financial intermediation	3.5	4.2	5.4	5.3	6.2	4.1	3.9	4.8	5.9	7.3	7.2	8.1	8.9	9.2
Other services	7.2	9.2	13.0	11.9	12.1	11.2	12.5	13.0	13.3	12.4	12.3	12.8	11.7	11.6
Other	2.7	2.5	2.0	1.8	1.8	3.5	3.5	2.7	2.8	2.9	2.9	3.3	5.1	5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
In domestic currency	32.4	46.8	45.3	44.4	41.8	44.0	41.4	39.7	39.1	42.4	48.3	49.1	49.9	49.2
In foreign currency	67.6	53.2	54.7	55.6	58.2	56.0	58.6	60.3	60.9	57.6	51.7	50.9	50.1	50.8
Short-term credits (up to 1 year)	44.5	44.4	32.9	30.5	31.8	29.6	28.2	27.7	25.1	24.2	22.9	22.1	20.9	22.4

Source: Bank of Latvia.

Table 32. Latvia: Banking System Indicators, 1997-2001
(In millions of lats)

Banking institution	1997	1998	1999				2000				2001		
	Q4	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Total Assets 1/													
Bank of Latvia	658.5	741.7	814.3	833.4	768.8	820.1	807.2	813.8	806.2	812.5	808.9	884.8	869.4
Commercial banks and other credit institutions	1,771.8	1,733.2	1,708.9	1,764.4	1,839.1	2,001.3	2,220.1	2,313.0	2,477.2	2,699.5	2,764.1	3,192.5	3,134.4
Of which: trust assets													
Six largest	744.1	1,044.0	1,034.6	1,055.1	1,048.8	1,202.4	1,281.6	1,531.2	1,580.6	1,750.5	1,829.2	2,096.5	2,121.2
Unibank	222.0	300.0	313.5	335.7	342.1	353.1	366.8	410.3	421.2	464.2	467.6	504.1	566.3
Parex	294.6	327.2	303.6	335.3	337.2	419.6	428.6	500.7	513.3	549.3	576.2	635.9	622.7
Hansabank	88.8	148.8	158.8	175.7	171.6	203.8	226.6	325.1	339.7	364.1	384.6	474.5	454.9
Rietumu	184.9	156.8	148.6	98.4	99.3	119.6	130.7	118.6	119.8	150.6	176.3	228.2	245.0
Latvian Savings Bank	89.1	106.4	110.2	110.0	98.6	106.3	128.9	114.5	134.2	153.0	150.2	173.3	150.1
Pirma 2/	138.4	111.7	72.3	69.5	64.9	63.0	66.4	61.9	52.4	69.3	74.1	80.4	82.2
Other commercial banks and credit institutions	1,027.7	689.2	674.3	663.3	749.7	760.4	839.2	79.3	87.8	85.8	94.2	109.8	100.6
Of which:													
Merita Nordenbanken 3/	25.4	...	...	36.2	40.4	46.5	48.7	78.4	86.8	84.8	93.0	108.5	99.1
Credit Unions	0.3	0.5	0.6	0.6	0.6	0.7	0.7	0.8	1.0	1.0	1.2	1.3	1.5
Capital and Reserves													
Bank of Latvia	36.6	47.2	54.3	52.3	48.7	47.2	45.9	46.1	46.4	52.0	61.6	57.7	62.2
Commercial banks and other credit institutions	219.6	196.3	134.4	134.8	146.8	192.8	192.6	204.1	217.8	228.2	235.6	263.4	264.3
Of which: trust assets													
Six largest	87.7	106.0	86.2	91.4	92.3	107.0	106.5	123.5	136.7	144.7	155.2	177.4	187.2
Unibank	33.2	32.9	30.3	32.7	34.5	37.0	36.8	39.3	42.0	44.7	47.2	50.2	53.6
Parex	34.0	38.1	34.8	36.9	35.2	40.7	39.5	43.3	46.2	47.3	49.8	52.3	55.2
Hansabank	6.6	11.2	11.1	11.4	11.8	18.2	19.2	28.0	29.3	30.4	31.6	39.1	41.0
Rietumu	17.8	10.4	6.8	6.8	7.1	7.0	6.7	8.1	9.0	10.5	14.5	15.9	17.3
Latvian Savings Bank	5.5	4.1	3.2	3.6	3.7	4.1	4.3	4.8	4.8	5.0	5.0	9.0	9.1
Pirma 2/	15.0	13.4	-30.0	-32.9	-23.2	5.6	3.9	3.2	5.4	6.8	7.0	10.9	11.0
Other commercial banks and credit institutions	131.9	90.3	48.2	43.4	54.5	85.8	86.1	0.3	0.3	0.3	0.4	0.4	0.4
Of which:													
Merita Nordenbanken 3/	5.3	...	...	3.7	3.7	3.3	3.4	...	...	...	...	...	...
Credit Unions	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.4	0.4	0.4	0.4

Source: Bank of Latvia.

1/ Computed on the basis of the net asset position of the government.

2/ Until October 1999, Riga Commercial Bank.

3/ Former Latvian Investment Bank (excluded from other credit institutions until end 1997).

Table 33. Latvia: Structure of the Financial System, 1997-2000

Financial Institutions	1997		1998		1999		2000					
	Number	Assets		Number	Assets		Number	Assets				
		(millions of lats)	(percent of GDP)		(millions of lats)	(percent of GDP)		(millions of lats)	(percent of GDP)	(millions of lats)	(percent of GDP)	
Banks	31	1,691	51.63	27	1,686	46.97	23	1,962	50.35	21	2,699	62.29
Credit unions	5	0	0.01	7	1	0.02	9	1	0.02	17	1	...
Insurance companies	28	68	2.1	29	85	2.4	27	95	2.4	25	107	2.5
Life	8	16	0.5	8	20	0.6	8	25	0.6	8	25	0.6
Non-life	20	52	1.6	21	65	1.8	19	70	1.8	17	82	1.9
Brokers	...	...	...	...	...	...	...	...	...	22	...	...
Pension funds (third pillar)	0	0	0.0	1	...	...	3	5	0.1	4	7	0.2
Investment funds	...	...	...	...	...	...	...	...	...	3	5	0.12
Leasing companies	...	56	1.7	...	* 108	3.0	...	148	3.8	5	140	3.2

Source: Financial and Capital Markets commission (FCMC).

Table 34. Latvia: Selected Financial Sector Indicators, 1996-2001
(In percent, unless otherwise indicated)

	1996	1997	1998	1999	2000	2001		
						Q1	Q2	Q3
Capital Adequacy								
Capital adequacy—risk-weighted average 1/	24.5	21.0	17.0	16.0	14.0	16.0	15.0	15.0
Capital and reserves (in millions of lats)	149	220	196	193	228	236	264	266
Liquidity								
Liquidity ratio 2/	69.7	77.0	36.6	42.9	44.2	39.4	35.7	30.1
Total reserves/total deposits	15.8	16.3	16.1	18.9	16.3	15.0	14.3	14.5
Excess reserves/total reserves	15.9	18.8	19.3	19.8	7.5	5.8	2.8	1.2
Asset quality								
Nonperforming loans (in millions of lats)	...	51	50	58	54	52	44	45
Nonperforming loans (in percent of total loans)	21.0	10.0	6.0	6.0	4.6	4.4	3.4	3.2
Loan-loss provisioning/gross loans	25.1	7.4	4.3	4.0	3.0	3.0	2.0	1.7
Profitability								
Return on equity 3/	24.0	26.0	-12.9	11.0	19.0	15.0	17.0	16.0
Return on assets	3.0	3.0	...	1.0	2.0	1.4	1.3	1.2
Income from fees/total income	20.1	23.9	22.8	23.5	26.2	23.4	21.9	22.1
Loans and deposits								
Loans/deposits	40.2	46.4	70.3	65.9	58.3	61.9	61.6	66.5
Loans/total assets	23.7	29.7	43.4	43.4	40.3	42.8	40.8	44.7
Credit to nongovernment/GDP 4/	6.6	9.8	14.8	15.8	19.6	23.0	22.5	...
Nonresident deposits as a share of total deposits	41.4	42.3	37.1	46.9	51.3	48.2	51.4	48.5
Nominal interest rate spread 5/	10.9	5.7	7.9	8.4	7.5	8.6	5.6	5.6
Memorandum items:								
Stock market index, level 6/	247.7	345.9	98.0	87.8	139.2	135.7	141.1	153.3
Stock market capitalization/GDP 4/	2.7	5.3	5.8	5.4	7.5	8.7	7.6	...

Source: Bank of Latvia; and Financial and Capital Markets commission (FCMC).

1/ End-December values based on audited financial statements; otherwise, as reported by banks.

2/ The liquidity ratio is defined as: (cash + claims on the central bank + claims on other credit institutions + fixed-income government bonds - liabilities to the central bank - liabilities to other credit institutions) / deposits.

3/ Return on equity is defined as the ratio of the value of bank-issued equity to profits.

4/ GDP is calculated using annualized quarterly data.

5/ Commercial bank lending-deposit spreads for 3-month average of 3-6 months' maturities.

6/ Dow Jones Riga stock exchange index, end-of-period data.

Table 35. Latvia: External Debt and Assets, 1996-2001 1/

	1996	1997	1998	1999	2000	2001 H1
(Millions of US\$, end of period)						
Total debt	2,091	2,756	3,098	3,821	4,711	4,817
Total assets	2,249	2,950	2,748	3,128	3,786	3,733
Net position	157	194	-350	-693	-925	-1,084
Short-term debt 2/	1,280	1,821	1,838	2,316	2,790	2,961
Short-term assets	1,907	2,463	2,144	2,442	2,753	2,901
<i>Of which:</i> reserve assets	772	825	878	944	919	935
Net short term position	-628	-642	-306	-126	37	60
<i>excluding reserves</i>	142	184	572	818	956	995
Public external debt 3/	475	417	469	708	706	685
(Percent of GDP, end of period)						
Total debt	41.1	49.6	49.1	57.2	66.6	67.4
Total assets	44.2	53.1	43.6	46.8	53.6	52.2
Net position	3.1	3.5	-5.5	-10.4	-13.1	-15.2
Short-term debt 2/	24.9	32.3	30.2	34.8	39.0	40.3
Short-term assets (including reserve assets)	37.5	44.4	34.0	36.5	39.3	40.6
<i>Of which:</i> reserve assets	15.2	14.9	14.0	13.7	13.0	13.1
Net short term position	-12.2	-11.4	-5.0	-1.9	0.5	0.8
<i>excluding reserves</i>	2.8	3.3	9.4	12.3	13.4	13.5
Public external debt 3/	9.2	7.7	7.6	10.5	10.1	10.6
(Ratio, end of period)						
Gross Reserves of the Bank of Latvia over short-term debt	0.6	0.5	0.5	0.4	0.3	0.3
<i>excluding non-residents deposits 4/</i>	1.0	0.9	0.9	0.9	1.0	1.0
(Basis points, end of period)						
Foreign currency long-term debt rating 5/	...	BBB	BBB	BBB	BBB	BBB
Spread of benchmark bonds (percentage points) 6/	...	...	...	184	94	84

Source: Bank of Latvia, Ministry of Finance, DataStream and Staff estimates.

1/ From Latvia's International Investment Position. Trust funds are excluded in 2000 and 2001.

2/ Including an estimate of long-term debt in the International Investment Position maturing within a year. Excluding IMF.

3/ Including government guaranties.

4/ Time deposits, which are recorded as short-term loans since 2001 in the International Investment Position, are also excluded.

5/ S&P.

6/ End-of-period spread of 5-year Eurobond issued in May 1999 above the rate on German Euro-denominated bond maturing July 15, 2004.

Table 36. Latvia: Balance of Payments, 1996-2000

	1996	1997	1998	1999	2000
	(In millions of U.S. dollars)				
Current account balance	-279.5	-345.2	-649.9	-653.6	-493.4
excluding official transfers	-330.8	-377.8	-731.7	-714.4	-528.9
Trade Balance	-798.3	-847.9	-1,130.4	-1,027.1	-1,058.1
Exports, f.o.b.	1,487.6	1,838.1	2,011.1	1,889.1	2,058.3
Imports, f.o.b.	-2,285.9	-2,686.0	-3,141.5	-2,916.1	-3,116.5
Services, income and transfers balance	583.3	560.4	535.0	373.5	564.7
<i>Of which:</i>					
Transport sector, net	533.1	515.1	506.2	521.7	559.5
Travel, net 1/	-158.2	-133.4	-123.4	-150.6	-117.3
Interest, net	2.7	14.3	12.2	-96.5	-41.2
Other income	38.6	40.5	41.5	41.1	65.6
Other services	9.1	-11.2	-80.3	-35.2	0.5
Current transfers, net	93.5	77.4	124.4	93.0	97.5
Capital and financial account	537.1	360.7	614.5	780.7	543.3
Capital account	0.0	13.7	14.1	12.6	29.4
Financial account	537.1	346.9	600.4	768.1	513.9
Foreign direct investment, net	378.7	515.0	302.5	330.6	398.0
FDI in Latvia	381.7	521.1	356.7	347.5	407.5
Direct investment abroad	-3.0	-6.1	-54.2	-16.9	-9.6
Portfolio and other investment, net	158.4	-168.0	297.9	437.5	115.9
Government, net	71.0	-16.9	42.8	224.7	26.5
Errors and omissions	-46.5	86.7	98.0	37.9	-22.1
Overall balance	211.1	102.1	62.6	165.0	27.8
<i>Memorandum items:</i>	(In percent of GDP)				
Current account balance	-4.2	-5.1	-9.8	-9.8	-6.9
Trade Balance	-15.5	-15.0	-18.6	-15.4	-14.8
Exports, f.o.b.	29.0	32.6	33.0	28.4	28.8
Imports, f.o.b.	-44.5	-47.6	-51.6	-43.8	-43.6
Services, income and transfers balance	11.4	9.9	8.8	5.6	7.9

Sources: Bank of Latvia; and staff estimates.

1/ In 1996-98, official travel exports data have been increased by 30 percent based on IMF technical assistance advice.

Table 37. Latvia: Exports and Imports by Area and Country, 1996-2000
(In percent of total unless otherwise indicated)

	Exports					Imports				
	1996	1997	1998	1999	2000	1996	1997	1998	1999	2000
Total (in millions of lats)	795	972	1,069	1,008	1,131	1,278	1,582	1,881	1,724	1,934
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
European Union	44.7	48.9	56.6	62.5	64.6	49.3	53.2	55.3	54.5	52.4
CIS	35.8	29.5	19.0	12.0	8.7	25.5	19.7	15.0	15.0	16.9
Baltics	11.1	11.7	11.9	12.2	12.9	12.0	12.4	12.9	13.7	13.8
Other	8.4	9.9	12.5	13.3	13.8	13.2	14.7	16.8	16.8	16.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Europe	93.3	92.5	89.7	90.6	90.4	93.6	93.4	93.3	94.3	94.2
Belarus	4.4	3.2	2.0	1.7	1.2	1.7	1.2	1.7	2.9	3.4
Belgium	1.0	1.2	1.1	1.4	1.3	1.8	1.9	2.2	1.9	1.8
Denmark	3.7	3.9	5.1	6.1	5.8	3.9	3.5	3.8	3.9	3.6
Estonia	3.7	4.2	4.5	4.7	5.3	5.7	6.0	6.6	6.4	6.2
Finland	2.4	1.5	2.1	1.9	1.9	9.2	9.7	9.5	9.1	8.6
France	1.3	1.3	1.7	1.8	1.8	1.5	2.1	2.6	3.2	3.0
Germany	13.8	13.8	15.6	16.9	17.2	13.8	16.0	16.8	15.2	15.7
Italy	1.1	0.9	1.8	1.7	1.5	2.7	3.1	3.6	3.7	3.7
Lithuania	7.4	7.5	7.4	7.5	7.6	6.3	6.4	6.3	7.3	7.6
The Netherlands	1.9	2.4	3.5	3.5	4.0	3.5	3.8	3.6	3.9	3.4
Poland	1.4	1.2	1.8	1.8	1.6	2.6	3.2	3.5	4.4	4.8
Russian Federation	22.8	21.0	12.1	6.6	4.2	20.2	15.6	11.8	10.5	11.6
Sweden	6.6	8.3	10.3	10.7	10.8	7.9	7.7	7.2	7.2	6.7
Ukraine	6.2	3.9	2.9	2.9	2.4	2.6	2.0	1.9	1.1	1.3
United Kingdom	11.1	14.3	13.5	16.4	17.4	2.8	3.3	3.1	3.3	2.7
Africa	1.5	0.8	1.0	0.6	2.3	0.0	0.1	0.1	0.1	0.1
Asia and Middle East	4.4	4.7	5.1	2.2	2.1	2.5	2.7	3.4	3.1	3.1
China	0.1	0.1	0.0	0.0	0.0	0.1	0.2	0.4	0.5	0.7
Thailand	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1
Western Hemisphere	0.8	1.9	4.1	6.6	5.1	3.8	3.7	3.0	2.4	2.4
United States	0.7	1.4	2.9	5.3	3.3	2.1	2.3	2.0	2.0	2.0
Australia	0.0	0.1	0.1	0.0	0.1	0.1	0.1	0.2	0.1	0.2

Source: Latvian authorities.

Table 38. Latvia: Foreign Trade by Free Trade Agreement Countries, 1996-2000
(In thousands of lats)

	Exports					Imports				
	1996	1997	1998	1999	2000	1996	1997	1998	1999	2000
Total	795,172	971,749	1,068,852	1,008,333	1,131,315	1,278,169	1,582,352	1,881,285	1,723,931	1,933,935
EU	355,457	474,807	604,459	630,655	730,956	629,465	841,225	1,039,492	940,166	1,014,082
Czech Republic	3,817	3,425	3,346	3,511	5,972	11,368	15,113	25,570	21,016	24,259
Estonia	29,088	40,570	48,526	47,196	60,076	72,818	94,691	124,827	110,235	120,529
Lithuania	59,147	72,990	79,325	75,905	85,749	80,626	100,788	118,518	126,335	146,446
Slovakia	1,847	2,450	1,956	3,630	6,200	4,552	8,090	7,339	5,691	12,558
Slovenia	452	1,344	2,110	1,270	3,499	2,074	1,857	1,966	3,831	3,826
Iceland	852	1,843	2,324	1,830	3,067	615	690	508	485	1,120
Norway	5,274	5,721	8,237	8,192	9,421	17,467	23,738	29,049	29,599	21,634
Switzerland	2,787	5,260	4,868	4,625	4,327	11,516	21,973	28,871	36,685	34,025
Ukraine	49,066	37,809	30,646	29,035	26,845	32,671	32,306	35,350	19,331	26,014
Other countries	287,385	325,530	283,055	202,484	195,203	414,997	441,881	469,795	430,557	529,442

Source: Central Statistical Bureau of Latvia.

Table 39. Latvia: Commodity Structure of Foreign Trade, 1996-2000

(In percent of total)

	1996	1997	1998	1999	2000
Exports					
Live animals and animal products (I)	4.6	3.7	3.1	1.9	1.7
Vegetable products (II)	0.4	0.7	0.6	0.6	0.5
Animal, vegetable fats and oils (III)	0.1	0.1	0.4	0.2	0.1
Food, drinks and tobacco (IV)	11.8	10.1	6.7	3.8	3.5
Mineral products (V)	2.6	1.5	2.3	3.3	2.7
Chemicals (VI)	6.7	6.5	5.8	6.1	6.4
Plastics and rubber products (VII)	0.9	1.0	1.3	1.1	1.2
Hide, skin and leather (VIII)	1.4	1.1	0.8	0.7	0.8
Wood and wood products (IX)	24.4	29.7	33.5	37.3	37.4
Pulp and paper products (X)	2.2	2.6	2.9	2.6	2.2
Textiles and textile articles (XI)	16.9	15.6	16.1	15.4	14.0
Footwear; feather/down products (XII)	0.6	0.8	0.6	0.3	0.2
Stone, cement and ceramic products (XIII)	1.9	1.7	1.9	2.0	1.9
Precious metals (XIV)	0.3	0.5	0.3	0.4	0.4
Base metals and base metals products (XV)	7.0	8.5	9.8	11.5	13.4
Machinery and electrical equipment (XVI)	9.7	9.0	6.8	4.9	5.5
Transport vehicles and parts; vessels (XVII)	4.1	2.1	1.6	1.4	1.4
Optical equipment and musical instruments (XVIII)	0.3	0.4	0.6	0.9	1.1
Arms and ammunition (XIX)	0.0	0.1	0.0	0.0	0.0
Furniture; miscellaneous manufactured goods (XX)	4.0	4.2	4.8	5.4	5.3
Works of art and antiques (XXI)	0.0	0.0	0.0	0.0	0.0
Other goods	0.1	0.1	0.1	0.2	0.3
Total	100.0	100.0	100.0	100.0	100.0
Imports					
Live animals and animal products (I)	2.0	2.4	1.9	1.6	1.9
Vegetable products (II)	4.4	3.5	3.2	3.5	4.0
Animal, vegetable fats and oils (III)	0.9	1.1	1.1	1.1	0.9
Food, drinks and tobacco (IV)	6.1	6.9	7.1	6.7	6.0
Mineral products (V)	22.2	14.0	10.5	11.4	12.9
Chemicals (VI)	11.0	10.9	11.1	12.0	10.6
Plastics and rubber products (VII)	3.9	4.3	4.4	4.4	4.6
Hide, skin and leather (VIII)	0.4	0.5	0.4	0.4	0.4
Wood and wood products (IX)	0.5	0.7	0.8	1.1	1.2
Pulp and paper products (X)	4.5	4.5	4.2	4.2	4.3
Textiles and textile articles (XI)	8.0	7.8	7.8	7.7	7.6
Footwear; feather/down products (XII)	0.7	0.8	0.8	0.8	0.8
Stone, cement and ceramic products (XIII)	1.9	2.3	2.3	2.4	2.5
Precious metals (XIV)	0.1	0.3	0.2	0.4	0.2
Base metals and base metals products (XV)	6.4	8.0	8.4	7.0	8.4
Machinery and electrical equipment (XVI)	16.8	19.3	20.5	22.0	20.7
Transport vehicles and parts; vessels (XVII)	5.9	8.3	10.4	8.3	7.8
Optical equipment and musical instruments (XVIII)	2.2	2.0	2.3	2.4	2.4
Arms and ammunition (XIX)	0.1	0.1	0.1	0.0	0.1
Furniture; miscellaneous manufactured goods (XX)	2.0	2.3	2.5	2.6	2.8
Works of art and antiques (XXI)	0.0	0.0	0.0	0.0	0.0
Other goods	0.0	0.0	0.0	0.0	0.0
Total	100.0	100.0	100.0	100.0	100.0

Source: Latvian authorities.

Table 40. Latvia: Oil- and Gas-related Exports and Imports of Goods and Non-factor Services Values, 1997-2001
(In million of lats, unless otherwise indicated)

	1997	1998	1999	2000	2001 H1
Net exports of mineral fuels and oils	-169.4	-150.3	-124.0	-178.9	-158.5
<i>Of which:</i> Natural gas	-60.0	-59.6	-50.9	-58.4	-30.0
Exports of mineral fuels and oils	10.2	17.3	27.8	26.9	18.1
<i>Of which:</i> Natural gas	0.0	0.0	0.0	0.0	0.0
Imports of mineral fuels and oils	179.6	167.6	151.9	205.7	176.5
<i>Of which:</i> Natural gas	60.0	59.6	50.9	58.4	30.0
<i>Memorandum items:</i>					
Net transportation revenue from transiting oil and oil products through Latvia 1/	...	...	...	72.8	44.8

Source: Latvian authorities

1/ By pipeline, railways, and ships.

Table 41. Latvia: Oil- and Gas-related Exports and Imports of Goods and Non-factor Services Volumes, 1997-2001
(Thousand of tonnes, unless otherwise specified)

	1997	1998	1999	2000	2001 H1
Exports of mineral fuels and oils	216	412	484	494	241
<i>Of which:</i> Natural gas	...	...	...	...	...
Imports of mineral fuels and oils	1,738	1,868	1,490	1,243	537
<i>Of which:</i> Natural gas 1/	1,318	1,382	1,290	1,246	589

Source: Latvian authorities

1/ In millions of m³; from 2000, in TJ.

Table 42. Latvia: Manufacturing Real Output Production, Employment, and Wages, 1996-2001

(Year-on-year percentage change)

	Real Output	Industrial Employment	Labor Productivity /1	Average Gross Wage	Exchange Rate Lats/US\$	US\$ Unit Labor Costs in Latvia /2	US\$ Unit Labor Costs in Advanced Economy Trading Partners /3	Latvian US\$ Unit Labor Costs Relative to Advanced Economy Trading Partners /4
1999								
January	-20.9	-12.6	-9.5	-1.9	-3.0	11.8	...	...
February	-18.4	-11.4	-7.9	0.5	-1.3	10.6	...	...
March	-13.2	-11.9	-1.5	2.9	-0.8	5.4	...	...
April	-16.4	-12.7	-4.2	-0.4	-0.5	4.5	...	...
May	-18.9	-13.8	-5.9	2.3	0.0	8.7	...	...
June	-16.0	-14.4	-1.9	0.5	-0.7	3.1	...	...
July	-10.5	-13.7	3.7	-2.3	-1.8	-4.0	...	...
August	-6.9	-12.6	6.5	3.1	-2.3	-0.9	...	...
September	0.3	-10.7	12.4	5.1	-0.7	-5.8	...	...
October	-0.4	-6.6	6.7	4.5	1.6	-3.6	...	...
November	6.6	-3.0	9.9	7.0	0.9	-3.5	...	...
December	2.0	-1.7	3.8	4.3	2.5	-1.9	...	...
2000								
January	5.6	-3.3	9.2	5.6	2.4	-5.6	...	...
February	9.7	-4.1	14.4	6.1	2.0	-9.1	...	...
March	1.8	-3.7	5.7	2.8	1.0	-3.7	...	...
April	-2.9	-4.0	1.1	1.3	1.9	-1.6	...	...
May	13.2	-4.0	17.9	2.5	1.5	-14.4	...	...
June	5.0	-2.5	7.7	1.5	0.3	-6.1	...	...
July	-3.6	-1.8	-1.8	1.7	3.1	0.5	...	...
August	6.9	-2.3	9.2	3.8	4.4	-9.0	...	...
September	1.5	-1.8	3.4	2.0	6.2	-7.1	...	...
October	7.7	-1.3	9.1	2.0	8.1	-13.5	...	...
November	6.0	-0.8	6.8	2.6	7.0	-10.2	...	...
December	5.8	-0.4	6.2	-0.4	5.1	-10.8	...	...
2001								
January	13.3	-0.8	14.3	5.5	5.3	-12.3	...	...
February	7.5	-0.4	7.9	3.4	3.7	-7.6	...	...
March	10.0	-0.4	10.5	4.0	5.9	-11.1	...	...
April	11.8	0.8	10.9	4.2	4.3	-9.9	...	...
May	8.0	1.7	6.2	5.9	5.0	-5.0	...	...
June	7.0	0.9	6.1	6.4	6.5	-5.8	...	...
1999								
Q1	-17.4	-12.2	-5.9	0.5	-1.7	8.7	2.9	5.7
Q2	-17.1	-13.6	-4.1	0.8	-0.4	5.5	-3.3	9.2
Q3	-5.8	-12.2	7.3	1.8	-1.6	-3.6	-5.3	1.8
Q4	2.6	-4.3	7.2	5.2	1.6	-3.4	-9.7	6.9
2000								
Q1	5.5	-3.5	9.3	4.8	1.8	-5.8	-9.4	3.9
Q2	5.1	-3.3	8.7	1.7	1.2	-7.6	-9.0	1.5
Q3	1.6	-1.8	3.5	2.5	4.6	-5.3	-11.4	6.9
Q4	6.5	-0.8	7.4	1.4	6.8	-11.6	-14.2	3.1
2001								
Q1	10.2	-0.6	10.9	4.3	4.9	-10.4	-6.8	-3.9
Q2	8.7	0.8	7.8	5.5	5.3	-7.0	-7.0	0.0
1997								
1997	8.0	2.6	5.2	22.2	5.6	10.0	-10.5	23.0
1998	3.8	-0.8	4.2	5.3	1.3	-0.2	-2.4	2.2
1999	-9.4	-10.4	1.0	2.1	-0.5	1.7	-4.0	5.9
2000	4.7	-2.5	7.4	2.6	3.6	-7.8	-11.1	3.7

Sources: Latvian authorities; and Fund staff estimates.

1/ Defined as real output per employee

2/ Defined as average gross wage over labor productivity expressed in US\$ terms.

3/ From IMF database with trade weights calculated by Staff.

4/ Defined as Latvian unit labor costs over unit labor costs in advanced economy trading partners.

Table 43. Latvia: Real and Nominal Effective Exchange Rates, 1996-2001

(index 1997=100, period average) /1

	15 most important trading partners /2		Western trading partners /2		Russia /2	
	Real	Nominal	Real	Nominal	Real	Nominal
1999						
January	117	133	105	101	202	392
February	118	135	106	102	197	397
March	120	138	107	103	194	403
April	120	140	108	104	197	421
May	120	140	108	104	190	414
June	120	141	110	105	185	409
July	120	141	110	105	180	408
August	121	143	110	105	185	423
September	123	145	111	106	190	439
October	123	145	111	106	192	448
November	124	148	114	108	194	455
December	125	150	115	109	194	462
2000						
January	125	152	115	109	200	486
February	126	153	116	110	199	486
March	126	154	117	111	195	480
April	127	155	118	112	195	481
May	128	157	121	115	185	466
June	125	156	117	112	183	472
July	126	157	118	113	177	463
August	127	159	121	115	172	456
September	129	162	123	118	169	452
October	129	163	125	119	165	451
November	128	163	125	119	162	448
December	126	160	121	115	162	454
2001						
January	122	158	117	112	160	464
February	122	159	118	114	157	465
March	122	159	119	114	154	461
April	122	160	120	115	151	460
May	123	161	122	116	150	460
June	124	162	124	118	148	458
July	125	162	124	117	148	460
August	123	160	121	115	151	469
1999						
Q1	118	136	106	102	198	397
Q2	120	140	109	104	191	414
Q3	121	143	110	105	185	424
Q4	124	148	113	108	193	455
2000						
Q1	126	153	116	110	198	484
Q2	127	156	119	113	188	473
Q3	127	159	121	115	173	457
Q4	128	162	123	118	163	451
2001						
Q1	122	158	118	113	157	463
Q2	123	161	122	116	150	459
1998						
H1	102	102	104	101	101	103
H2	110	116	103	99	156	231
1999						
H1	119	138	107	103	194	406
H2	123	145	112	106	189	439
2000						
H1	126	154	117	111	193	478
H2	127	161	122	117	168	454
2001						
H1	123	159	120	115	153	461
1996	93	94	90	95	99	93
1997	100	100	100	100	100	100
1998	106	109	103	100	128	167
1999	121	142	110	105	192	423
2000	127	157	120	114	180	466

Sources: IMF International Financial Statistics and Direction of Trade Statistics

1/ Period average. An increase in the index corresponds to an appreciation of the iats.

2/ Trade weights reflect the average share of both export and import 1996-2000.

Table 44. Latvia: Accumulated Foreign Direct Investment by Country of Origin, 1996-2000

	1996	1997	1998	1999	2000
Total	100.0	100.0	100.0	100.0	100.0
EU	53.9	49.7	52.3	53.0	54.8
Germany	4.7	8.8	8.6	8.8	12.7
Denmark	26.3	18.1	15.1	14.3	14.0
Finland	2.7	2.9	4.6	5.3	5.4
United Kingdom	7.3	6.0	7.5	7.7	6.6
Ireland	3.2	4.8	5.3	4.1	2.1
Netherlands	1.5	2.1	2.5	3.0	3.0
Norway	0.4	0.2	4.0	3.8	4.1
Sweden	4.9	4.8	6.7	8.6	10.2
Baltic States	1.6	4.1	4.1	5.6	6.4
Estonia	1.4	4.0	3.9	5.2	6.1
Lithuania	0.2	0.1	0.2	0.4	0.4
CIS	14.4	10.2	9.2	8.2	7.8
Russia	13.5	9.5	8.6	7.6	7.3
Other main partners					
Switzerland	3.9	2.9	2.3	1.1	1.9
Singapore	0.1	8.1	2.8	2.3	2.1
United States	10.9	10.4	10.7	10.3	9.3
Isle of Man	0.2	0.1	2.6	2.1	1.8
Liechtenstein	1.7	1.4	1.3	1.5	1.3
Liberia	2.6	2.2	1.9	1.7	1.5
Other	10.7	10.9	12.8	14.2	13.1
<i>Memorandum items:</i>					
Foreign direct investment (in millions of U.S. dollars)	381.7	521.1	356.7	347.5	407.5
FDI in percent of current account deficit	136.6	151.0	54.9	53.2	82.6

Source: *Investment in Latvia, Quarterly Bulletin*, Central Statistical Bureau of Latvia.

Table 45. Latvia: Accumulated Foreign Direct Investment by Kind of Activity, 1996-2000

	1996	1997	1998	1999	2000
Total	100.0	100.0	100.0	100.0	100.0
Agriculture, hunting and forestry	0.1	0.1	0.2	0.2	0.4
Fishing	0.0	0.1	0.6	0.5	0.5
Industry	17.4	24.7	19.7	21.1	21.8
<i>of which: Manufacturing</i>	17.1	22.8	17.7	17.9	18.0
Construction	0.7	0.3	0.3	0.4	0.4
Retail Trade	9.2	13.2	16.2	16.5	16.9
Hotels and restaurants	2.0	1.5	1.3	1.4	1.8
Transportation and Communication	45.1	33.8	30.0	25.7	23.9
Financial intermediation	16.9	20.1	23.8	21.5	22.5
Real estate and renting	2.4	2.0	4.7	8.3	8.4
Public administration and defense	0.0	0.0	0.0	0.0	0.0
Education	0.1	0.1	0.1	0.1	0.1
Health and social work	1.1	0.8	0.6	0.5	0.4
Other community activities	0.4	0.2	0.2	0.3	0.3
Other	4.5	3.2	2.4	3.4	2.6

Source: *Investment in Latvia, Quarterly Bulletin*, Central Statistical Bureau of Latvia.

I. TAX SUMMARY
(as of October 1, 2001)

A. Taxes on Income and Property

The Corporate Income Tax

Nature of the tax

1. The Law on the Corporate Income Tax replaced the Law on the Profit Tax effective April 1, 1995. Together with the Law on the Personal Income Tax, the law forms a unified system of taxation on all types of income in Latvia unless otherwise stipulated by acts of legislation. The tax applies both to residents and permanent establishments of nonresidents. Taxable income is defined as the annual profit (loss) as determined in the profit and loss statement under the Law on Annual Reports of Enterprises or the Law on Credit Institutions or the Law on Insurance Companies and their Supervision, adjusted according to provisions of the Law. The annual depreciation amount for fixed assets is set at twice the depreciation rate under the law (rates between 5 percent and 35 percent) multiplied by the remaining balance. Tax losses can be carried forward for five years. The thin capitalization rules limit the amount of interest payments that can be deducted in any year, and the transfer pricing rule is applied to cross-border transactions between Latvian residents and nonresidents. Amendments to the enterprise income tax law were introduced in 1997, allowing the transfer of losses between members of an enterprise group. By the later amendments the period for carry forward of losses is set at twice of standard period for enterprises that are registered and operating in a specially supportable region (since 1998), and for enterprises that are engaged in oil research and extraction works (since 2000).

Tax rates

2. The standard tax rate is 25 percent (22 percent from January 1, 2002). There are withholding rates of 5-25 percent on income paid to non-residents including the rate of 10 percent that is applying to interest payments in the case when the payer and recipient are associate enterprises, and dividends. Tax credits apply to charitable deductions, small enterprises, enterprises that use prisoner labor, income from agricultural activity, enterprises producing high technology products and software and on tax paid in foreign countries. Small enterprises are defined as those satisfying requirements on the value of fixed assets, net turnover, or the number of employees.

Tax exemptions

3. Exempt entities include nonprofit organizations and enterprises run by associations for the handicapped, charities, and health-care foundations. Amendments to the Law On Foreign Investments in the Republic of Latvia introduced in 1995 abolish the tax holidays for enterprises with foreign capital.

The Personal Income Tax (PIT)

Nature of the tax

4. The personal income tax is assessed on salary, income from self-employment, pension, property income, as well as on all other remuneration, bonuses, compensation for unused vacation time, and all other kinds of payments which have not been exempted from the income tax. Tax levied on salaries and wages is withheld at source. Taxpayers must file an annual income return by April 1 of the year following the taxation year. Individuals whose only income is employment income and from whom income tax is withheld do not submit returns.

Tax rates

5. The tax rate is 25 percent of taxable income.

Exemptions and deductions

6. The income tax is imposed on taxpayers' income for the taxation (calendar) year, except for nontaxable activities. The following are deducted from taxpayer income: (a) a nontaxable minimum (LVL 21/month effective January 1, 1997), (b) a deduction for each dependent (LVL 10.50/month effective January 1, 1997); (c) state social insurance contributions; (d) contributions into private pension funds not exceeding 10 percent from the person's annual taxable income; (e) expenses for the education and health care of the taxpayer or family members; (f) donations to charity; and (g) benefits for handicapped or politically repressed persons or members of the movement of national opposition.

7. Income tax is not assessed on: agricultural income of individual farmers if it does not exceed LVL 3,000; dividends or business profits subject to the Corporate Income Tax; interest income; social benefits from the budget including unemployment compensation and social maintenance, except for temporary disability payments; scholarships; child support; alimony; compensation for damages for disability caused by the bodily injury or due to other health harm, as well as for loss of supporter; insurance compensation and payments; income from the sale of private property.

Social Insurance Contributions

Nature of the tax

8. The social insurance contribution is imposed on salaries, wages, fees, royalties and other remuneration and rewards for work.

Tax rates

9. According to the provisions of the Law On State Social Insurance the tax rate is 35 percent plus 0.09 percent from taxable object, starting with January 1, 2001. The tax rate of 33 percent will be introduced in 2003.

10. The proportions to be paid by an employer and an employee since 2001 is 26.09 : 9, with the exception that the rate for insurance against work injuries and occupational diseases can change every year.

Exemptions

11. The social insurance contribution is not assessed on: income from property, dividends, interest payments, royalties, and other income not related to employment.

Real Estate Tax

Nature of the tax

12. The law On Real Estate Tax replaced the law On Land Tax in 1998 and the law On Property Tax in 2000. The tax is paid directly to the respective village, town or city budget.

Tax rates

13. The real estate tax is 1 percent of the cadastral value of real estate. During the transition period, the tax rate will be 1.5 percent of land value and book value or inventory value for buildings and constructions.

Exemptions and deductions

Exemptions

14. The following are exempt from the real estate tax:

- ◆ real estate owned by local government located in its administrative territory and used by the local government or its institutions or financed by the budget of local authority;
- ◆ real estate owned by foreign countries and used as diplomatic and consular representatives on the basis of reciprocity;
- ◆ public roads, streets, air and water navigation buildings, public waters;
- ◆ real estate owned by religious organization and used for religious purposes;
- ◆ land on which an economic activity has been prohibited;
- ◆ historical buildings and monuments of Latvian culture and land for their maintenance, except dwelling houses and land for their maintenance, as well as real estate used for economic activities;
- ◆ land which is occupied by newly planted forest;
- ◆ public recreation centers, sports grounds and buildings as well as land under them;

- ◆ individual dwelling houses and privately owned apartment in an apartment houses if they are not commercially used up to December 31, 2003;
- ◆ buildings in cemeteries, funeral constructions, crematorium and land for their maintenance;
- ◆ real estate that is inductible to the central or local government and which is not assigned for application or rent;

- ◆ Until December 31, 2002 the following buildings and constructions are exempt:
 - ◆ not used for an economic activities;
 - ◆ post and telecommunication offices in rural areas;
 - ◆ communication lines, local pipelines and cables;
 - ◆ dwelling-houses or their parts which are rented or used for living;

- ◆ Until December 31, 2003 the following buildings and constructions are exempt:
 - ◆ those used only for agricultural activities;
 - ◆ those maintained from the budgetary resources;
 - ◆ those used for the purpose of health service (care), sports, educational and cultural needs;
 - ◆ those used for the purpose of environmental protection;
 - ◆ those owned by public organizations and their enterprises according to the list of organizations approved by the Parliament;

Local governments may reduce the tax for the certain groups of taxpayers in accordance with their own judgments.

15. The law provides tax relief of 50% for politically repressed persons who own or possess land and individual dwelling houses at least for 5 years and do not use them for economic activities. Tax relief is provided for special economic zones enterprises in the special economic zones.

The Property tax has been abolished.

B. Taxes on Goods and Services

Value-Added Tax

Nature of the tax

16. This is a tax on value added, which uses the credit system and is levied on goods and services at the manufacturing/import, wholesale, and retail stages. The new law became effective on May 1, 1995 and replaced the old Turnover Tax Law, which had been administered as a VAT.

Tax rates

17. The standard tax rate is 18 percent of the taxable value of supplies of goods, provision of services, and import supplies. A tax rate of zero applies to exports, international transportation and services connected with export supplies of goods and international transportation.

Exemptions

18. The VAT is not charged on: educational services; school books, scientific literature, and certain Latvian language literature; public library services; scientific research; services of nursing homes, fee for children attending pre-school institutions; banking, financial and insurance services; betting, lotteries and other types of gambling; registered mass media; used real estate sales and apartment rent payments by individuals; movies (except video), visits to theatres, concerts, museums, exhibitions, cultural and sporting events, etc.; certain approved medical goods supplies and services; certain approved baby-foods; funerals and religious services; foreign non-refundable shipments of technical aid; consular services; certain services provided by agricultural companies to farmers; fire-fighting services; supplies of imported goods not subject to customs duties; certain approved fixed assets; catering in penitentiaries; post offices services; tuition for unemployed persons' professional training organized by the State Employment Service; sales of land; works of art brought in to supplement museum reserves; school students transportation financed from the municipality budgets.

Excise tax

Nature of the tax

19. Tax is paid when excise goods are imported into the customs territory of the Republic of Latvia for release in free circulation or when excise goods are taken out from the excise goods warehouse for consumption on the internal market. The tax for excise goods that are marked with excise tax stamps (alcoholic drinks and cigarettes) are paid for received tax stamps.

20. Taxpayers are importers of excise goods and keepers of excise tax warehouses. An excise goods warehouse is a territory where it is allowed to produce, store, process, receive and consign excise goods applying suspended tax payment procedure. Suspended tax payment procedure for alcoholic beverages, tobacco products and mineral oils may be applied only when a guarantee is submitted.

Tax rates

Item to be taxed	Unit tax (LVL) or general rate (in percent of price)
1. Alcoholic beverages:	
Wine and other fermented products (per 100 liters)	LVL 30
Intermediate products (up to 15%, per 100 liters)	LVL 42
Intermediate products (above 15% and up to 22%, per 100 liters)	LVL 70
Alcohol and other alcoholic drinks (per 100 liters of absolute alcohol)	LVL 550
	<i>From January 1, 2003</i>
Beer:	
above 0.5% and up to 2.8% (per 1 hectoliter)	LVL 2 LVL 3.30
above 2.8% and up to 4% (per 1 hectoliter)	LVL 3 LVL 4.70
above 4% and up to 5.5% (per 1 hectoliter)	LVL 3 LVL 6.40
above 5.5% and up to 7% (per 1 hectoliter)	LVL 4 LVL 8.10
above 7% (per 1 hectoliter)	LVL 42 LVL 42.00
2. Tobacco products:	
Smoking tobacco (per 1,000 grams)	LVL 6.10
Cigarettes with filter (per 1000 cigarettes)	LVL 5.10
Cigarettes without filter (per 1000 cigarettes)	LVL 6.10
Cigars and cigarillos (per 1000 units)	LVL 11.00
3. Other goods:	
Passenger cars (depending on age)	LVL 75-250
Motorcycles (depending on age)	25% of tax rate on cars
Coffee (per 100 kilograms)	LVL 50
Soft drinks (per 100 liters)	LVL 2

4. The excise tax schedule for mineral oils is as follows:

□ unleaded petrol, its substitutes and components per 1000 liters with addition of ethanol, from January 1, 2003	LVL 160 LVL 150	
□ leaded petrol, its substitutes and components per 1000 liters with addition of ethanol, from January 1, 2003	LVL 210 LVL 200	
□ gas oil, kerosene and heavy fuel oil (light), their substitution and components per 1000 liters:		
		<i>For heating purpose</i>
at present	LVL 100	LVL 13
From January 1, 2003	LVL 130	LVL 13
□ heavy fuel oil (heating oil), its substitutes and components, per 1000 kilograms:		
at present	LVL 5	
From January 1, 2002	LVL 6	
From January 1, 2003	LVL 7	
□ oil gases and other gaseous hydrocarbons, except natural gas, per 1000 kilograms:	LVL 50	

Exemptions

Excise tax is not imposed on following goods:

1. Alcoholic beverages:
 - denatured alcoholic beverages;
 - alcoholic beverages used for the determination of alcoholic drink quality;
 - alcoholic beverages lost due to unsurpassable forces;
 - alcohol for the needs of medicine, veterinary medicine, pharmaceutical industry and research works;
 - wine, fermented drinks or beer produced by a natural person for self-consumption;
 - alcoholic beverages imported by natural person for personal consumption:
 - 1) up to 2 liters of still wine,
 - 2) up to 2 liters of intermediate products, fermented products, sparkling wine or up to 1 liter of other alcoholic beverages,
 - 3) up to 5 liters of beer.

2. Tobacco products:

- denatured tobacco products;
- tobacco products used for the determination of tobacco article quality;
- losses caused by unsurpassable forces;
- tobacco products imported by natural person for personal consumption:
 - 1) up to 200 cigarettes,
 - 2) up to 20 cigars or cigarillos,
 - 3) up to 200 grams of smoking tobacco.

3. Mineral oils:

- mineral oils, which are used for the supply of air traffic means and sea transport
- mineral oils that are used as raw material in the technological process of production
- oil gases and other gaseous hydrocarbons that are used as heating or are used in gas ovens and other equipment (other than fuel)
- for producers of agricultural products the excise tax shall be refunded, calculating 100 liters of gas oil for a calendar year per each hectare of land used for agricultural purposes
- excise tax on heavy fuel oil shall be refunded to the legal persons using heavy fuel oil as a heating fuel

4. Other excise goods:

- cars and motorcycles older than 25 years
- cars and motorcycles which are exempted from custom tax and value added tax
- cars with electrical engine
- special cars (ambulance cars, caravans, hearses)
- soft drinks and coffee used for the determination of quality of soft drinks and coffee
- losses of soft drinks and coffee caused by unsurpassable forces
- up to 12 liters of soft drinks imported by natural person for personal consumption
- up to 1 kilogram of coffee imported by natural person for personal consumption
- soft drinks made by natural person for self-consumption
- non-packaged beverages which are prepared at a public catering undertaking for consumption at this public catering.

C. Other Taxes

Tax on Natural Resources

Nature of the Tax

21. The current version of the law, "The Tax on Natural Resources" became effective on January 1, 1996. The tax is paid by all natural and legal persons who obtain natural resources in the territory of Latvia (or continental shelf), or pollute the environment, or sell self-produced or imported goods that are dangerous to the environment. In the latter case, a permit is required for such activities.
22. The tax on acquisition of natural resources and environmental pollution is calculated on a per unit basis for each unit of natural resources or pollutant. For imports of goods dangerous to the environment, the tax is calculated in lats and levied per unit or as a percentage of the total value at customs including an import duty if applicable. The tax on the sale of self-produced goods dangerous to the environment is calculated in lats and levied per unit or as a percentage of the selling price, net of excise tax and VAT.
23. The tax on natural resources is paid into a special state budget of environmental protection and into special local government budgets of environmental protection in the territory from where the resource originates.

Latvia: Summary Overview of the Trade System, 2001

Trade policy instrument	Status as at October 1, 2001
1. Import customs tariffs	There are 13 tiers of <i>ad valorem</i> rates of the basic tariffs, ranging from zero to 75 percent (0, 1, 2, 5, 6, 10, 20, 25, 30, 35, 40, 55 and 75 percent).
Ad valorem tariff rate for final non-agricultural goods:	
Basic rate:	Simple average of 3.07 percent, with 1 percent the most common rate.
MFN rate:	Simple average of 2.21 percent.
Tariff rates (ad valorem and some specific) for agricultural goods:	
Basic rate:	Simple average of 19.34 percent.
MFN rate:	Simple average of 13.50 percent and a production-weighted average of 35.12 percent.
2. Goods subject to specific import tariffs:	Sugar and cigarettes.
3. Goods subject to quantitative restrictions:	None.
4. Goods subject to import licensing:	Nondiscriminatory and in accordance with WTO requirements. For health and related reasons, import licenses for some goods are issued by a designated authority. Except for weapons, explosives and fuels, licensing is virtually automatic. The processing period for applications is no more than 10 working days and fees reflect processing costs.
5. Anti-dumping and countervailing provisions:	Broadly consistent with WTO provisions; new anti-dumping law fully consistent with WTO provisions took effect July 1, 2000.
6. Customs valuation of goods:	In accordance with GATT/WTO, utilizing the transaction value.
7. Goods subject to export duties:	Ferrous waste and scrap; antique printed material; and works of art.
8. Goods subject to export quotas:	Only in the case of goods for which Latvia's international agreements specify export quotas (e.g., textiles under the EU FTA).

Sources: Information supplied by the authorities.

Latvia: Status of the Negotiations Related to the Chapters under the EU Acquis Communautaire
(As of December 12, 2001)

Chapter	Status
Free movement of goods	Closed
Free movement of persons	Closed
Free movement of services	Closed
Free movement of capital	Closed
Company law	Closed
Competition policy	Closed
Agriculture	Open
Regional policy	Open
Fisheries	Closed
Transports	Open
Taxation policy	Open
Economic and Monetary Union (EMU)	Closed
Statistics	Closed
Social/employment policy	Closed
Energy	Closed
Industrial policy	Closed
Small and medium	Closed
Science and research	Closed
Education and training	Closed
Telecommunications and information technology	Open
Culture & audiovisual policy	Closed
Environment	Closed
Consumers and health protection	Closed
Justice and home affairs	Open
Customs Union	Closed
External relations	Closed
Common foreign and security policy (CFSP)	Closed
Financial control	Closed
Budgetary provisions	Open
Institutions	Not open
Others	Not open
Total chapters closed	22

Source: Uniting Europe Weekly Bulletin.