

Republic of Latvia: Statistical Appendix

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REPUBLIC OF LATVIA

Statistical Appendix

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Approved by European II Department

April 7, 2003

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Latvia: Basic Data

Social and demographic indicators							
Area		64,589 sq. km.					
Population		2.4 million					
Urban		68.0 percent					
Rate of population growth		-0.8 percent per year					
Life expectancy at birth							
Male		65.2 years					
Female		76.6 years					
Infant mortality rate (per 1,000 births)		11.0					
Hospital beds (per 10,000 inhabitants)		82.0					
Physicians (per 10,000 inhabitants)		33.0					
		1997	1998	1999	2000	2001	2002
<hr/>							
Shares of GDP at current prices (excl. subsidies and indirect taxes)							
Agriculture, hunting and forestry		5.4	4.1	4.0	4.5	4.5	4.4
Fishing		0.2	0.3	0.4	0.4	0.3	0.2
Mining and quarrying		0.2	0.2	0.1	0.1	0.1	0.2
Manufacturing		22.3	17.9	15.3	14.6	14.9	14.8
Electricity, gas, and water		5.0	5.3	4.5	3.9	3.7	3.6
Construction		4.8	6.8	7.1	6.7	6.1	6.1
Services		62.1	65.4	68.6	69.8	70.3	70.6
<hr/>							
GDP							
Nominal GDP (in millions of lats)		3,269	3,592	3,890	4,348	4,813	5,195
Nominal GDP (in millions of US\$)		5,627	6,088	6,649	7,175	7,661	8,412
GDP per capita (in US\$)		2,313	2,526	2,781	3,024	3,218	3,586
Real GDP (percentage change)		8.4	4.8	2.8	6.8	7.9	6.1
Unemployment rate (ILO, end of period)		14.4	13.7	14.5	14.6	12.8	11.6
Unemployment rate (end of period)		7.0	9.2	9.1	7.8	7.7	7.6
<hr/>							
Consumer prices (percentage change, end-period)		7.0	2.8	3.2	1.8	3.2	1.4
<hr/>							
(In millions of lats, unless otherwise indicated)							
General government finances 1/							
Total revenue		1,352	1,529	1,561	1,623	1,697	1,876
(in percent of GDP)		41.3	42.6	40.1	37.3	35.3	36.1
Total expenditure		1,332	1,554	1,707	1,764	1,804	2,031
(in percent of GDP)		40.7	43.2	43.9	40.6	37.5	39.1
Financial balance		20	-25	-146	-141	-108	-154
(in percent of GDP)		0.6	-0.7	-3.8	-3.2	-2.3	-3.0
Net lending		10	3	7	0	-3	-15
(in percent of GDP)		0.3	0.1	0.2	0.0	-0.1	-0.3
Fiscal balance		10	-27	-153	-140	-105	-139
(in percent of GDP)		0.3	-0.8	-3.9	-3.2	-2.2	-2.7
<hr/>							
Money and credit (end-period)							
Net foreign assets		619	415	364	538	534	353
Broad money		871	923	997	1,275	1,540	1,863
Domestic credit		479	647	745	1,062	1,447	2,023
Velocity (level)		4.1	4.0	4.2	3.8	3.4	3.1
<hr/>							
(In millions of U.S. dollars, unless otherwise indicated)							
Balance of payments							
Total exports (GNFS)		2,929	3,174	2,914	3,271	3,403	3,908
Total imports (GNFS)		-3,348	-3,947	-3,605	-3,886	-4,259	-4,853
Current account balance		-287	-595	-654	-493	-735	-659
(in percent of GDP)		-6.1	-10.6	-9.7	-6.9	-9.6	-7.8
Official reserves (in months of imports of goods and nonfactor services)		2.5	2.9	2.9	2.6	3.0	2.9
Exchange rate, lats per US\$, period average		0.581	0.590	0.585	0.607	0.628	0.618

Sources: Latvian authorities and Fund staff estimates.

1/ Privatization receipts treated as financing; through 1999, the presentation varies from that of the State Treasury. In addition, expenditures in this table have been adjusted to reflect spending of privatization receipts outside the budget.

Table 1. Latvia: Savings-Investment Balance, 1996-2001
(In percent of GDP)

	1996	1997	1998	1999	2000	2001
Foreign savings 1/	5.5	6.1	10.6	9.7	6.9	9.6
Gross national savings	13.1	16.5	17.1	17.2	20.1	20.8
Government 2/	0.1	2.4	3.2	0.4	0.7	1.5
Nongovernment	13.0	14.2	13.8	16.7	19.4	19.3
Gross domestic investment	18.6	22.6	27.7	26.9	27.0	30.4
Government 3/	1.9	2.1	4.0	4.4	4.0	3.7
Nongovernment	16.6	20.6	23.7	22.5	23.0	26.7
Fixed capital formation	16.4	16.7	23.3	20.8	22.5	23.5
Change in inventories	0.3	3.9	0.4	1.7	0.5	3.2
<i>Memorandum item:</i>						
Government savings-investment balance (fiscal balance) 2/	-1.8	0.3	-0.8	-3.9	-3.2	-2.2
Nongovernment savings-investment balance	-3.7	-6.4	-9.8	-5.8	-3.7	-7.4
Nominal GDP (in millions of lats)	2,807	3,269	3,592	3,890	4,348	4,759
Real GDP growth rate	3.7	8.4	4.8	2.8	6.8	7.9
Inflation (annual average rate)	17.6	8.4	4.7	2.4	2.6	2.5

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, 1996-2002
(In thousands of current lats)

	1996	1997	1998	1999	2000	2001	2002
Agriculture and hunting	169,081	126,332	91,240	82,436	108,544	126,184	133,250
Forestry, logging and related services	22,996	27,489	37,068	52,084	62,751	66,219	72,179
Fishing	8,189	6,466	8,614	12,319	15,121	13,268	11,209
Mining and quarrying	3,978	4,869	5,123	4,989	5,158	6,007	6,942
Manufacturing	516,196	634,793	554,230	521,356	560,878	633,644	686,059
Electricity, gas and water supply	130,880	141,839	164,576	151,459	147,692	159,713	167,199
Construction	116,519	136,710	212,200	242,712	258,042	259,895	283,131
Services	1,479,129	1,770,333	2,025,446	2,336,078	2,675,490	3,000,539	3,261,246
Wholesale and retail trade; repair services	378,979	459,824	521,060	600,652	688,493	790,396	920,471
Hotels and restaurants	27,322	36,213	38,619	43,098	47,088	54,803	56,264
Transport, storage and communications	419,816	480,176	515,544	522,046	590,881	661,325	672,567
Financial intermediation	139,983	137,153	110,403	169,970	206,101	204,582	211,252
Real estate, renting and related	81,518	144,364	237,954	320,017	397,567	478,807	513,329
Public administration and defense	126,125	166,215	201,188	234,971	253,923	278,972	303,667
Education	127,883	139,199	169,802	183,347	206,472	223,175	249,045
Health and social work	86,117	97,093	110,210	116,909	119,617	129,643	136,729
Other community, social and personal services	91,386	110,096	120,666	145,068	165,348	178,836	197,922
Taxes on products less subsidies on products	360,316	420,667	493,660	486,225	514,664	547,127	573,442
Gross domestic product	2,807,284	3,269,498	3,592,157	3,889,658	4,348,340	4,812,596	5,194,657

Source: Central Statistical Bureau of Latvia.

Table 3. Latvia: Gross Domestic Product by Sector of Economic Activity at Current Prices, 1996-2002
(In percent of GDP)

	1996	1997	1998	1999	2000	2001	2002
Agriculture and hunting	6.0	3.9	2.6	2.1	2.5	2.5	2.6
Forestry, logging and related services	0.8	0.8	1.0	1.4	1.4	1.4	1.4
Fishing	0.3	0.2	0.2	0.3	0.4	0.3	0.2
Mining and quarrying	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Manufacturing	18.4	19.4	15.4	13.4	12.9	13.1	13.2
Electricity, gas and water supply	4.7	4.3	4.6	3.9	3.4	3.3	3.2
Construction	4.1	4.2	5.9	6.2	5.9	5.5	5.5
Services	52.7	54.3	56.5	60.1	61.6	62.4	62.8
Wholesale and retail trade; repair services	13.5	14.1	14.5	15.5	15.8	16.6	17.7
Hotels and restaurants	1.0	1.1	1.1	1.1	1.1	1.1	1.1
Transport, storage and communications	15.0	14.7	14.4	13.4	13.6	13.6	12.9
Financial intermediation	5.0	4.2	3.1	4.4	4.7	4.1	4.1
Real estate, renting and related	2.9	4.4	6.6	8.2	9.2	10.1	9.9
Public administration and defense	4.5	5.1	5.6	6.1	5.8	5.7	5.8
Education	4.5	4.3	4.7	4.7	4.8	4.7	4.8
Health and social work	3.1	3.0	3.1	3.0	2.8	2.7	2.6
Other community, social and personal services	3.2	3.4	3.4	3.7	3.8	3.8	3.8
Taxes on products less subsidies on products	13.0	13.2	14.2	13.1	12.3	11.8	11.0
Gross domestic product	100	100	100	100	100	100	100

Source: Central Statistical Bureau of Latvia.

Table 4. Latvia: Gross Domestic Product by Sector of Economic Activity at Constant Prices, 1996-2002
(In thousands of 2000 lats)

	1996	1997	1998	1999	2000	2001	2002
Agriculture and hunting	121,521	126,137	116,173	103,859	108,544	116,129	120,900
Forestry, logging and related services	31,943	42,145	46,250	49,573	62,751	69,155	72,166
Fishing	14,991	11,289	10,944	14,000	15,121	12,963	11,252
Mining and quarrying	3,700	4,019	4,347	4,778	5,158	6,019	6,484
Manufacturing	458,234	536,607	558,043	525,133	560,878	618,088	662,337
Electricity, gas and water supply	160,673	159,547	162,324	153,805	147,692	158,407	165,736
Construction	174,273	188,603	220,663	238,502	258,042	273,767	303,333
Services	2,084,816	2,244,440	2,358,669	2,498,454	2,675,490	2,896,571	3,067,581
Wholesale and retail trade; repair services	417,631	475,682	570,256	629,409	688,493	761,421	858,363
Hotels and restaurants	38,023	38,369	40,737	43,972	47,088	53,536	53,465
Transport, storage and communications	527,816	566,879	551,042	552,277	590,881	647,299	663,139
Financial intermediation	173,765	180,718	179,266	188,413	206,101	221,110	232,399
Real estate, renting and related	252,257	275,711	297,810	350,729	397,567	452,862	478,598
Public administration and defense	234,912	248,774	250,805	254,234	253,923	260,724	269,936
Education	197,727	199,711	204,905	205,350	206,472	209,023	211,769
Health and social work	120,974	123,374	120,291	119,167	119,617	119,507	121,008
Other community, social and personal services	121,711	135,222	143,557	154,903	165,348	171,089	178,904
Taxes on products less subsidies on products	451,163	480,490	497,309	503,431	535,808	542,266	568,304
Gross domestic product	3,485,728	3,777,708	3,957,451	4,069,798	4,348,340	4,693,365	4,978,093

Source: Central Statistical Bureau of Latvia.

Table 5. Latvia: Gross Domestic Product by Sector of Economic Activity at Constant Prices, 1996-2002
(Percentage growth)

	1996	1997	1998	1999	2000	2001	2002
Agriculture and hunting	-8.6	3.8	-7.9	-10.6	4.5	7.0	4.1
Forestry, logging and related services	-1.8	31.9	9.7	7.2	26.6	10.2	4.4
Fishing	-5.7	-24.7	-3.1	27.9	8.0	-14.3	-13.2
Mining and quarrying	2.4	8.6	8.2	9.9	8.0	16.7	7.7
Manufacturing	4.1	17.1	4.0	-5.9	6.8	10.2	7.2
Electricity, gas and water supply	-1.9	-0.7	1.7	-5.2	-4.0	7.3	4.6
Construction	5.3	8.2	17.0	8.1	8.2	6.1	10.8
Services	4.8	7.7	5.1	5.9	7.1	8.3	5.9
Wholesale and retail trade; repair services	0.8	13.9	19.9	10.4	9.4	10.6	12.7
Hotels and restaurants	5.4	0.9	6.2	7.9	7.1	13.7	-0.1
Transport, storage and communications	13.6	7.4	-2.8	0.2	7.0	9.5	2.4
Financial intermediation	-8.0	4.0	-0.8	5.1	9.4	7.3	5.1
Real estate, renting and related	6.8	9.3	8.0	17.8	13.4	13.9	5.7
Public administration and defense	6.8	5.9	0.8	1.4	-0.1	2.7	3.5
Education	2.1	1.0	2.6	0.2	0.5	1.2	1.3
Health and social work	-4.9	2.0	-2.5	-0.9	0.4	-0.1	1.3
Other community, social and personal services	11.7	11.1	6.2	7.9	6.7	3.5	4.6
Taxes on products less subsidies on products	3.9	6.5	3.5	1.2	6.4	1.2	4.8
Gross domestic product	3.7	8.4	4.8	2.8	6.8	7.9	6.1

Source: Central Statistical Bureau of Latvia.

Table 6. Latvia: Gross Domestic Product by Expenditure at Current Prices, 1996-2001

	1996	1997	1998	1999	2000	2001 1/
			(In thousands of lats)			
Final consumption	2,515,226	2,807,319	3,084,103	3,245,719	3,550,539	3,854,789
Households and of non-profit institutions serving households (NPISH)	1,902,924	2,181,073	2,316,028	2,445,511	2,693,487	2,963,585
General government	612,302	626,246	768,075	800,208	857,052	891,204
Gross capital formation	520,791	740,351	993,454	1,045,690	1,173,988	1,447,391
Gross fixed capital formation	512,774	613,670	979,450	980,010	1,151,517	1,297,466
Changes in inventories	8,017	126,681	14,004	65,680	22,471	149,925
Exports of goods and services	1,440,078	1,669,117	1,841,352	1,708,074	1,983,835	2,132,434
Imports of goods and services	-1,668,811	-1,947,289	-2,326,752	-2,109,825	-2,360,022	-2,675,967
GDP at purchasers' prices	2,807,284	3,269,498	3,592,157	3,889,658	4,348,340	4,758,647
			(In percent of GDP)			
Final consumption	89.6	85.9	85.9	83.4	81.7	81.0
Households and of non-profit institutions serving households (NPISH)	67.8	66.7	64.5	62.9	61.9	62.3
General government	21.8	19.2	21.4	20.6	19.7	18.7
Gross capital formation	18.6	22.6	27.7	26.9	27.0	30.4
Gross fixed capital formation	18.3	18.8	27.3	25.2	26.5	27.3
Changes in inventories	0.3	3.9	0.4	1.7	0.5	3.2
Exports of goods and services	51.3	51.1	51.3	43.9	45.6	44.8
Imports of goods and services	-59.4	-59.6	-64.8	-54.2	-54.3	-56.2
GDP at purchasers' prices	100	100	100	100	100	100

Source: Central Statistical Bureau of Latvia.

1/ Revised expenditure-side GDP data not yet available.

Table 7. Latvia: Gross Domestic Product by Expenditure at Constant Prices, 1996-2001

	1996	1997	1998	1999	2000	2001 1/
	(In thousands of 2000 lats)					
Final consumption	3,099,902	3,214,660	3,291,184	3,381,754	3,550,539	3,704,745
Households and of non-profit institutions serving households (NPISH)	2,278,143	2,390,703	2,417,258	2,507,905	2,693,487	2,885,344
General government	821,759	823,957	873,926	873,849	857,052	819,401
Gross capital formation	658,737	753,465	1,148,105	1,167,342	1,173,977	1,512,979
Gross fixed capital formation	575,253	694,498	999,989	959,866	1,151,517	1,347,396
Changes in inventories	83,484	58,967	148,116	207,476	22,460	145,995
Exports of goods and services	1,594,676	1,803,978	1,891,554	1,771,215	1,983,846	2,121,109
Imports of goods and services	1,867,587	1,994,395	2,373,392	2,250,513	2,360,022	2,656,391
GDP at purchasers' prices	3,485,728	3,777,708	3,957,451	4,069,798	4,348,340	4,682,442
	(Percentage growth)					
Final consumption	...	3.7	2.4	2.8	5.0	4.3
Households and of non-profit institutions serving households (NPISH)	...	4.9	1.1	3.7	7.4	7.1
General government	...	0.3	6.1	0.0	-1.9	-4.4
Gross capital formation	...	14.4	52.4	1.7	0.6	28.9
Gross fixed capital formation	...	20.7	44.0	-4.0	20.0	17.0
Changes in inventories	...	-29.4	151.2	40.1	-89.2	550.0
Exports of goods and services	...	13.1	4.9	-6.4	12.0	6.9
Imports of goods and services	...	6.8	19.0	-5.2	4.9	12.6
GDP at purchasers' prices	...	8.4	4.8	2.8	6.8	7.7

Source: Central Statistical Bureau of Latvia.

1/ Revised expenditure-side GDP data not yet available.

Table 8. Latvia: Energy Balance Overview, 1996-2001

	1996	1997	1998	1999	2000	2001
	(Thousand tonnes of oil equivalent)					
Energy resources, total	4,735	4,629	4,466	4,127	3,799	4,529
Production of primary energy	1,471	1,670	1,781	1,495	1,252	1,719
Imports	3,785	3,096	3,247	2,838	2,704	2,934
Exports	-275	-301	-505	-480	-231	-262
Bunkering	...	...	...	...	...	-196
Stock changes	-249	175	-69	126	86	251
Statistical differences	3	-11	12	148	-12	83
Consumed for the conversion to another type of energy	1,597	1,624	1,508	1,304	1,232	1,312
Production of electricity and thermal energy	1,421	1,245	1,151	981	874	935
Self-consumption	172	153	132	118	147	125
Losses	316	326	308	283	251	247
For non-energy use	...	...	77	49	...	...
Gross consumption	4,070	3,772	3,592	3,354	3,043	3,780
	(In percent)					
Gross import as share of:						
Energy resources, total	79.9	66.9	72.7	68.8	71.2	64.8
Gross consumption	93.0	82.1	90.4	84.6	88.9	77.6
Net import as share of:						
Energy resources, total	85.7	73.4	84.0	80.4	77.3	70.6
Gross consumption	86.2	74.1	76.3	70.3	81.3	70.7

Source: Central Statistical Bureau of Latvia.

Table 9. Latvia: Energy Balance in 2001
(Tonnes oil equivalent)

	Total	Coal	Oil products	Natural gas	Solid fuel 1/	Electricity 2/	Thermal energy
Energy resources, total	4,529	86	1,324	1,397	1,316	406	0
Production of primary energy	1,719	0	1	0	1,474	244	0
Imports	2,934	59	1,443	1,206	25	201	0
Exports	-262	0	-1	0	-222	-39	0
Bunkering	-196	0	-196	0	0	0	0
Stock changes	251	27	-18	203	39	0	0
Statistical differences	83	0	95	-12	0	0	0
Production of electricity and thermal energy	935	0	0	0	0	124	811
Transformation	1,312	12	110	929	261	0	0
Self-consumption	125	1	11	23	7	51	33
Losses	247	0	1	13	0	85	148
Gross final consumption	3,780	74	1,202	432	1,047	394	630
<i>Of which :</i>							
Industry	713	5	103	280	185	126	14
Transport	915	0	898	3	0	15	0
Air	27	0	27	0	0	0	0
Road and urban electrical	795	0	786	3	0	7	0
Rail	71	0	68	0	0	3	0
Water	17	0	17	0	0	...	0
Pipeline	5	0	0	0	0	5	0
Agriculture, forestry, hunting, fishing	99	2	50	16	17	13	1
Construction	59	1	45	2	4	7	1
Households	1,476	32	60	80	729	107	469
Other consumers	519	35	47	53	112	127	145

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, 1996-2002
(In thousands, unless specified otherwise)

	1996	1997	1998	1999	2000	2001				2002			
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.
Jobseekers 1/	214.2	167.2	156.1	163.3	160.0	...	147.6	...	141.8	151.0	152.0	122.6	131.4
<i>Of which:</i>													
Women	98.0	81.5	75.8	71.8	72.2	...	64.2	...	61.3	69.5	67.4	...	...
Long term unemployed 2/	127.0	93.5	82.3	86.7	93.0	...	87.3	...	73.5	75.1	65.4	55.9	63.9
Benefit recipients 3/	32.2	26.2	37.5	44.5	36.8	37.7	38.1	38.1	37.7	39.8	42.9	42.6	...
<i>Memorandum items:</i>													
Hidden unemployment 4/ 5/	6.6	9.1	10.8	11.8	9.8	9.0	8.4	9.6	7.8	8.7	7.4	8.6	...
Total employment 1/ 6/	954.1	993.5	985.8	965.2	940.3	...	962.3	...	961.9	949.3	987.6	1008.4	997.2
Unemployment rate (ILO definition) 1/ 6/													
(In percent of labor force)	18.3	14.4	13.7	14.5	14.6	...	13.3	...	12.8	13.7	13.3	10.8	11.6
Registered unemployment rate 7/													
(In percent of labor force)	7.2	7.0	9.2	9.1	7.8	8.1	7.8	7.6	7.7	8.2	7.9	7.8	7.6

Sources: Central Statistical Bureau of Latvia and State Social Insurance Agency.

1/ Results of Labour Force Survey. November of 1996 to 2000, May and November of 2001. As of 2002, Labor Force Surveys are conducted on a quarterly basis.

1996 to 2001: persons aged 15 years and over; 2002: aged 15 to 74 years.

2/ Since November 2000, persons unemployed for twelve months or more (previous years: thirteen months or more).

3/ Average quarterly number of recipients.

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

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

6/ Defined as the share of jobseekers in the labor force.

7/ Defined as the share of unemployed persons registered with the State Employment Board in the labor force, end of the period.

Table 11. Latvia: Labor Force Survey Results, 1996-2002

	1996	1997	1998	1999	2000	2001	2002
	Nov.	Nov.	Nov.	Nov.	Nov.	Nov.	Jun.
Economically active population (in thousands)	1168.3	1160.7	1142.0	1128.5	1100.2	1103.7	1139.7
As percent of population 1/	59.5	59.3	58.5	57.8	56.3	56.5	62.7
Employed (in thousands)	954.1	993.5	985.8	965.2	940.3	961.9	987.6
<i>Of which:</i>							
On involuntary unpaid leave	3.6	2.9	1.9	1.4	1.2	0.6	...
Involuntary paid leave	0.4	0.4	0.2	0.2	0.1	0.2	...
Involuntary part time work	77.0	81.7	79.5	73.7	61.6	54.0	52.4
Jobseekers (in thousands)	214.2	167.2	156.1	163.3	160.0	141.8	152
As percent of economically active	18.3	14.4	13.7	14.5	14.5	12.8	13.3
Unemployment rate (in percent)	18.3	14.4	13.7	14.5	14.5	12.8	13.3
City	21.3	17.7	16.4	16.1	16.0	13.9	14.1
Countryside	10.7	6.9	7.5	10.7	10.9	10.5	11.6
Male	18.9	14.3	13.4	15.5	15.6	14.1	14.4
Female	17.7	14.5	13.9	13.3	13.4	11.5	12.2
15-24 years	29.2	24.8	24.6	24.6	23.4	20.8	25.3
50-69 years	16.4	12.3	10.6	10.8	11.9	11	9.6
Higher education	9.1	7.5	5.9	7.4	5.5	5.3	7
Basic education	25.7	18.1	16.9	21.2	22.1	17.9	21.9
Without formal education 2/	35.2	...	8.6	33.5	42.6	...	...
Economically inactive population (in thousands)	795.3	795.2	809.2	822.7	853.4	850.8	678.2
<i>Of which:</i>							
Discouraged 3/	38.1	49.7	50.2	45.5	50.5	37.6	48.7
<i>Memorandum items:</i>							
Characteristics of jobseekers							
Percent under 24 years	19.5	19.8	20.0	17.8	15.9	16.3	19.6
Percent over 60 years	5.3	3.3	2.3	3.3	3.6	1.5	4.1
Percent male	54.2	51.3	51.4	56.1	54.8	56.8	55.7
Percent urban	83.3	85.6	83.5	78.3	78.4	75.4	74.7

Source: Central Statistical Bureau of Latvia.

1/ In 1995: age 15 to 69; 1996 to 2001: age 15 and older; 2002: age 15 to 74. Results of Labour Force Survey. Data revised according to results of Population Census 2000.

2/ Data based on small numbers of responses.

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

Table 12. Latvia: Average Employment by Sector of Economic Activity, 1996-2001 1/
(In thousands)

	1996	1997	1998	1999	2000	2001
Total employment	949	990	986	968	941	962
Public sector	382	357	331	311	297	292
Private sector	567	634	655	658	644	670
Agriculture, hunting and forestry	159	208	183	156	134	143
Agriculture and hunting	139	187	164	137	115	120
Forestry and logging	20	21	19	19	19	23
Fishing	5	5	5	4	2	2
Industry	206	205	208	193	193	186
Mining and quarrying	2	1	1	1	2	1
Manufacturing	183	183	183	170	170	166
Energy and water	21	21	24	22	21	19
Construction	51	51	54	58	56	68
Services	526	518	535	555	553	561
Wholesale and retail trade	117	132	145	142	145	151
Hotels and restaurants	16	16	18	21	22	22
Transport and communications	84	82	79	82	79	78
Financial intermediation	14	11	12	12	12	14
Real estate	32	26	34	41	45	41
Public administration and defense	60	58	67	74	71	68
Education	95	92	84	87	87	88
Health and social work	58	53	52	52	48	50
Other community services	50	48	44	44	44	49
<i>Memorandum items:</i>						
			(Percentage change)			
Total employment	-9.2	4.3	-0.4	-1.8	-2.8	2.2
Public sector	-9.5	-6.5	-7.3	-6.0	-4.5	-1.7
Private sector	-9.1	11.8	3.3	0.5	-2.1	4.0

Source: Central Statistical Bureau of Latvia.

1/ 1996 to 2001 results of Labour Force Survey. The breakdown of employed population by sector is estimated on the basis of the results of the Labour Force Survey and enterprise survey data.

Table 13. Latvia: Share of Employment by Industry, 1996-2001
(In percent of total employment)

	1996	1997	1998	1999	2000	2001
Total	100.0	100.0	100.0	100.0	100.0	100.0
Agriculture	16.8	21.0	18.6	16.1	14.2	14.9
Industry	21.7	20.7	21.1	19.9	20.5	19.3
Mining and quarrying	0.2	0.1	0.1	0.1	0.2	0.1
Manufacturing	19.3	18.5	18.6	17.6	18.1	17.3
Energy and water	2.2	2.1	2.4	2.3	2.2	2.0
Construction	5.4	5.2	5.5	6.0	6.0	7.1
Services	55.4	52.3	54.3	57.3	58.8	58.3
Wholesale and retail trade	12.3	13.3	14.7	14.7	15.4	15.7
Hotels and restaurants	1.7	1.6	1.8	2.2	2.3	2.3
Transport and communications	8.9	8.3	8.0	8.5	8.4	8.1
Financial intermediation	1.5	1.1	1.2	1.2	1.3	1.5
Real estate	3.4	2.6	3.4	4.2	4.8	4.3
Public administration and defense	6.3	5.9	6.8	7.6	7.5	7.1
Education	10.0	9.3	8.5	9.0	9.2	9.1
Health and social work	6.1	5.4	5.3	5.4	5.1	5.2
Other community services	5.3	4.8	4.5	4.5	4.7	5.1

Source: Central Statistical Bureau of Latvia.

Table 14. Latvia: Average Wages, 1996-2002

	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.-Jun.	99.21	105.70	87.55	123.99	191.14	38.00
Jul.-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.-Jun.	118.55	125.26	104.21	148.90	216.34	38.00
Jul.-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.-Jun.	132.98	142.00	120.13	169.19	237.86	42.00
Jul.-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.-Jun.	141.04	156.84	136.60	184.83	264.49	50.00
Jul.-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.-Jun.	149.31	168.29	151.79	190.38	279.09	50.00
Jul.-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	159.30	180.10	166.17	199.09	286.78	55.00
Jan.-Mar.	149.14	165.33	150.47	185.48	267.10	50.00
Apr.-Jun.	156.39	176.82	161.78	197.26	278.90	50.00
Jul.-Sep.	163.04	182.44	167.85	202.24	289.59	60.00
Oct.-Dec.	168.61	196.06	184.71	211.73	311.70	60.00
2002	172.79	200.49	186.76	219.81	321.52	60.00
Jan.-Mar.	161.21	182.25	169.14	200.82	284.77	60.00
Apr.-Jun.	171.14	197.54	180.95	221.03	315.06	60.00
Jul.-Sep.	174.02	200.56	184.03	223.67	332.60	60.00
Oct.-Dec.	184.77	221.62	212.92	233.74	353.63	60.00
(Real terms, index 1993=100)						
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	154.66	139.95	n.a.	167.97
2001 average	135.04	144.66	164.48	142.17	n.a.	180.26
2002 average	143.75	158.04	181.41	154.04	n.a.	192.98

Source: Central Statistical Bureau of Latvia.

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 15. Latvia: Average Gross Wages by Sector of Economic Activity, 1996-2001
(In lats per month)

	1996			1997			1998			1999			2000			2001		
	Whole economy	of which		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		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	159.30	179.98	145.52
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	118.63	202.13	100.29
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	98.54	112.31	96.25
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	158.64	221.44	150.84
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	161.51	...	160.39
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	148.26	138.78	148.53
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	247.75	244.32	265.97
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	137.19	192.42	135.86
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	117.72	161.64	117.46
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	98.22	217.54	93.72
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	200.20	218.30	175.57
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	153.24	182.35	101.73
Railway	130.95	...	...	...	...	...	169.02	169.12	56.32	166.58	166.69	69.94	182.96	183.71	164.56	187.93	187.76	191.84
Road	87.61	...	...	...	...	...	108.69	143.63	77.67	113.51	156.98	78.47	117.78	163.14	81.93	121.50	173.21	84.66
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	283.47	...	283.47
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	...	333.96	449.29	...	188.92
Post and communication	154.60	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	270.79	238.61	474.25
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	416.72	714.46	383.32
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	184.61	172.65	191.45
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	207.92	207.29	496.98
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	152.49	152.07	167.79
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	132.29	134.15	119.24
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	137.57	151.65	108.71
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	130.70	134.68	116.90

Source: Central Statistical Bureau of Latvia.

Table 16. Latvia: Consumer Price Inflation, 1996-2002

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								
January	9,862	1.3	6.3	3.7	16.5	...	...	...
February	9,880	0.2	6.1	3.8	15.3	...	...	...
March	9,908	0.3	6.0	3.6	15.2	...	1.8	6.2
April	9,978	0.7	6.0	3.7	14.9	...	...	...
May	9,982	0.1	5.4	2.9	14.9	...	...	...
June	10,054	0.7	5.9	3.2	16.5	...	1.2	5.8
July	9,973	-0.8	4.6	2.5	12.1	...	...	...
August	9,925	-0.5	3.7	2.4	8.1	...	...	...
September	9,928	0.0	3.5	2.5	7.0	...	-0.6	3.9
October	9,945	0.2	2.9	1.9	6.5	...	...	...
November	9,987	0.4	2.8	1.6	7.1	...	...	...
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	3.2
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	...	0.0	3.3
October	10,778	0.1	3.3	3.8	1.8	...	...	...
November	10,802	0.2	3.1	3.5	1.8	...	...	...
December	10,845	0.4	3.2	3.7	1.6	2.5	0.6	3.2
2002								
January	10,941	0.9	3.5	4.2	1.3	...	...	...
February	10,906	-0.3	3.3	4.0	1.2	...	...	...
March	10,948	0.4	3.2	3.6	2.1	...	1.1	3.3
April	10,957	0.1	2.9	3.2	2.0	...	...	...
May	10,977	0.2	2.0	2.1	1.8	...	...	...
June	10,916	-0.6	0.9	0.9	0.8	...	0.2	1.9
July	10,872	-0.4	1.0	1.0	1.1	...	...	...
August	10,790	-0.8	0.9	0.8	1.1	...	...	...
September	10,872	0.8	1.0	1.0	1.0	...	-1.0	1.0
October	10,954	0.8	1.6	1.8	1.2	...	...	...
November	10,975	0.2	1.6	1.9	0.8	...	...	...
December	10,997	0.2	1.4	1.6	0.7	1.9	1.3	1.6

Source: Central Statistical Bureau of Latvia.

Table 17. Latvia: Summary of General Government Operations, 1996-2002

	1996	1997	1998	1999	2000	2001	2002
	(In millions of lats)						
Revenue	1,057	1,352	1,529	1,561	1,623	1,697	1,876
<i>Of which :</i>							
Corporate income tax	57	79	92	92	74	98	110
Personal income and social tax	481	564	647	693	728	765	850
Taxes on goods and services	374	431	506	487	516	527	576
Expenditure	1,104	1,332	1,554	1,707	1,764	1,804	2,031
<i>Of which :</i>							
Wages and salaries 1/	266	297	355	386	397	425	495
Transfers to households	447	432	537	616	604	590	628
Interest	40	33	25	25	49	40	44
Other current	292	491	491	502	542	567	649
Capital expenditure	59	79	145	177	173	182	215
Financial surplus(+)/deficit(-)	-47	20	-25	-146	-141	-108	-154
Net lending	-5	-10	-3	-7	0	-3	-15
Fiscal surplus(+)/deficit(-)	-52	10	-27	-153	-140	-105	-139
Financing of fiscal balance	52	-10	27	153	140	105	139
Privatization	2	47	39	6	25	32	37
Domestic	37	-63	-25	36	126	-35	111
Banking system	25	-57	-25	35	99	-81	102
Other domestic	12	-6	0	2	27	46	9
Foreign	12	6	13	111	-11	108	-9
	(In percent of GDP)						
Revenue	37.4	41.3	42.6	40.1	37.3	35.3	36.1
<i>Of which :</i>							
Corporate income tax	2.0	2.4	2.6	2.4	1.7	2.0	2.1
Personal income and social tax	17.0	17.3	18.0	17.8	16.7	15.9	16.4
Taxes on goods and services	13.2	13.2	14.1	12.5	11.9	11.0	11.1
Expenditure	39.0	40.7	43.2	43.9	40.6	37.5	39.1
<i>Of which :</i>							
Wages and salaries 1/	9.4	9.1	9.9	9.9	9.1	8.8	9.5
Transfers to households	15.8	13.2	15.0	15.8	13.9	12.3	12.1
Interest	1.4	1.0	0.7	0.7	1.1	0.8	0.8
Other current	10.3	15.0	13.7	12.9	12.5	11.8	12.5
Capital expenditure	2.1	2.4	4.0	4.6	4.0	3.8	4.1
Financial surplus(+)/deficit(-)	-1.7	0.6	-0.7	-3.8	-3.2	-2.2	-3.0
Net lending	-0.2	-0.3	-0.1	-0.2	0.0	-0.1	-0.3
Fiscal surplus(+)/deficit(-)	-1.8	0.3	-0.8	-3.9	-3.2	-2.2	-2.7

Sources: Latvian authorities and Fund staff estimates.

1/ Includes employer share of social tax payments.

Table 18. Latvia: Local Government Consolidated Budget, 1998-2001

	1998	1999	2000	2001
	(In millions of lats)			
Revenue	396	414	441	463
<i>Of which:</i>				
Personal income tax	158	173	186	204
Property taxes	48	47	44	47
Expenditure	394	424	457	495
Non-capital expenditure	333	350	365	393
Current spending	291	309	321	341
Wages and salaries	128	142	153	172
Interest	2	2	3	4
Subsidies and grants	40	39	42	49
Capital expenditure	61	75	92	102
Investment	32	43	52	63
Financial surplus(+)/deficit(-)	1	-10	-16	-32
Net lending	9	4	-3	-5
Fiscal surplus(+)/deficit(-)	-8	-14	-13	-28
	(Percent of GDP)			
Revenue	11.0	10.6	10.1	9.6
Expenditure	11.0	10.9	10.5	10.3
Fiscal surplus(+)/deficit(-)	-0.2	-0.4	-0.3	-0.6

Source: State Treasury of Latvia.

Table 19. Latvia: General Government Consolidated Budget Expenditure by Function, 1996-2001 1/
(In thousands of lats)

	1996	1997	1998	1999	2000	2001
Total expenditure (incl. lending & repayment)	1,112,235	1,266,758	1,572,263	2,026,009	2,021,702	1,789,066
Central government	393,101	423,818	537,630	763,439	802,311	594,592
Central government special budget	441,253	538,748	631,313	805,340	728,980	711,732
Local government	214,385	276,376	356,947	408,655	442,049	447,191
Local government special budget	63,496	27,817	46,373	48,575	48,362	35,531
General public services	94,370	111,928	142,770	139,712	137,578	136,623
Central government	42,860	60,192	85,344	79,350	80,787	83,550
Central government special budget	19,850	18,687	12,376	6,496	701	134
Local government	20,045	28,398	40,198	45,849	46,195	48,172
Local government special budget	11,615	4,451	4,852	8,017	9,895	4,767
Defense	21,155	23,054	37,197	32,603	41,135	47,299
Central government	19,202	22,705	36,767	32,254	40,870	47,180
Central government special budget	1,701	0	94	204	151	0
Local government	229	349	336	145	114	114
Local government special budget	23	0	0	0	0	5
Public order and safety	56,370	67,115	91,930	116,451	111,774	115,806
Central government	44,807	63,592	84,787	110,261	103,574	109,157
Central government special budget	8,513	...	1,469	315	356	0
Local government	2,826	3,323	5,579	5,875	5,844	6,204
Local government special budget	224	0	95	0	0	445
Education	162,586	184,916	246,526	266,952	295,129	326,122
Central government	78,726	56,506	73,187	78,870	86,724	94,467
Central government special budget	8,448	0	819	5,234	7,307	7,088
Local government	56,810	128,402	170,372	182,848	201,098	221,253
Local government special budget	18,602	8	2,148	0	0	3,314
Health care	110,413	125,625	148,489	215,204	209,005	162,884
Central government	52,837	49,922	61,417	70,851	67,989	13,835
Central government special budget	2,191	67,624	79,942	138,426	134,743	141,318
Local government	51,812	8,071	7,124	6,727	6,273	7,035
Local government special budget	3,663	8	6	0	0	696
Social security and welfare	415,355	498,625	541,059	633,512	621,382	616,175
Central government	49,554	60,810	65,782	82,901	83,336	78,401
Central government special budget	337,612	372,517	444,327	518,220	503,796	497,573
Local government	25,414	25,142	30,443	32,391	34,250	37,837
Local government special budget	2,775	156	507	0	0	2,364
Housing and environmental protection	50,594	64,178	86,764	77,719	88,631	102,143
Central government	4,576	4,498	5,165	4,199	9,311	8,469
Central government special budget	2,303	6,479	12,396	8,947	10,209	8,778
Local government	35,540	50,473	63,916	62,070	67,321	71,835
Local government special budget	8,175	2,728	5,287	2,503	1,790	13,063
Recreation, sport, cultural and relig. affairs	33,004	33,219	43,859	49,139	58,665	61,230
Central government	18,859	16,589	19,819	20,648	24,772	21,949
Central government special budget	1,498	1,928	4,089	5,427	5,422	3,463
Local government	11,376	14,702	19,685	23,064	28,471	35,042
Local government special budget	1,271	0	266	0	0	776
Fuel and energy	3,339	9,228	5,246	2,566	1,856	1,072
Central government	98	320	377	169	156	180
Central government special budget	110	0	0	0	0	0
Local government	2,827	8,908	4,869	2,397	1,700	889
Local government special budget	304	0	0	0	0	3
Agriculture, forestry and fishing	42,142	46,585	72,100	79,754	65,006	67,344
Central government	17,886	25,812	50,897	53,341	63,863	65,081
Central government special budget	23,884	20,325	20,815	24,603	640	498
Local government	202	448	388	410	503	1,569
Local government special budget	170	0	0	0	0	196
Transport and communication	48,563	72,797	91,507	122,592	103,374	83,577
Central government	2,431	5,657	10,302	8,085	17,220	11,627
Central government special budget	34,326	51,133	53,797	87,727	61,102	50,367
Local government	3,704	4,708	8,072	11,423	10,772	11,765
Local government special budget	8,102	11,299	19,336	15,757	14,280	9,818
Other economic affairs	4,256	6,359	16,105	54,866	50,854	28,268
Central government	2,986	3,823	13,810	20,983	22,663	23,237
Central government special budget	907	55	1,189	10,326	4,553	2,533
Local government	132	481	782	1,259	1,241	1,530
Local government special budget	231	0	524	22,288	22,397	968
Other expenditures not classified above	70,088	63,130	48,711	234,539	237,313	40,523
Central government	58,279	51,392	30,176	200,327	199,046	37,459
Central government special budget	0	0	0	15	0	0
Local government	3,468	2,571	5,183	34,197	38,267	3,948
Local government special budget	8,341	9,167	13,352	...	0	-884

Sources: Latvian State Treasury and Latvian Central Statistics Office.

1/ Data for 1999 and 2000 are not consolidated. Data are not fully comparable with Tables 17-18, due to different consolidation methods. For 2001, excludes spending of grants of LVL 9.379 million lats.

Table 20. Latvia: Social Security Budget, 1999-2001

	1999	2000	2001
	(Thousands of lats)		
Revenues	460,202	474,584	489,538
Social security contributions	452,622	466,370	481,279
Subsidy from the state basic budget	5,817	6,380	6,619
Other	1,763	1,834	1,640
Expenditures	517,755	503,755	498,775
Pensions	403,763	398,839	398,788
Unemployment	42,949	31,825	29,011
Disability, maternity and sickness	90,510	86,989	85,942
Consolidation of internal transfers	-31,887	-26,069	-27,213
Others	12,420	12,171	12,247
Fiscal balance	-57,553	-29,171	-9,237
	(In percent of GDP)		
Revenues	11.8	10.9	10.2
Social security contributions	11.6	10.7	10.0
Subsidy from the state basic budget	0.1	0.1	0.1
Other	0.0	0.0	0.0
Expenditures	13.3	11.6	10.4
Pensions	10.4	9.2	8.3
Unemployment	1.1	0.7	0.6
Disability, maternity and sickness	2.3	2.0	1.8
Consolidation of internal transfers	-0.8	-0.6	-0.6
Others	0.3	0.3	0.3
Fiscal balance	-1.5	-0.7	-0.2

Source: State Treasury of Latvia.

Table 21. Latvia: First-Pillar Pension System, 1996-2001 1/

	1996	1997	1998	1999	2000	2001
	(In thousands)					
Number of recipients	640.8	643.0	638.7	643.3	633.0	620.9
Old age	504.0	511.0	512.5	521.0	513.8	504.8
Disability	98.5	94.5	90.1	85.8	83.2	80.5
Survivors	30.2	28.9	28.5	28.5	28.2	27.9
Service	6.1	6.3	5.1	5.2	5.2	5.1
Special resolutions	2.0	2.3	2.4	2.8	2.7	2.6
	(Lats per month)					
Average benefit	38.5	42.4	51.2	58.0	58.5	58.9
Old age	38.3	42.6	51.6	58.9	59.8	60.3
Disability	39.2	42.8	50.9	54.7	54.0	53.4
Survivors	32.2	35.9	42.2	46.8	46.1	45.8
Service	37.4	45.7	61.2	70.6	70.4	70.8
Special resolutions	64.0	69.5	77.7	81.7	80.3	82.0
	(In millions of lats)					
Expenditure	299.3	340.9	401.7	454.9	445.0	439.4
Old age	231.4	268.6	316.1	367.2	361.4	358.2
Disability	48.2	50.3	59.7	60.8	57.8	55.7
Survivors	12.4	13.6	15.8	16.9	16.8	16.4
Other	7.3	8.4	10.1	10.0	9.0	9.1
<i>Memorandum item:</i>						
Expenditure (percent of GDP)	10.7	10.4	11.2	11.7	10.2	9.1

Sources: Ministry of Welfare and Fund staff estimates.

1/ First pillar (Pay-As-You-Go) only.

Table 22. Latvia: Second-Pillar Pension System, 2001-02 1/

	2001		2002		
	Sep.	Dec.	Mar.	Jun.	Sep.
Number of Second-Pillar Participants					
Mandatory 2/	...	248,360	254,875	271,019	297,067
In percent of working population	...	...	26.9	27.4	...
Voluntary 3/	23,770	26,188	26,428	27,294	27,872
Share of working population (percent)	...	...	2.8	2.8	...
Employed population (thsd) 4/	...	...	949.0	988.0	...
Contribution rate (percent)	2.0	2.0	2.0	2.0	2.0
(In millions of lats)					
Cumulative second-pillar assets	0.1	2.9	5.2	7.5	10.2
<i>Of which</i> : Cumulative contributions	0.1	2.8	5.1	7.3	9.8
Cumulative assets by asset manager	0.1	2.9	5.2	7.5	10.2
State Treasury	0.1	2.9	5.2	7.5	10.2
Private asset managers 5/	0.0	0.0	0.0	0.0	0.0
Cumulative assets by type of investment	0.1	2.9	5.2	7.5	10.1
Latvian state securities	0.0	2.2	4.0	5.4	7.7
Term deposits with Latvian banks	0.1	0.6	1.0	1.8	2.2
Other Latvian assets (money account)	0.0	0.0	0.2	0.3	0.3
Assets held abroad (please specify main categories)	0	0	0	0	0
<i>Of which</i> : OECD countries	0	0	0	0	0
Cumulative assets by currency denomination	0.1	2.9	5.2	7.5	10.2
Lats (millions)	0.1	2.9	5.2	7.5	10.2
Euros (millions)	0.0	0.0	0.0	0.0	0.0
U.S. dollars (millions)	0.0	0.0	0.0	0.0	0.0
Others (millions of lats equivalent)	0.0	0.0	0.0	0.0	0.0

Source: Central Statistical Bureau.

1/ Fully-funded scheme under which some 1st-tier contributions are channelled to individual accounts; operations began July 1, 2001.

2/ Participation is mandatory for persons under age 30 as of July, 2001.

3/ Participation is voluntary for those aged 30-49 as of July, 2001.

4/ Persons aged 15-74 years.

5/ Effective January 1, 2003, private asset managers are eligible to manage second pillar assets.

Table 23. Latvia: Third-Pillar Pension System, 1998-2002 1/

	1998	1999	2000	2001	Sep. 2002
Number of Third-Pillar Participants	167	5,657	6,991	17,359	19,079
Number of open pension funds	1	2	3	3	3
Number of closed pension funds	0	1	1	1	1
Number of available pension plans	3	8	16	14	9
	(In millions of lats)				
Cumulative third-pillar assets	0.0	3.9	5.9	9.5	12.8
<i>Of which</i> : Cumulative contributions	0.0	3.8	5.5	8.8	11.7
Cumulative assets by type of investment					
Latvian state securities	0.0	0.6	2.2	5.5	6.8
Term deposits with Latvian banks	0.0	2.6	3.0	3.0	4.5
Other Latvian assets	0.0	0.4	0.4	0.4	0.3
Assets held abroad / (fixed income securities, shares and other securities)	0.0	0.2	0.3	0.7	1.1
<i>Of which</i> : OECD countries	0.0	0.2	0.2	0.4	0.5

Source: Financial and Capital Market Commission (FCMC).

1/ Voluntary private pension schemes; operations began in July 1998.

Table 24. Latvia: Family Benefits, 1996-2001

	1996	1997	1998	1999	2000	2001
	(In thousands)					
Number of beneficiaries						
Birth grant	19.0	19.0	18.0	19.0	20.0	19.3
Maternity leave 1/	63.7	74.3	95.3	96.0	102.1	111.81
Child care allowances	56.0	47.0	45.0	45.0	46.0	47.1
Ages 0-1.5	26.0	23.0	22.0	23.0	24.0	24.3
Ages 1.5-3	30.0	24.0	23.0	22.0	22.0	22.7
Family allowances	540.0	522.3	500.0	487.0	477.6	355.3
	(Lats per month)					
Average benefit						
Birth grant	97.5	117.0	180.4	182.0	182.0	183.5
Maternity leave (lats per day)	3.4	3.0	3.5	4.0	4.0	4.5
Child care allowances	9.6	9.8	14.3	19.0	19.4	19.1
Ages 0-1.5	12.0	12.0	21.0	30.0	30.0	30.0
Ages 1.5-3	7.5	7.5	7.5	7.5	7.5	7.5
Family allowances	7.4	5.2	5.2	5.2	5.2	5.9
	(In millions of lats)					
Expenditure	41.5	41.0	45.6	48.7	49.6	50.9
Birth grant	1.8	2.1	3.3	3.5	2.7	3.6
Maternity leave	2.6	2.7	3.9	4.8	4.9	5.7
Child care allowances	6.5	5.7	8.2	10.9	11.6	11.6
Family allowances	30.6	30.5	30.2	30.1	30.4	30.0
<i>Memorandum item:</i>						
Total expenditure (percent of GDP)	1.5	1.3	1.3	1.3	1.1	1.1

Sources: Ministry of Welfare and Fund staff estimates.

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

Table 25. Latvia: General Government Budget Tax Arrears, 1996-2002
(in millions of lats)

	General gov. tax arrears	Central gov. basic budget tax arrears	<i>of which</i> Actual arrears 1/	VAT	Excise Taxes	Corp. Income Tax	Special budget tax arrears	<i>of which</i> Actual arrears 1/	Local gov. tax arrears	<i>of which</i> Actual arrears 1/
1/1/1996	122.0	122.0	...	61.9	14.6	44.3	...	...	...	...
1/1/1997	154.8	154.8	...	81.8	23.5	48.1	...	...	...	...
1/1/1998	142.6	142.6	94.3	78.5	21.3	41.5	...	...	...	39.1
1/1/1999	295.7	146.6	93.6	77.0	25.6	42.8	149.1	81.8	...	44.1
2/1/1999	297.8	151.3	92.5	81.2	25.8	43.2	146.4	70.1	...	44.2
3/1/1999	291.8	151.8	92.9	81.1	26.1	43.5	140.0	64.5	...	44.7
4/1/1999	345.7	152.1	90.5	81.6	26.4	43.1	140.3	59.5	...	53.3
5/1/1999	361.3	154.3	89.9	83.1	25.7	44.5	143.7	51.3	63.3	34.8
6/1/1999	367.4	158.3	80.7	84.0	26.0	47.3	141.5	46.6	67.6	36.5
7/1/1999	376.6	160.0	77.6	85.8	26.0	47.2	146.3	43.9	70.3	36.4
8/1/1999	374.3	160.3	76.7	87.0	24.9	47.4	140.6	43.4	74.9	39.7
9/1/1999	377.2	158.8	75.1	88.9	24.6	44.3	141.1	44.7	77.3	39.6
10/1/1999	378.7	161.4	78.1	90.7	25.0	44.8	139.7	47.0	77.6	40.2
11/1/1999	379.3	163.2	78.9	91.6	26.2	44.5	140.0	46.9	76.0	39.2
12/1/1999	388.7	168.1	81.3	93.7	26.9	46.5	142.4	47.5	78.2	40.5
1/1/2000	389.2	167.2	79.3	95.3	26.0	44.9	139.4	43.2	82.7	44.1
2/1/2000	401.2	178.5	84.8	105.9	26.3	45.4	141.2	43.8	81.5	42.1
3/1/2000	401.4	178.7	85.4	106.3	25.9	45.5	138.6	40.7	84.1	43.1
4/1/2000	403.9	180.8	85.6	107.9	26.0	45.9	138.3	39.7	84.7	42.3
5/1/2000	402.8	183.7	89.1	109.7	25.8	47.0	137.0	39.7	82.2	41.6
6/1/2000	417.9	193.9	98.9	111.8	25.9	55.3	138.5	40.5	85.5	40.1
7/1/2000	425.2	199.4	102.7	117.2	26.0	55.2	137.9	39.1	87.9	40.1
8/1/2000	427.2	200.8	103.0	118.6	25.8	55.4	138.3	39.3	88.0	39.9
9/1/2000	424.4	199.4	102.0	118.4	25.6	54.2	137.5	38.9	87.5	38.1
10/1/2000	422.5	202.0	102.5	120.8	25.7	54.2	136.3	38.5	84.2	37.2
11/1/2000	411.9	203.0	100.1	121.8	25.9	54.5	133.5	39.4	75.4	37.1
12/1/2000	411.2	205.6	105.1	124.8	25.9	54.0	131.8	37.6	73.8	36.9
1/1/2001	410.7	207.4	108.2	125.8	25.9	54.8	130.5	38.4	72.7	36.6
2/1/2001	407.0	202.6	113.4	128.3	18.5	54.9	131.0	39.5	73.4	37.0
3/1/2001	412.5	209.5	118.1	131.7	20.4	56.7	128.8	37.7	74.2	37.6
4/1/2001	418.6	212.7	120.2	134.0	21.0	57.0	128.7	38.6	77.2	34.8
5/1/2001	423.3	216.6	123.5	136.4	21.5	58.0	129.3	39.7	77.4	35.4
6/1/2001	420.1	218.7	127.3	134.7	22.3	61.1	123.9	38.9	77.5	35.2
7/1/2001	418.5	218.2	121.8	133.7	23.6	60.2	122.5	37.4	77.8	34.0
8/1/2001	420.0	219.7	123.4	133.7	25.2	60.1	123.5	40.2	76.9	34.3
9/1/2001	422.9	221.8	122.7	134.3	26.7	60.4	123.7	40.1	77.4	34.4
10/1/2001	423.4	223.3	128.2	134.7	27.5	60.7	123.3	40.1	76.8	41.3
11/1/2001	418.5	226.2	132.6	135.5	30.3	60.0	124.4	43.2	68.0	34.3
12/1/2001	422.1	229.3	136.3	137.0	32.0	59.9	124.0	41.0	68.8	34.8
1/1/2002	409.0	226.1	140.7	133.7	35.1	56.9	116.5	39.6	66.3	29.5
2/1/2002	409.2	227.0	143.0	134.9	36.4	55.2	115.7	40.7	66.4	29.7
3/1/2002	409.1	227.8	144.6	135.0	36.8	55.5	115.5	40.9	65.8	29.6
4/1/2002	398.0	225.3	144.1	133.0	37.8	54.0	108.5	38.0	64.0	28.1
5/1/2002	407.2	229.3	148.0	137.4	37.0	54.5	106.8	39.0	62.7	27.7
6/1/2002	407.6	237.7	155.5	139.5	39.6	58.2	106.7	38.9	63.1	28.0
7/1/2002	414.8	237.8	146.2	139.7	40.0	57.7	106.6	39.7	64.0	28.5
8/1/2002	420.0	244.2	154.5	147.0	40.2	56.6	108.2	40.2	63.9	28.0
9/1/2002	412.3	248.0	160.0	152.0	40.4	55.2	105.0	38.1	63.6	27.3
10/1/2002	412.3	243.8	161.4	151.5	37.4	54.5	105.0	38.1	63.6	27.3
11/1/2002	402.0	236.5	147.2	147.1	35.2	53.9	102.1	37.6	63.1	26.8

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 26. Latvia: Employment and Wages in Budget Organizations, 1997-2001

	1997			1998			1999			2000			2001		
	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			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 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	
Employment															
Total	186,846	83,578	103,268	180,360	80,866	99,494	173,963	76,841	97,122	163,715	69,631	94,084	162,236	69,096	93,140
Agriculture, hunting and forestry	4,802	4,802	0	4,608	4,608	0	4,339	4,339	0	2,259	2,259	0	2,265	2,265	0
Fishing	17	17	0	17	17	0	16	16	0	17	17	0	17	17	0
Transport, storage and communication	175	175	0	148	148	0	149	149	0	117	117	0	122	122	0
Real estate, renting and business activities	1,241	1,147	94	1,143	1,033	110	1,086	984	102	966	890	76	949	861	88
Public administration and defense	57,223	41,775	15,448	56,888	41,455	15,433	57,723	42,221	15,502	57,070	41,677	15,393	57,672	41,560	16,112
Education	84,598	18,468	66,130	85,247	18,279	64,968	81,807	17,633	64,174	79,150	16,184	62,966	77,772	15,936	61,836
Health and social work	27,672	13,858	13,814	23,259	12,025	11,234	17,872	8,301	9,571	13,392	5,426	7,966	12,808	5,387	7,421
Other community services	11,118	3,336	7,782	11,050	3,301	7,749	10,971	3,198	7,773	10,745	3,061	7,684	10,631	2,947	7,683
	1997			1998			1999			2000			2001		
	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	107.1	124.8	92.6	124.3	144.2	107.9	140.1	164.0	120.8	152.4	179.4	132.1	166.2	191.4	147.1
Agriculture, hunting and forestry	127.9	127.9	0	141.6	141.6	0	156.6	156.6	0	174.8	174.8	0	178.4	178.4	0
Fishing	60.0	60.0	0	61.3	61.3	0	64.8	64.8	0	64.7	64.7	0	68.3	68.3	0
Transport, Storage, and Communications	104.7	104.7	0	95.4	95.4	0	108.9	108.9	0	88.3	88.3	0	91.2	91.2	0
Real estate, renting and business activities	118.5	117.2	132.7	137.0	134.7	157.1	143.5	139.2	183.5	162.1	156.6	225.6	172.0	165.1	234.4
Public administration and defense	139.1	147.7	120.8	161.4	167.9	143.3	181.7	187.1	166.3	191.8	196.0	179.9	200.8	205.4	188.4
Education	92.8	105.4	89.3	107.7	122.9	103.5	119.7	140.7	114.0	134.3	167.6	125.9	152.0	188.0	143.0
Health and Social Work	89.8	95.3	84.0	102.6	107.1	97.5	116.0	122.9	109.8	120.1	128.7	113.7	130.1	140.4	121.8
Other community services	80.2	84.6	78.2	91.2	98.5	87.9	100.5	105.2	98.5	107.5	113.2	105.2	117.3	122.8	115.0

Source: Latvian Central Statistical Bureau.

Table 28. Latvia: Reserve Money and Net Domestic Assets of the Bank of Latvia, 1996-2002
(In millions of lats)

	1996	1997	1998	1999	2000	2001				2002			
	Dec.	Dec. 1/	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.
Reserve money	341	442	471	526	567	541	586	577	616	632	666	657	754
Currency in circulation	283	359	374	426	482	476	500	516	556	533	546	569	623
Bank deposits	58	82	97	100	84	65	85	61	60	99	120	88	132
Foreign currency deposits	7	0	--	--	--	--	--	--	--	--	--	--	--
Other	51	82	97	100	84	65	85	61	60	99	120	88	132
Net foreign assets 2/ 3/	349	433	464	523	542	559	579	594	762	751	726	782	779
Net International Reserves	355	438	464	523	542	559	579	594	762	751	726	782	779
Correspondent accounts 2/	-5	-5	0	0	0	0	0	0	0	0	0	0	0
Net domestic assets	-9	9	8	3	25	-18	7	-17	-146	-119	-60	-125	-25
Domestic credit	43	83	114	68	70	43	64	49	-57	-29	-4	-56	45
Banks	10	8	52	63	43	35	102	61	19	15	23	40	31
BoP assistance	6	1	0	0	0	0	0	0	0	0	0	0	0
Refinance credits	4	7	52	63	42	35	102	61	19	14	23	40	31
Government, net	33	75	62	5	28	8	-38	-12	-76	-43	-26	-96	14
BoP assistance	50	59	54	50	24	23	22	19	19	17	15	14	12
Other government, net 4/	-17	16	7	-45	4	-15	-59	-32	-95	-60	-42	-109	2
Other items, net	-52	-74	-106	-65	-45	-61	-57	-66	-88	-91	-57	-70	-70
<i>Memorandum Items:</i>						(Percentage change from previous quarter)							
Reserve money	10.0	15.5	3.1	17.1	6.1	-4.5	8.3	-1.5	6.8	2.5	5.3	-1.3	14.8
Domestic credit	-30.8	173.3	34.5	25.2	53.6	-39.1	50.8	-23.8	-218.0	50.3	86.8	-1,379.2	180.5
Banks	-67.6	579.0	56.0	62.0	-3.9	-17.7	191.6	-40.2	-69.1	-22.6	55.5	76.7	-23.4
Government, net	4.6	157.9	20.5	-69.5	1,955.8	-72.2	-591.2	68.2	-535.5	43.4	38.7	-261.9	114.7
Velocity	5.0	4.1	4.0	4.2	3.8	...	...	...	3.4	...	...	...	3.1
Money multiplier	1.844	1.972	1.957	1.894	2.250	2.456	2.411	2.531	2.499	2.602	2.569	2.640	2.469
Exchange rate (LVL/US\$)	0.556	0.590	0.569	0.583	0.613	0.631	0.639	0.619	0.638	0.641	0.605	0.606	0.594
NFA total (US\$m)	638	734	815	898	884	886	906	960	1,194	1,172	1,200	1,291	1,312

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/ 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 29. Latvia: Broad Money and Net Domestic Assets of the Banking System, 1996-2002
(In millions of lats)

	1996	1997	1998	1999	2000	2001				2002			
	Dec.	Dec. 1/	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.
Broad money (M2X)	628	871	923	997	1,275	1,329	1,412	1,461	1,540	1,645	1,710	1,735	1,863
Currency held by public	264	333	340	377	428	426	443	458	485	472	483	502	543
Household deposits	67	96	118	121	194	204	225	246	284	306	335	348	404
Enterprise deposits	104	170	200	200	257	281	290	292	296	323	340	338	377
Residents' FC deposits 2/	193	272	264	298	397	418	454	464	474	544	552	547	539
Total deposits	364	538	583	619	848	903	969	1,003	1,055	1,173	1,227	1,233	1,319
Net foreign assets (total) 3/	445	619	415	364	538	519	571	543	534	496	515	456	353
Convertible net int'l reserves 2/ 3/ 4/	440	512	501	497	491	493	532	504	476	446	475	420	306
Nonconvertible reserves 2/	5	107	-86	-133	47	27	39	38	58	50	40	36	48
Net domestic assets 3/	183	252	508	633	737	809	842	918	1,006	1,149	1,319	1,278	1,509
Domestic credit	366	479	647	745	1,062	1,118	1,189	1,277	1,447	1,556	1,760	1,749	2,023
Credit to the non-government sector	207	364	577	665	909	996	1,078	1,170	1,368	1,448	1,735	1,680	1,868
Households	21	37	64	94	159	172	192	211	239	268	299	356	430
Enterprises	185	327	513	571	751	825	887	959	1,129	1,180	1,436	1,324	1,438
Government, net	160	115	70	80	153	122	111	107	79	108	94	69	155
Restructuring Bonds	53	24	24	6	0	0	0	0	0	0	0	0	0
Other Credit to Government	107	91	46	74	153	122	111	107	79	108	94	69	155
Other items, net 3/	-183	-227	-140	-112	-325	-309	-347	-359	-441	-408	408	-471	-513
<i>Memorandum Items:</i>						(Percentage change from previous quarter)							
Broad money(M2X)	4.4	8.1	0.2	5.2	6.0	4.2	6.3	3.4	5.4	6.8	4.0	1.4	7.4
Domestic credit	5.2	12.0	10.8	8.8	17.1	5.2	6.4	7.4	13.3	7.5	4.4	7.7	15.6
Households	-14.7	17.4	9.7	9.9	14.1	8.1	11.5	10.1	13.5	12.1	11.6	18.9	20.7
Enterprises	10.4	22.5	-0.8	5.9	10.7	9.9	7.5	8.1	17.7	4.6	4.3	7.6	8.6
Government, net	-8.6	-11.0	705.0	33.8	70.3	-20.4	-8.9	-3.5	-26.2	36.4	-13.2	-26.4	124.6
Exchange rate (LVL/US\$)	0.556	0.590	0.569	0.583	0.613	0.631	0.639	0.619	0.638	0.641	0.605	0.606	0.594
Total NFA (US\$m) 4/													
Total	800	1,049	729	624	878	823	893	877	838	774	851	753	595
of which: comm. banks 3/	172	315	-86	-274	-6	-63	-13	-83	-357	-398	-349	-538	-717

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-December 2002, this equity amounts to LVL 154 million.

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

Table 30. Latvia: Enterprise and Household Deposits, 1996-2002
(In millions of lats)

	1996	1997	1998	1999	2000	2001				2002		
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.
Enterprise deposits	234.8	345.8	353.9	360.5	437.6	462.7	479.6	487.4	481.3	545.6	574.3	554.6
Commercial banks	233.1	337.6	349.5	354.5	420.6	449.8	468.9	471.0	467.1	533.5	542.1	543.4
Latvian Savings Bank	1.7	8.2	4.4	6.0	17.0	12.9	10.7	16.4	14.2	12.1	32.2	11.2
Household deposits	129.4	192.8	229.0	259.4	410.0	440.0	489.4	516.2	574.9	628.3	654.5	680.1
Commercial banks	79.4	132.5	157.5	190.0	324.5	354.2	402.0	428.6	482.4	536.5	562.2	589.0
Latvian Savings Bank	50.0	60.3	71.5	69.4	85.5	85.8	87.4	87.6	92.5	91.8	92.3	91.1
Total deposits from private sector	364.2	538.6	582.9	619.9	847.7	902.7	969.0	1,003.6	1,056.3	1,173.9	1,228.8	1,234.6
Commercial banks	312.5	470.1	507.0	544.4	745.2	804.0	870.9	899.6	949.5	1,070.0	1,104.3	1,132.3
Latvian Savings Bank	51.7	68.5	75.9	75.4	102.5	98.7	98.1	104.0	106.7	103.9	124.5	102.3
<i>Memorandum item:</i>												
Share of enterprise deposits (in percent)	64.5	64.2	60.7	58.2	51.6	51.3	49.5	48.6	45.6	46.5	46.7	44.9
Share of foreign currency deposits (in percent)	52.9	50.5	45.4	48.2	46.8	46.3	46.9	46.3	45.0	46.4	45.0	44.4
Enterprise deposits	55.6	50.8	43.4	44.5	41.3	39.2	39.6	39.9	38.4	40.7	40.7	39.1
Household deposits	48.1	49.9	48.3	53.3	52.7	53.7	54.0	52.2	50.4	51.2	48.8	48.7

Source: Bank of Latvia.

Table 31. Latvia: Enterprise and Household Credits, 1996-2002
(In millions of Lats)

	1996	1997	1998	1999	2000	2001				2002		
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.
Enterprise credit	190.1	337.2	504.7	561.3	744.5	818.7	880.5	951.8	1,114.2	1,164.4	1,213.2	1,305.9
Commercial banks	178.7	323.5	485.7	542.6	719.1	792.6	850.7	917.8	1,069.8	1,117.4	1,163.6	1,250.4
Latvian Savings Bank	11.4	13.7	19.0	18.7	25.4	26.1	29.8	34.0	44.4	47.0	49.6	55.5
Household credit	21.4	37.1	64.4	95.0	159.7	172.6	192.4	212.0	240.5	269.7	301.2	358.3
Commercial banks	16.3	30.4	54.9	82.9	145.2	158.2	177.7	196.4	224.5	253.3	284.6	340.4
Latvian Savings Bank	5.1	6.7	9.5	12.1	14.5	14.4	14.7	15.6	16.0	16.4	16.6	17.9
Total credit to private sector	211.5	374.3	569.1	656.3	904.2	991.2	1,072.9	1,163.8	1,354.7	1,434.1	1,514.4	1,664.2
Commercial banks	195.0	353.9	540.6	625.5	864.3	950.7	1,028.4	1,114.2	1,294.3	1,370.8	1,448.2	1,590.8
Latvian Savings Bank	16.5	20.4	28.5	30.8	39.9	40.5	44.5	49.6	60.4	63.3	66.2	73.4
<i>Memorandum item:</i>												
Share of enterprise credits (in percent)	89.8	90.1	93.4	85.5	82.3	82.6	82.1	81.8	82.2	81.2	80.1	78.5
Share of foreign currency credits (in percent)	60.0	51.4	54.0	58.0	51.3	46.3	46.9	46.2	45.0	46.4	45.0	44.4
Enterprise credits	63.1	52.4	55.2	59.8	51.7	39.2	39.6	39.9	38.4	40.7	40.7	39.1
Household credits	32.9	42.8	44.1	46.8	49.0	53.7	54.0	52.2	50.4	51.2	48.8	48.7

Source: Bank of Latvia.

Table 32. Latvia: Sectoral, Currency, and Maturity Distribution of Credit, 1996-2002
(In percent of total)

	1996	1997	1998	1999	2000	2001				2002			
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.
Agriculture	7.5	5.7	7.2	7.1	6.2	5.8	5.8	5.8	4.6	4.6	4.8	5.0	4.7
Manufacturing	25.4	27.4	26.2	26.4	22.6	20.8	19.7	19.8	17.8	18.8	17.5	16.8	16.4
Electricity, gas, and water supply	9.2	3.7	1.6	3.8	5.4	4.9	4.6	5.5	5.5	5.8	5.5	6.2	6.5
Construction	7.6	3.8	4.5	5.0	4.5	4.3	4.9	6.9	6.9	7.1	7.0	6.7	6.1
Trade	31.6	29.2	25.3	24.8	26.3	27.2	26.4	24.6	23.1	22.9	23.0	22.0	21.9
Transport, storage, and communication	5.4	14.3	14.8	13.0	12.6	12.8	12.9	11.6	10.3	9.7	9.2	9.4	10.0
Financial intermediation	3.5	4.2	5.4	3.9	7.2	8.1	8.9	9.2	17.0	16.3	18.1	17.5	17.4
Other services	7.2	9.2	13.0	12.5	12.3	12.8	11.7	11.6	10.7	8.7	8.7	10.0	14.0
Other	2.7	2.5	2.0	3.5	2.9	3.3	5.1	5.0	4.1	6.1	6.2	6.4	3.0
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
In domestic currency	32.4	46.8	45.3	41.4	48.3	49.1	49.9	49.2	43.0	42.4	44.1	44.9	...
In foreign currency	67.6	53.2	54.7	58.6	51.7	50.9	50.1	50.8	57.0	57.6	55.9	55.1	...
Euro	...	...	...	7.8	18.6	17.9	18.0	21.0	28.4	28.7	31.0	30.4	...
US\$	...	...	...	79.4	72.6	74.1	75.1	71.5	67.1	66.9	64.6	66.2	...
Short-term credits (up to 1 year)	44.5	44.4	32.9	28.2	22.9	22.1	20.9	22.4	20.3	19.8	18.0	15.3	...

Source: Bank of Latvia.

Table 33. Latvia: Banking System Indicators, 1997-2002
(In millions of lats)

	1997	1998	1999	2000	2001			2002			
	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.
Total Assets											
Bank of Latvia	658.5	741.7	820.1	812.5	808.9	884.8	869.4	979.6	1007.9	990.2	1051.2
Commercial banks and other credit institutions	1771.8	1733.2	2001.3	2812.2	2976.1	3134.6	3054.0	3393.6	3647.2	3725.8	3907.5
Of which: trust assets	156.9	114.2	92.9	161.8	298.3	306.7	204.0	209.1	319.1	412.9	451.7
Six largest	744.1	1044.0	1202.4	1750.5	1829.2	2096.5	2121.2	2385.0	2559.8	2688.7	2733.7
Unibank	222.0	300.0	353.1	464.2	467.6	504.1	566.3	597.0	645.9	699.9	701.1
Parex	294.6	327.2	419.6	549.3	576.2	635.9	622.7	673.3	759.4	777.4	844.8
Hansabank	88.8	148.8	203.8	364.1	384.6	474.5	454.9	554.5	590.6	606.7	599.5
Rietumu	184.9	156.8	119.6	150.6	176.3	228.2	245.0	305.5	320.7	325.5	313.7
Latvian Savings Bank	89.1	106.4	106.3	153.0	150.2	173.3	150.1	159.0	145.4	170.4	150.6
Pirma 1/	138.4	111.7	63.0	69.3	74.1	80.4	82.2	95.7	97.8	110.8	124.0
Other commercial banks and credit institutions	1027.7	689.2	760.4	949.0	935.0	1096.0	1013.2	1075.2	1141.3	1143.4	1229.7
Of which:											
Merita Nordenbanken 2/	25.4	...	46.5	84.8	93.0	108.5	99.1	115.9	129.3	132.3	133.6
Credit Unions	0.3	0.5	0.7	1.0	1.2	1.3	1.5	1.7	1.9	2.3	2.5
Capital and Reserves											
Bank of Latvia	36.6	47.2	47.2	52.0	61.6	57.7	62.2	61.6	73.2	78.0	83.6
Commercial banks and other credit institutions	219.6	196.3	192.8	228.2	236.1	264.1	265.6	308.9	324.4	245.3	365.9
Of which: trust assets											
Six largest	87.7	106.0	107.0	144.7	155.2	177.4	187.2	213.0	217.8	234.2	251.6
Unibank	33.2	32.9	37.0	44.7	47.2	50.2	53.6	56.2	59.2	62.3	65.7
Parex	34.0	38.1	40.7	47.3	49.8	52.3	55.2	57.9	58.7	62.0	68.4
Hansabank	6.6	11.2	18.2	30.4	31.6	39.1	41.0	48.3	49.7	58.5	61.6
Rietumu	17.8	10.4	7.0	10.5	14.5	15.9	17.3	19.2	18.4	19.3	22.3
Latvian Savings Bank	5.5	4.1	4.1	5.0	5.0	9.0	9.1	9.6	10.0	10.0	10.5
Pirma 1/	15.0	13.4	5.6	6.8	7.0	10.9	11.0	21.8	21.8	22.1	23.1
Other commercial banks and credit institutions	131.9	90.3	85.8	83.5	80.9	86.7	78.4	95.9	106.6	111.1	114.3
Of which:											
Merita Nordenbanken 2/	5.3	...	3.3	...	...	...	...	...	...	...	...
Credit Unions	0.1	0.2	0.2	0.4	0.4	0.4	0.4	0.5	0.5	0.6	0.6

Source: Bank of Latvia.

1/ Until October 1999, Riga Commercial Bank.

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

Table 34. Latvia: Structure of the Financial System, 1997-2002

	1997			1998			1999			2000			2001			2002								
	Number	Millions of lats	Percent of GDP	Number	Millions of lats	Percent of GDP	Number	Millions of lats	Percent of GDP	Number	Millions of lats	Percent of GDP	Number	Millions of lats	Percent of GDP	Number	Millions of lats	Percent of GDP						
Assets																								
Banks 1/	31	1,691.0	51.6	27	1,686.0	47.0	23	1,962.0	50.3	21	2,699.0	62.1	22	3,458.5	71.9	22	3,699.3	76.0	22	3,829.8	77.3	22	3,961.0	78.2
Credit to the private sector	...	374.5	11.4	...	569.1	15.9	...	656.3	16.8	...	904.2	20.8	...	1,354.7	28.1	...	1,434.1	29.4	...	1,514.4	30.6	...	1,664.2	32.8
Credit unions	5	0.5	0.0	7	0.7	0.0	9	0.8	0.0	17	1.0	0.0	22	1.7	0.0	22	1.9	0.0	24	2.3	0.0	23	2.5	0.0
Institutional investors	28	67.5	2.1	30	84.7	2.4	30	99.3	2.5	32	118.6	2.7	29	133.2	2.8	31	140.9	2.9	31	147.8	3.0	34	153.7	3.0
Insurance companies	28	67.5	2.1	29	84.6	2.4	27	94.6	2.4	25	106.6	2.5	21	113.9	2.4	21	117.9	2.4	21	119.7	2.4	21	123.8	2.4
Life	8	15.9	0.5	8	20.3	0.6	8	24.8	0.6	8	25.0	0.6	6	27.5	0.6	6	27.1	0.6	6	28.9	0.6	6	30.6	0.6
Non-life	20	51.6	1.6	21	64.4	1.8	19	69.8	1.8	17	81.5	1.9	15	86.4	1.8	15	90.8	1.9	15	90.8	1.8	15	93.2	1.8
Pension funds (third pillar) 2/	0	0.0	0.0	1	0.0	0.0	3	4.7	0.1	4	7.1	0.2	4	11.7	0.2	4	12.3	0.3	4	13.3	0.3	4	14.3	0.3
Investment funds	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	3	5.0	0.1	4	7.6	0.2	6	10.7	0.2	6	14.8	0.3	9	15.6	0.3
Brokers	...	...	...	...	...	...	13	1.1	0.0	24	2.2	0.1	28	4.7	0.1	...	...	...	29	...	...	26	...	...
Total capital market capitalization																								
Stock market capitalization	...	273.7	8.4	...	183.7	5.1	...	232.8	6.0	...	360.2	8.3	...	438.6	9.1	...	367.4	7.5	...	439.23	8.9	...	421.65	8.3
Capitalization of government securities 3/	...	...	...	...	...	...	...	132.7	3.4	...	255.0	5.9	...	250.1	5.2	...	247.01	5.1	...	262.69	5.3	...	268.27	5.3
Capitalization of corporate securities 3/	...	...	...	...	...	...	...	0.5	0.0	...	28.6	0.7	...	18.0	0.4	...	19	0.4	...	21.6	0.4	...	21.55	0.4
Number of listed companies	40	...	...	51	...	...	64	...	...	63	...	...	63	...	...	62	...	...	63	...	...	62	...	...
Official list	5	...	...	9	...	...	9	...	...	8	...	...	5	...	...	2	...	...	3	...	...	3	...	...
Second list	30	...	...	32	...	...	15	...	...	14	...	...	11	...	...	10	...	...	10	...	...	10	...	...
Free list	5	...	...	10	...	...	40	...	...	41	...	...	47	...	...	50	...	...	50	...	...	49	...	...
Capitalization of rubrands 4/	...	0.0	0.0	...	0.0	0.0	...	155.5	3.5	...	136.0	3.1	...	248.0	5.2	...	266.5	5.5	...	261.84	5.3	...	271.907	5.4
Total capital market turnover	...	54.5	1.7	...	50.4	1.4	...	29.4	0.8	...	556.5	12.8	...	531.4	11.0	...	96.95	2.0	...	102.89	2.1	...	68.58	1.4
Equities	...	48.9	1.5	...	50.4	1.4	...	18.1	0.5	...	136.5	3.1	...	86.0	1.8	...	4.81	0.1	...	19.97	0.4	...	36.25	0.7
Equity auctions	...	5.6	0.2	...	0.0	0.0	...	6.5	0.2	...	31.9	0.7	...	17.3	0.4	...	0.0	0.0	...	35.7	0.7	...	0.0	0.0
Debt securities 5/	...	0.0	0.0	...	0.0	0.0	...	4.3	0.1	...	384.1	8.8	...	424.4	8.8	...	89.43	1.8	...	45.11	0.9	...	31.31	0.6
Debt auctions	...	0.0	0.0	...	0.0	0.0	...	0.5	0.0	...	3.9	0.1	...	3.7	0.1	...	2.71	0.1	...	2.12	0.0	...	1.03	0.0
Bond issues in international markets	...	17.4	0.5	...	0.0	0.0	...	138.2	3.5	...	0.0	0.0	...	113.6	2.4	...	0.0	0.0	...	0.0	0.0	...	0.0	0.0
Government	...	0.0	0.0	...	0.0	0.0	...	138.2	3.5	...	0.0	0.0	...	113.6	2.4	...	0.0	0.0	...	0.0	0.0	...	0.0	0.0
Private sector	...	17.4	0.5	...	0.0	0.0	...	0.0	0.0	...	0.0	0.0	...	0.0	0.0	...	0.0	0.0	...	0.0	0.0	...	0.0	0.0
Deposits with domestic banks	...	1,080.2	33.0	...	1,042.4	29.0	...	1,291.0	33.1	...	1,866.0	42.9	...	2,330.0	48.4	...	2,566.0	52.7	...	2,659.0	53.7	...	2,701.0	53.3
of which - resident	...	614.5	18.8	...	649.9	18.1	...	674.0	17.3	...	897.0	20.6	...	1,122.0	23.3	...	1,227.0	25.2	...	1,334.0	26.9	...	1,289.0	25.4
Memorandum items:																								
Current account balance	...	-201.1	-6.1	...	-380.4	-10.6	...	-379.6	-9.7	...	-501.0	-6.9	...	-462.3	-9.6	...	-32.4	-2.8	...	106.5	-8.4	...	-109.4	-8.3
GDP	...	3,269	...	...	3,592	...	...	3,890	...	...	4,348	...	...	4,813	...	...	1,167	...	...	1,276	...	...	1,318	...

Sources: Financial and Capital Market Commission (FCMC); Riga Stock Exchange; DataStream; and Fund staff estimates.

1/ FCMC definition.

2/ Includes the assets owned by a pension fund in addition to the assets of the pension plans it holds.

3/ Nominal value.

4/ Market values refer to the last business day of the respective year and are converted into lats at the prevailing lats/euro exchange rate on that day. The initial issues amounted to euro 225 million in 1999 and euro 200 million in 2001.

5/ The sharp increase in turnover in 2000 was due to the listing of government securities at the stock exchange in 1999.

Table 35. Latvia: Selected Financial Sector Indicators, 1996-2002
(In percent, unless otherwise indicated)

	1996	1997	1998	1999	2000	2001				2002			
						Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Capital Adequacy													
Capital adequacy—risk-weighted average 1/	24.5	21.0	17.0	16.4	14.3	16.0	15.0	15.0	14.2	14.9	14.1	14.0	13.1
Capital and reserves (in millions of lats)	149	220	196	193	228	236	264	266	308	324	345	365	384
Liquidity													
Liquidity ratio 2/	69.7	77.0	36.6	42.9	44.2	39.4	35.7	30.1	32.0	33.3	31.2	30.8	39.8
Liquidity ratio (FCMC Definition) 3/	79.5	76.9	52.1	64.1	66.4	67.5	70.2	65.8	65.5	66.0	64.9	61.6	62.1
Total reserves/total deposits	15.8	16.3	16.1	9.1	7.4	15.0	14.3	14.5	7.0	16.2	15.0	13.3	13.6
Excess reserves/total reserves	15.9	18.8	19.3	19.8	7.4	5.8	2.8	1.2	4.5	1.2	1.2	1.2	2.0
Asset quality													
Nonperforming loans (in millions of lats)	...	51	50	53	49	52	44	45	46	49	47	42	42
Nonperforming loans (in percent of total loans)	21.0	10.0	6.0	6.2	4.6	4.4	3.4	3.2	2.8	2.8	2.6	2.3	2.0
Loan-loss provisioning/gross loans	25.1	7.4	4.3	4.2	2.9	3.0	2.0	1.7	1.7	1.9	1.7	1.7	1.5
Loan-loss provisioning/nonperforming loans	...	77.0	78.0	87.9	81.9	83.2	82.0	80.0	81.9	81.6	83.0	92.0	95.5
Profitability													
Return on equity 4/	24.0	26.0	-12.9	11.2	18.6	15.0	17.0	16.0	19.0	15.3	14.5	15.6	16.4
Return on assets	3.0	3.0	...	1.0	1.6	1.4	1.3	1.2	1.5	1.4	1.3	1.4	1.5
Income from fees/total income	20.1	23.9	22.8	23.5	26.2	23.4	21.9	22.1	23.1	23.3	24.0	24.6	24.6
Loans and deposits													
Loans/deposits	40.2	46.4	70.3	65.9	58.3	61.9	61.6	66.5	70.3	67.8	68.9	70.6	69.2
Loans/total assets	23.7	29.7	43.4	43.4	40.3	42.8	40.8	44.7	47.3	47.0	47.9	48.2	48.1
Credit to nongovernment/GDP 5/	6.6	9.8	14.8	15.8	19.6	23.0	22.5	24.7	26.2	31.0	30.0	31.9	32.6
Nonresident deposits as a share of total deposits	41.4	42.3	37.1	47.8	51.9	48.2	51.4	48.5	51.9	52.2	49.9	52.3	54.3
Nominal interest rate spread 6/	10.9	5.7	7.9	8.3	7.5	8.6	5.6	5.6	4.2	6.0	7.6	6.5	4.6
Memorandum items:													
Stock market index (DJRSE), level 7/	247.7	345.9	98.0	87.8	139.2	135.7	141.1	153.3	200.4	173.0	172.9	170.5	161.1
Stock market index (RICI), level 8/	417.0	741.1	185.7	170.8	174.1	158.0	159.3	145.4	162.6	188.7	209.6	204.4	207.1
Stock market capitalization/GDP 5/	2.7	5.3	5.8	5.4	7.8	8.7	7.6	6.8	8.4	7.9	8.6	8.0	7.3

Sources: Bank of Latvia and Financial and Capital Market 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/ Liquid assets [vault cash + claims on the Bank of Latvia + claims on credit institutions + liquid securities]/current liabilities (with residual maturity up to 30 days). [liabilities to credit institutions + deposits + liabilities for issued debt securities + cash in transit + other current liabilities + off-balance sheet liabilities].

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

5/ GDP is calculated using annualized quarterly data.

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

7/ Dow Jones Riga Stock Exchange Index (capitalization weighted), end-of-period data.

8/ Riga Stock Exchange Price Index, end-of-period data.

Table 36. Latvia: External Debt and Assets, 1996-2002 1/

	1996	1997	1998	1999	2000	2001	2002		
							Q1	Q2	Q3
(Millions of US\$, end of period)									
Total debt	2,091	2,756	3,098	3,821	4,714	5,570	5,717	6,092	6,376
Total assets	2,249	2,950	2,748	3,056	3,705	4,046	4,225	4,461	4,580
Net position	157	194	-350	-765	-1,009	-1,524	-1,492	-1,631	-1,795
Short-term debt 2/	1,280	1,821	1,838	2,344	2,818	3,341	3,503	3,675	3,880
<i>Of which: nonresident deposits</i>	527	944	832	1,240	1,824	2,267	2,434	2,537	2,726
Short-term assets	1,907	2,463	2,144	2,442	2,750	3,214	3,349	3,444	3,518
<i>Of which: reserve assets</i>	772	825	882	913	919	1,218	1,204	1,225	1,309
Net short term position	-628	-642	-306	-98	67	127	154	231	362
excluding reserves	142	184	572	814	986	1,345	1,357	1,456	1,670
Public external debt 3/	475	387	462	708	706	859	854	875	924
(Percent of GDP, end of period)									
Total debt	41.1	49.6	49.1	57.5	65.7	72.7	74.3	77.7	78.5
Total assets	44.2	53.1	43.6	46.0	51.7	52.8	54.9	56.9	56.4
Net position	3.1	3.5	-5.5	-11.5	-14.1	-19.9	-19.4	-20.8	-22.1
Short-term debt 2/	24.9	32.3	30.2	35.2	39.3	43.6	45.5	46.8	47.8
<i>Of which: nonresident deposits</i>	10.3	16.8	13.7	18.6	25.4	29.6	31.6	32.3	33.6
Short-term assets (including reserve assets)	37.5	44.4	34.0	36.7	38.4	42.0	43.5	43.9	43.3
<i>Of which: reserve assets</i>	15.2	14.9	14.0	13.7	12.8	15.9	15.7	15.6	16.1
Net short term position	-12.2	-11.4	-5.0	-1.5	0.9	1.7	2.0	2.9	4.5
excluding reserves	2.8	3.3	9.4	12.2	13.8	17.6	17.6	18.6	20.6
Public external debt 3/	9.2	6.9	7.6	10.6	9.8	11.2	11.1	11.2	11.4
(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	0.4	0.3	0.3	0.3
excluding non-residents deposits 4/	1.0	0.9	0.9	0.9	0.9	1.1	1.1	1.1	1.1
(Basis points, end of period)									
Foreign currency long-term debt rating 5/	...	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB+
Spread of benchmark bonds 6/	...	...	...	184	94	68	70	79	77

Sources: Bank of Latvia; Ministry of Finance; DataStream and Fund Staff estimates.

1/ From Latvia's International Investment Position (IIP). 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/ IIP data on government direct debt and the Treasury data on government issued guarantees (to foreign creditors).

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

5/ S&P. Rating raised in August 20, 2002.

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

Table 37. Latvia: Balance of Payments, 1996-2002

	1996	1997	1998	1999	2000	2001	2002
	(In millions of U.S. dollars)						
Current account balance	-280	-345	-650	-654	-493	-732	-659
excluding official transfers	-331	-378	-732	-714	-529	-756	-704
Trade Balance	-798	-848	-1130	-1027	-1058	-1351	-1444
Exports, f.o.b.	1488	1838	2011	1889	2058	2216	2576
Imports, f.o.b.	-2286	-2686	-3141	-2916	-3116	-3567	-4020
Services, income and transfers balance	519	503	481	374	565	619	786
<i>Of which:</i>							
Transport sector, net	533	515	506	522	559	561	512
Travel, net 1/	-158	-133	-123	-151	-117	-105	-90
Interest, net	3	14	12	-96	-41	-60	-102
Other income	39	40	41	41	66	105	147
Other services	9	-11	-80	-35	1	40	123
Current transfers, net	93	77	124	93	98	78	260
Capital and financial account	537	361	615	781	548	999	723
Capital account	0	14	14	13	29	44	17
Financial account	537	347	600	768	519	956	706
Foreign direct investment, net	379	515	303	331	401	170	388
FDI in Latvia	382	521	357	347	410	177	396
Direct investment abroad	-3	-6	-54	-17	-10	-7	-9
Portfolio and other investment, net	158	-168	298	438	118	786	318
Government, net	71	-17	43	225	27	184	-15
Errors and omissions	-47	87	98	38	-27	47	-62
Overall balance		102	63	165	28	314	2
<i>Memorandum items:</i>	(In percent of GDP)						
Current account balance	-5.5	-6.1	-10.6	-9.7	-6.9	-9.6	-7.8
Trade Balance	-15.7	-15.0	-18.6	-15.4	-14.8	-17.6	-17.2
Exports, f.o.b.	29.2	32.6	33.0	28.4	28.8	28.9	30.6
Imports, f.o.b.	-44.9	-47.6	-51.6	-43.8	-43.6	-46.6	-47.8
Services, income and transfers balance	10.1	9.0	7.9	5.6	7.9	8.0	9.3

Sources: Bank of Latvia and Fund staff estimates.

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

Table 38. Latvia: Exports and Imports by Area and Country, 1996-2001
(in percent of total unless otherwise indicated)

	Exports						Imports					
	1996	1997	1998	1999	2000	2001	1996	1997	1998	1999	2000	2001
Total (in millions of lats)	795.2	971.7	1068.9	1008.3	1131.3	1256.0	1278.2	1582.4	1881.3	1723.9	1933.9	2202.0
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
European Union	44.7	48.9	56.6	62.5	64.6	61.2	49.3	53.2	55.3	54.5	52.4	52.6
CIS	35.8	29.5	19.0	12.0	8.7	10.3	25.5	19.7	16.0	15.0	16.9	14.8
Baltics	11.1	11.7	11.9	12.2	12.9	13.8	12.0	12.4	12.9	13.7	13.8	14.8
Other	8.4	9.9	12.5	13.3	13.8	14.7	13.2	14.7	15.8	16.8	16.9	17.8
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
Europe, of which:	93.3	92.5	89.8	90.4	90.1	90.0	93.5	93.4	93.3	94.3	93.8	93.8
Belarus	4.4	3.2	2.0	1.7	1.2	1.8	1.7	1.2	1.7	2.9	3.4	3.9
Belgium	1.0	1.2	1.1	1.4	1.3	1.3	1.8	1.9	2.2	1.9	1.8	1.8
Denmark	3.7	3.9	5.1	6.1	5.8	5.8	3.9	3.5	3.8	3.9	3.6	3.7
Estonia	3.7	4.2	4.5	4.7	5.3	5.7	5.7	6.0	6.6	6.4	6.2	6.3
Finland	2.4	1.5	2.1	1.9	1.9	2.3	9.2	9.7	9.5	9.1	8.6	8.0
France	1.3	1.3	1.7	1.8	1.8	1.9	1.5	2.1	2.6	3.2	3.0	2.4
Germany	13.8	13.8	15.6	16.9	17.2	16.7	13.8	16.0	16.8	15.2	15.7	17.0
Italy	1.1	0.9	1.8	1.7	1.5	1.8	2.7	3.1	3.6	3.7	3.7	4.1
Lithuania	7.4	7.5	7.4	7.5	7.6	8.1	6.3	6.4	6.3	7.3	7.6	8.5
The Netherlands	1.9	2.4	3.5	3.5	4.0	3.7	3.5	3.8	3.6	3.9	3.4	3.3
Poland	1.4	1.2	1.8	1.8	1.6	1.9	2.6	3.2	3.5	4.4	4.8	5.0
Russian Federation	22.8	21.0	12.1	6.6	4.2	5.9	20.2	15.6	11.8	10.5	11.6	9.2
Sweden	6.6	8.3	10.3	10.7	10.8	9.6	7.9	7.7	7.2	7.2	6.7	6.5
Ukraine	6.2	3.9	2.9	2.9	2.4	1.7	2.6	2.0	1.9	1.1	1.3	1.4
United Kingdom	11.1	14.3	13.5	16.4	17.4	15.7	2.8	3.3	3.1	3.3	2.7	2.4
Africa	1.5	0.8	1.0	0.6	2.3	2.0	0.1	0.1	0.1	0.1	0.1	0.1
Asia and Middle East, of which:	4.4	4.7	5.1	2.2	2.1	3.5	2.5	2.7	3.4	3.1	3.1	2.9
China	0.1	0.1	0.0	0.0	0.0	0.1	0.1	0.2	0.4	0.5	0.7	0.8
Thailand	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
Western Hemisphere, of which:	0.8	1.9	4.1	6.6	5.1	4.1	3.8	3.7	3.0	2.4	2.4	2.3
United States	0.7	1.4	2.9	5.3	3.3	2.6	2.1	2.3	2.0	2.0	2.0	1.9
Australia	0.0	0.1	0.0	0.0	0.1	0.1	0.1	0.1	0.2	0.1	0.2	0.1

Source: Central Statistical Bureau of Latvia.

Table 39. Latvia: Foreign Trade by Free Trade Agreement Countries, 1996-2001

	Exports						Imports					
	1996	1997	1998	1999	2000	2001	1996	1997	1998	1999	2000	2001
(In thousands of lats)												
Total	795,172	971,749	1,068,852	1,008,333	1,131,315	1,256,402	1,278,169	1,582,352	1,881,285	1,723,931	1,933,935	2,201,565
EU	355,457	474,807	604,459	630,655	730,956	769,287	629,465	841,225	1,039,492	940,166	1,014,082	1,157,303
Czech Republic	3,817	3,425	3,346	3,511	5,972	9,411	11,368	15,113	25,570	21,016	24,259	31,246
Estonia	29,088	40,570	48,526	47,196	60,076	72,085	72,818	94,691	124,827	110,235	120,529	139,114
Lithuania	59,147	72,990	79,325	75,905	85,749	101,973	80,626	100,788	118,518	126,335	146,446	186,383
Slovakia	1,847	2,450	1,956	3,630	6,200	5,986	4,552	8,090	7,339	5,691	12,558	16,075
Slovenia	452	1,344	2,110	1,270	3,499	1,126	2,074	1,857	1,966	3,831	3,826	5,047
Iceland	852	1,843	2,324	1,830	3,067	4,484	615	690	508	485	1,120	2,264
Norway	5,274	5,721	8,237	8,192	9,421	17,681	17,467	23,738	29,049	29,599	21,634	27,695
Switzerland	2,787	5,260	4,868	4,625	4,327	4,208	11,516	21,973	28,871	36,685	34,025	38,304
Ukraine	49,066	37,809	30,646	29,035	26,845	20,919	32,671	32,306	35,350	19,331	26,014	31,169
Other countries	287,385	325,530	283,055	202,484	195,203	249,242	414,997	441,881	469,795	430,557	529,442	566,965
(In percent of total)												
Total	100	100	100	100	100	100	100	100	100	100	100	100
EU	44.7	48.9	56.6	62.5	64.6	61.2	49.2	53.2	55.3	54.5	52.4	52.6
Czech Republic	0.5	0.4	0.3	0.3	0.5	0.7	0.9	1.0	1.4	1.2	1.3	1.4
Estonia	3.7	4.2	4.5	4.7	5.3	5.7	5.7	6.0	6.6	6.4	6.2	6.3
Lithuania	7.4	7.5	7.4	7.5	7.6	8.1	6.3	6.4	6.3	7.3	7.6	8.5
Slovakia	0.2	0.3	0.2	0.4	0.5	0.5	0.4	0.5	0.4	0.3	0.6	0.7
Slovenia	0.1	0.1	0.2	0.1	0.3	0.1	0.2	0.1	0.1	0.2	0.2	0.2
Iceland	0.1	0.2	0.2	0.2	0.3	0.4	0.0	0.0	0.0	0.0	0.1	0.1
Norway	0.7	0.6	0.8	0.8	0.8	1.4	1.4	1.5	1.5	1.7	1.1	1.3
Switzerland	0.4	0.5	0.5	0.5	0.4	0.3	0.9	1.4	1.5	2.1	1.8	1.7
Ukraine	6.2	3.9	2.9	2.9	2.4	1.7	2.6	2.0	1.9	1.1	1.3	1.4
Other countries	36.1	33.5	26.5	20.1	17.3	19.8	32.5	27.9	25.0	25.0	27.4	25.8

Source: Central Statistical Bureau of Latvia.

Table 40. Latvia: Commodity Structure of Foreign Trade, 1996-2001
(In percent of total)

	1996	1997	1998	1999	2000	2001
Exports						
Live animals and animal products (I)	4.6	3.7	3.1	1.9	1.7	1.9
Vegetable products (II)	0.4	0.7	0.6	0.6	0.5	1.1
Animal, vegetable fats and oils (III)	0.1	0.1	0.4	0.2	0.1	0.0
Food, drinks and tobacco (IV)	11.8	10.1	6.7	3.8	3.5	5.8
Mineral products (V)	2.6	1.5	2.3	3.3	2.7	1.7
Chemicals (VI)	6.7	6.5	5.8	6.1	6.4	6.3
Plastics and rubber products (VII)	0.9	1.0	1.3	1.1	1.2	1.3
Hide, skin and leather (VIII)	1.4	1.1	0.8	0.7	0.8	0.8
Wood and wood products (IX)	24.4	29.7	33.5	37.3	37.4	34.0
Pulp and paper products (X)	2.2	2.6	2.9	2.6	2.2	2.7
Textiles and textile articles (XI)	16.9	15.6	16.1	15.4	14.0	14.1
Footwear; feather/down products (XII)	0.6	0.8	0.6	0.3	0.2	0.2
Stone, cement and ceramic products (XIII)	1.9	1.7	1.9	2.0	1.9	1.9
Precious metals (XIV)	0.3	0.5	0.3	0.4	0.4	0.4
Base metals and base metals products (XV)	7.0	8.5	9.8	11.5	13.4	12.7
Machinery and electrical equipment (XVI)	9.7	9.0	6.8	4.9	5.5	6.4
Transport vehicles and parts; vessels (XVII)	4.1	2.1	1.6	1.4	1.4	2.0
Optical equipment and musical instruments (XVIII)	0.3	0.4	0.6	0.9	1.1	0.7
Arms and ammunition (XIX)	0.0	0.1	0.0	0.0	0.0	0.0
Furniture; miscellaneous manufactured goods (XX)	4.0	4.2	4.8	5.4	5.3	5.7
Works of art and antiques (XXI)	0.0	0.0	0.0	0.0	0.0	0.0
Other goods	0.1	0.1	0.1	0.2	0.3	0.3
Total	100.0	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	2.4
Vegetable products (II)	4.4	3.5	3.2	3.5	4.0	3.3
Animal, vegetable fats and oils (III)	0.9	1.1	1.1	1.1	0.9	0.9
Food, drinks and tobacco (IV)	6.1	6.9	7.1	6.7	6.0	6.2
Mineral products (V)	22.2	14.0	10.5	11.4	12.9	11.1
Chemicals (VI)	11.0	10.9	11.1	12.0	10.6	10.5
Plastics and rubber products (VII)	3.9	4.3	4.4	4.4	4.6	4.7
Hide, skin and leather (VIII)	0.4	0.5	0.4	0.4	0.4	0.4
Wood and wood products (IX)	0.5	0.7	0.8	1.1	1.2	1.3
Pulp and paper products (X)	4.5	4.5	4.2	4.2	4.2	4.2
Textiles and textile articles (XI)	8.0	7.8	7.8	7.7	7.6	7.4
Footwear; feather/down products (XII)	0.7	0.8	0.8	0.8	0.8	0.8
Stone, cement and ceramic products (XIII)	1.9	2.3	2.3	2.4	2.5	2.5
Precious metals (XIV)	0.1	0.3	0.2	0.4	0.2	0.3
Base metals and base metals products (XV)	6.4	8.0	8.4	7.0	8.4	8.3
Machinery and electrical equipment (XVI)	16.8	19.3	20.5	22.0	20.7	21.1
Transport vehicles and parts; vessels (XVII)	5.9	8.3	10.4	8.3	7.8	9.4
Optical equipment and musical instruments (XVIII)	2.2	2.0	2.3	2.4	2.4	2.2
Arms and ammunition (XIX)	0.1	0.1	0.1	0.0	0.1	0.1
Furniture; miscellaneous manufactured goods (XX)	2.0	2.3	2.5	2.6	2.8	2.9
Works of art and antiques (XXI)	0.0	0.0	0.0	0.0	0.0	0.0
Other goods	0.0	0.0	0.0	0.0	0.0	0.0
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Latvian authorities.

Table 41. Latvia: Oil- and Gas-related Exports and Imports of Goods and Non-factor Services (Values), 1997-2002
(In million of lats, unless otherwise indicated)

	1997	1998	1999	2000	2001	2002 HI
Net exports of mineral fuels and oils	-179.4	-160.5	-129.6	-187.7	-193.7	-82.4
<i>Of which:</i>						
Oil and oil based fuels	-122.5	-105.9	-84.8	-138.1	...	...
Natural gas	-60.0	-59.6	-50.9	-58.4	-61.4	-30.8
Exports of mineral fuels and oils	10.2	17.3	27.8	26.9	12.4	7.8
<i>Of which:</i>						
Oil and oil based fuels	7.0	12.3	21.6	18.1	...	...
Natural gas	...	...	...	...	...	...
Imports of mineral fuels and oils	189.6	177.8	157.4	214.6	206.1	90.2
<i>Of which:</i>						
Oil and oil based fuels	129.6	118.2	106.5	156.2	...	...
Natural gas	60.0	59.6	50.9	58.4	61.4	30.8

Source: Latvian authorities.

Table 42. Latvia: Oil- and Gas-related Exports and Imports of Goods and Non-factor Services (Volumes), 1997-2002
(Thousand of tonnes, unless otherwise specified)

	1997	1998	1999	2000	2001	<u>2002</u> HI
Exports of mineral fuels and oils	216	412	484	494	452	306
<i>Of which:</i> Oil and oil based fuels	64	124	185	110	...	...
Imports of mineral fuels and oils	1,738	1,868	1,490	1,243	1,222	538
<i>Of which:</i>						
Oil and oil based fuels	1,469	1,585	1,166	949	...	...
Natural gas 1/	1,318	1,382	1,290	1,246	...	...

Source: Latvian authorities.

1/ In millions of cubic meters; from 2000, in terajoules.

Table 43. Latvia: Manufacturing Real Output Production, Employment, and Wages, 1996-2002
(Year-on-year percentage change)

	Real Output	Manufacturing 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
1996	4.1	-0.8	5.0	13.6	4.4	3.7	2.3	1.4
1997	17.1	-2.9	20.6	22.2	5.5	-3.9	-9.0	5.5
1998	4.0	0.6	3.4	5.3	1.5	0.3	-1.3	1.7
1999	-5.9	-7.6	1.8	2.1	-0.8	1.0	-3.3	4.5
2000	6.8	2.3	4.4	2.6	3.6	-5.2	-12.2	8.1
2001	9.5	1.6	7.7	5.5	3.5	-5.4	-4.1	-1.3
1996								
Q1	10.8	-5.4	17.2	10.1	1.7	-7.6	7.4	-14.0
Q2	5.4	-3.1	8.8	15.0	8.1	-2.2	0.8	-2.9
Q3	5.4	-1.9	7.4	16.5	4.5	3.8	1.6	2.2
Q4	-3.8	0.8	-4.6	13.9	3.4	15.4	-0.5	15.9
1997								
Q1	8.2	1.5	6.7	20.5	5.1	7.4	-7.6	16.2
Q2	15.3	0.9	14.3	20.9	4.7	1.0	-7.1	8.8
Q3	16.9	2.3	14.3	20.0	6.5	-1.4	-11.7	11.6
Q4	27.6	-1.7	29.7	23.6	5.6	-9.8	-9.5	-0.2
1998								
Q1	21.6	3.9	17.0	11.9	3.5	-7.6	-7.0	-0.6
Q2	12.8	3.8	8.7	7.4	3.2	-4.2	-3.3	-0.9
Q3	0.4	1.0	-0.6	4.4	1.8	3.2	1.5	1.7
Q4	-14.8	-6.3	-9.2	-1.2	-2.3	11.2	3.8	7.2
1999								
Q1	-13.6	-8.9	-5.2	0.5	-2.5	8.8	4.0	4.5
Q2	-13.4	-9.8	-4.0	0.8	-0.6	5.6	-2.3	8.1
Q3	-1.6	-8.5	7.6	1.8	-1.4	-4.1	-4.8	0.8
Q4	7.1	-2.8	10.2	5.2	1.5	-5.8	-9.6	4.1
2000								
Q1	7.1	-0.8	8.0	4.8	2.1	-5.0	-9.6	5.1
Q2	7.7	1.4	6.2	1.7	1.6	-5.7	-10.8	5.8
Q3	4.0	3.1	0.8	2.5	3.8	-2.1	-13.1	12.8
Q4	8.3	5.7	2.5	1.4	7.1	-7.7	-15.6	9.4
2001								
Q1	11.6	3.6	7.7	3.9	4.7	-7.9	-8.4	0.6
Q2	10.6	2.4	8.1	4.9	5.2	-7.7	-7.2	-0.6
Q3	9.9	0.9	9.0	7.2	3.1	-4.5	-1.9	-2.7
Q4	6.0	-0.3	6.3	6.1	1.3	-1.4	2.0	-3.3
2002								
Q1	2.9	-0.4	3.3	3.5	3.5	-3.2	-3.4	0.2
Q2	7.9	0.1	7.8	6.3	-1.2	-0.2	5.6	-5.5
Q3	8.3	0.6	7.7	2.7	-4.1	-0.5	11.0	-10.3

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 44. Latvia: Real and Nominal Effective Exchange Rates, 1996-2002
(Index 2000=100, period average)^{1/}

	15 most important trading partners ^{2/}		Western trading partners ^{2/}		Russia ^{2/}	
	Real	Nominal	Real	Nominal	Real	Nominal
1996	73	60	75	84	55	20
1997	79	54	84	88	55	21
1998	84	69	86	88	71	36
1999	95	90	92	92	106	91
2000	100	100	100	100	100	100
2001	97	102	101	101	84	100
2002	94	101	98	98	81	109
1999						
Q1	93	86	88	89	110	85
Q2	95	89	91	91	106	89
Q3	96	91	92	93	103	91
Q4	98	94	95	94	107	98
2000						
Q1	99	97	97	96	110	104
Q2	100	99	99	99	104	101
Q3	100	101	101	101	96	98
Q4	101	103	103	103	90	97
2001						
Q1	97	101	99	99	87	99
Q2	97	102	102	102	83	99
Q3	98	102	102	102	83	100
Q4	97	102	102	101	82	102
2002						
Q1	96	102	101	101	79	104
Q2	94	102	99	99	80	108
Q3	93	101	96	96	82	113
Q4	93	100	95	95	82	114
2000						
January	99	96	96	95	111	104
February	99	97	97	96	111	104
March	99	98	98	97	108	103
April	100	99	99	98	108	103
May	101	100	101	101	103	100
June	99	99	98	98	101	101
July	99	99	99	99	98	99
August	100	101	101	101	96	98
September	101	103	103	103	93	97
October	102	104	104	105	91	97
November	101	104	104	105	90	96
December	99	101	101	101	90	97
2001						
January	97	100	98	99	89	99
February	97	101	99	100	87	100
March	97	101	99	100	85	99
April	97	101	100	101	84	99
May	97	102	102	102	83	99
June	98	103	104	104	82	98
July	98	103	103	103	82	99
August	98	102	101	101	84	101
September	98	102	102	101	85	102
October	98	102	101	101	83	102
November	98	103	102	102	82	102
December	97	102	102	101	82	102
2002						
January	96	102	101	101	80	103
February	96	102	101	101	79	103
March	96	102	101	101	79	105
April	95	102	100	100	79	105
May	94	102	99	99	79	107
June	93	101	97	97	80	110
July	93	101	96	96	82	113
August	93	101	96	97	82	112
September	94	101	96	96	82	113
October	93	100	96	96	82	112
November	93	100	96	96	82	114
December	92	99	94	94	82	115

Sources: IMF International Financial Statistics and Direction of Trade Statistics.

1/ An increase in the index corresponds to an appreciation of the lats.
2/ Trade weights reflect the average share of both exports and imports, 1996-2000.

Table 45. Latvia: Accumulated Foreign Direct Investment by Country of Origin, 1996-2001

	1996	1997	1998	1999	2000	2001
Total	100.0	100.0	100.0	100.0	100.0	100.0
EU, of which :	53.9	49.7	52.3	53.0	54.8	55.3
Germany	4.7	8.8	8.6	8.8	12.7	12.7
Denmark	26.3	18.1	15.1	14.3	14.0	11.7
Finland	2.7	2.9	4.6	5.3	5.4	5.2
United Kingdom	7.3	6.0	7.5	7.7	6.6	5.8
Ireland	3.2	4.8	5.3	4.1	2.1	2.3
Netherlands	1.5	2.1	2.5	3.0	3.0	3.1
Sweden	4.9	4.8	6.7	8.6	10.2	13.3
Baltic States	1.6	4.1	4.1	5.6	6.4	6.2
Estonia	1.4	4.0	3.9	5.2	6.1	5.8
Lithuania	0.2	0.1	0.2	0.4	0.4	0.4
CIS	14.4	10.2	9.2	8.2	7.8	6.9
Russia	13.5	9.5	8.6	7.6	7.3	6.2
Other main partners	19.8	25.3	25.7	22.8	22.1	21.3
Norway	0.4	0.2	4.0	3.8	4.1	5.4
Switzerland	3.9	2.9	2.3	1.1	1.9	2.2
Singapore	0.1	8.1	2.8	2.3	2.1	1.6
United States	10.9	10.4	10.7	10.3	9.3	8.3
Isic of Man	0.2	0.1	2.6	2.1	1.8	1.5
Liechtenstein	1.7	1.4	1.3	1.5	1.3	1.1
Liberia	2.6	2.2	1.9	1.7	1.5	1.2
Other	10.3	10.7	8.7	10.4	8.8	10.3
<i>Memorandum items:</i>						
Foreign direct investment (in millions of U.S. dollars)	381.7	521.1	356.7	347.5	400.5	169.8
Current account, millions of U.S. dollars	-215.0	-287.5	-595.4	-653.6	-493.4	-732.1
FDI in percent of current account deficit	136.6	151.0	54.9	53.2	81.2	23.2
FDI in percent of GDP	7.5	9.3	5.9	5.2	5.6	2.2

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

Table 46. Latvia: Accumulated Foreign Direct Investment by Kind of Activity, 1996-2001

	1996	1997	1998	1999	2000	2001
	(In percent of total)					
Total	100.0	100.0	100.0	100.0	100.0	100.0
Agriculture, hunting and forestry	0.1	0.1	0.2	0.2	0.4	0.4
Fishing	0.0	0.1	0.6	0.5	0.5	0.0
Industry	17.4	24.7	19.7	21.1	21.8	22.0
<i>of which:</i> Manufacturing	17.1	22.8	17.7	17.9	18.0	17.3
Construction	0.7	0.3	0.3	0.4	0.4	0.3
Retail Trade	9.2	13.2	16.2	16.5	16.9	15.4
Hotels and restaurants	2.0	1.5	1.3	1.4	1.8	1.4
Transportation and Communication	45.1	33.8	30.0	25.7	23.9	19.1
Financial intermediation	16.9	20.1	23.8	21.5	22.5	17.9
Real estate and renting	2.4	2.0	4.7	8.3	8.4	17.3
Public administration and defense	0.0	0.0	0.0	0.0	0.0	0.1
Education	0.1	0.1	0.1	0.1	0.1	0.0
Health and social work	1.1	0.8	0.6	0.5	0.4	0.3
Other community activities	0.4	0.2	0.2	0.3	0.3	0.4
Other	4.5	3.2	2.4	3.4	2.6	5.4

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

I. TAX SUMMARY

(as of January 1, 2003)

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 corporate 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 was reduced from 25 percent to 22 percent with effect from January 1, 2002, and to 19 percent with effect from January 1, 2003. There are withholding rates of 5-15 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, big investment projects and on tax paid in foreign countries as well. Small enterprises are defined as those satisfying requirements on the value of fixed assets, net turnover, or the number of employees. From January 1, 2002, and under certain conditions, a tonnage tax regime applies to shipping companies that operate ships for international carriage.

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 and life insurance (with saving component) premiums together 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 sickness 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 33 percent plus 0.09 percent from taxable object, effective January 1, 2003. The previous total rate had been from 35.09 percent.

10. The proportions to be paid by an employer and an employee since 2003 is 24.09 : 9, with the exception that the rate for insurance against work injuries and occupational diseases can change every year. Previously, the proportion was 26.09:9.

Exemptions

11. The social insurance contribution is not assessed on: income from property, dividends, interest payments, 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 until December 31, 2003, the tax rate will be 1.5 percent of land cadastral 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 indictable to the central or local government and which is not assigned for application or rent;

Until December 31, 2003 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;
- 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 law became effective

on May 1, 1995 and replaced the old law on Turnover Tax, 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. A reduced tax rate of 9% that is introduced from 1 January, 2003 is applied to supplies of the following goods and services:

- veterinary services as well as supplies of veterinary medicine and veterinary medical products;
- special food for infants;
- supplies of mass media;
- accommodation provided by hotels and similar establishments;
- supplies of water;
- sewerage services;
- collection, transportation and disposal services for household waste.

Exemptions

18. The VAT is not charged on: educational services; school books, educational and 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; used real estate sales (including land) and apartment rent payments by individuals; the maintenance and management services of a dwelling houses according with a dwelling house management agreement; heating supplied to individuals (up to December 31, 2004); movies (except video), visits to theatres, concerts, museums, exhibitions, cultural and sporting events, etc.; certain approved medical goods supplies and medical services (up to December 31, 2003); supply of human organs, mother's milk and human blood; funerals and religious services; foreign non-refundable shipments of technical aid; consular services; certain services provided by co-operative societies to the participants of these companies; fire-fighting services; supplies of imported goods not subject to customs duties; certain approved fixed assets; catering in penitentiaries; state postal services; tuition for unemployed persons' professional training organized by the State Employment Service; 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
Beer:	
above 0.5% and up to 2.8% (per 1 hectoliter)	LVL 3.30
above 2.8% and up to 4% (per 1 hectoliter)	LVL 4.70
above 4% and up to 5.5% (per 1 hectoliter)	LVL 6.40
above 5.5% and up to 7% (per 1 hectoliter)	LVL 8.10
above 7% (per 1 hectoliter)	LVL 42.00
2. Tobacco products:	
Fine cut smoking tobacco for rolling cigarettes (per 1,000 grams)	LVL 12.20
Other smoking tobacco (per 1,000 grams)	LVL 9.70
Cigarettes with filter (per 1000 cigarettes)	LVL 5.80
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:		
<input type="checkbox"/> unleaded petrol, its substitutes and components per 1000 liters	LVL 160	
<input type="checkbox"/> unleaded petrol, its substitutes and components per 1000 liters with addition of ethanol	LVL 130	
<input type="checkbox"/> leaded petrol, its substitutes and components per 1000 liters	LVL 210	
<input type="checkbox"/> leaded petrol, its substitutes and components per 1000 liters with addition of ethanol	LVL 180	
		<i>For heating purpose</i>
<input type="checkbox"/> gas oil, kerosene and heavy fuel oil (light), their substitution and components per 1000 liters	LVL 100	LVL 13
<input type="checkbox"/> heavy fuel oil (heating oil), its substitutes and components, per 1000 kilograms	LVL 7	
<input type="checkbox"/> 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;
 - alcohol used for production of vinegar;

- alcohol filled in chocolate products or other food products within a limit – 8.5 liters of pure alcohol per 100 kg of chocolate products or 5 liters of pure alcohol in other food products;
 - alcohol used for the production of flavors for foodstuffs or non-alcoholic beverages with an alcohol strength not exceeding 1,2% vol.;
 - 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 law on Natural Resources Tax effective January 1, 1996 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 or sell **reusable packaging as well**. A permit is required for some of these 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, 2003

Trade policy instrument	Status as at April 1, 2003
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 3,92 percent, with 1 percent the most common rate.
MFN rate:	Simple average of 2,47 percent.
Tariff rates (ad valorem and some specific) for agricultural goods:	Simple average of 18,13 percent. Simple average of 12,61 percent and a production-weighted average of 34,70 percent.
Basic rate:	
MFN rate:	
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:	None.
8. Goods subject to export quotas:	None.

Sources: Information supplied by the authorities.