

On Labor Force Survey in 2024

In 2024, the labor market remained sluggish

According to the Central Statistical Bureau's Labor Force Survey data, in the 4th quarter of 2024, the number of employed people decreased by 1.2% or 10.5 thousand compared to the 4th quarter of 2023, while on average in 2024, the number of employed people decreased by 0.8% or 6.8 thousand compared to 2023.

The decrease in the number of employed people has been largely influenced by both the slowdown in economic growth rates and factors on the labor market supply side—namely, a decrease in the working-age population and a decline in the total labor supply.

In total, 867.2 thousand residents, or 63.4% of all residents aged 15-74, were employed in the 4th quarter of 2024. Meanwhile, the average number of employed persons in 2024 was 877.4 thousand, with an employment rate of 64%, which is 0.2 percentage points lower than the average in 2023.

It should be noted that the employment rate in Latvia still remained lower than in its neighbors—5.1 percentage points lower than in Estonia (68.5% in the 4th quarter of 2024) and 2.7 percentage points lower than in Lithuania (66.1% in the 4th quarter of 2024).

Taking into account both the slowdown in economic growth and the decrease in labor demand, the unemployment rate increased to 6.9% in the last quarter of 2024, which is 0.1 percentage points higher than at the end of 2023. On average, in 2024, the unemployment rate increased by 0.2 percentage points to an annual average of 6.9%. In total, in the 4th quarter of 2024, 63.8 thousand people aged 15-74 were looking for work, which is 0.6% (0.4 thousand) fewer than in the 4th quarter of 2023.

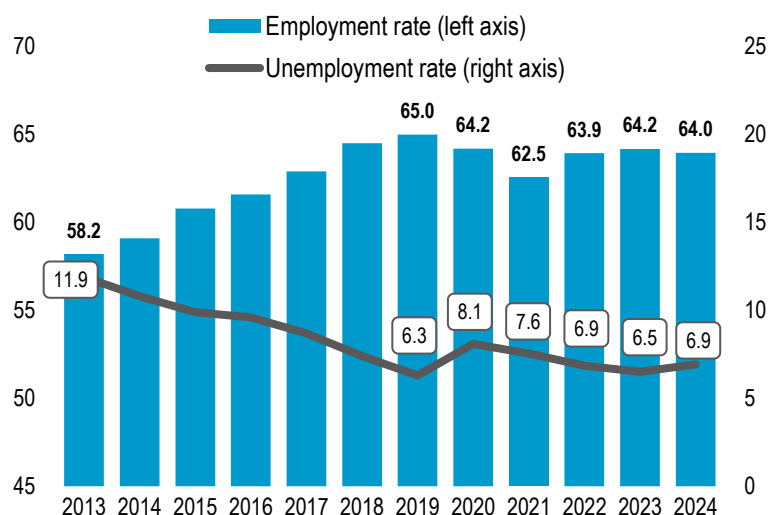
Along with the decrease in labor market activity, population participation in the labor market has also been declining for the second consecutive quarter. The level of economic activity of the population fell to 68% in the 4th quarter of 2024, which was 0.6 percentage points lower than in the 4th quarter of 2023 (68.6%). In the 4th quarter of 2024, the number of economically active people aged 15-74 was 931 thousand, which is 10.9 thousand fewer than in the 4th quarter of 2023.

It should be noted that, with the decline in the inflow of refugees from the Ukrainian war, the positive effect of this flow on labor supply dynamics is also gradually diminishing. Additionally, some war refugees are returning home, making the negative impact of demographic factors on labor supply dynamics more pronounced. In general, the number of residents aged 15-74 in 2024 decreased by 5.7 thousand compared to 2023.

It is expected that the overall situation in the labor market will stabilize in 2025, and with the return of economic activity, the number of employed people could also begin to grow again. At the same time, the labor market will continue to be affected by supply-side factors, and the unemployment rate could return to levels close to those of 2023, further exacerbating the problem of labor availability. **In general,**

Employment and Unemployment

(as per cent)



the unemployment rate in 2025 could decrease to an average of 6.5%, while the number of employed people could increase by an average of 0.2%.