

On GDP in the 4th Quarter of 2025 and in 2025

Latvia's economy showed strong growth in 2025

According to data published by the Central Statistical Bureau, in the 4th quarter of 2025 GDP at constant prices was 2.9% higher than a year earlier. Overall, in the past year the economy grew by 2.1%, which can be assessed as solid growth, taking into account uncertainty in the external environment and geopolitical challenges, while at the same time creating stable preconditions for further development.

“Despite the prolonged geopolitical uncertainty and the considerable challenges it has created, economic developments in 2025 demonstrate that Latvia's economy has learned to operate under high-risk conditions and is capable of gradually restoring growth. The improvement in the economic situation is being driven by several important factors. First, investment flows – both thanks to more effective absorption of EU funds and active involvement of the private sector. Second, growth in lending volumes, which supports business expansion and the creation of new jobs. Third, an improvement in household consumption dynamics. No less important is the government's policy of implementing structural improvements and support measures in the fields of innovation, digitalisation and the green economy, which promote sustainable growth,” emphasises Minister of Economics Viktors Valainis.

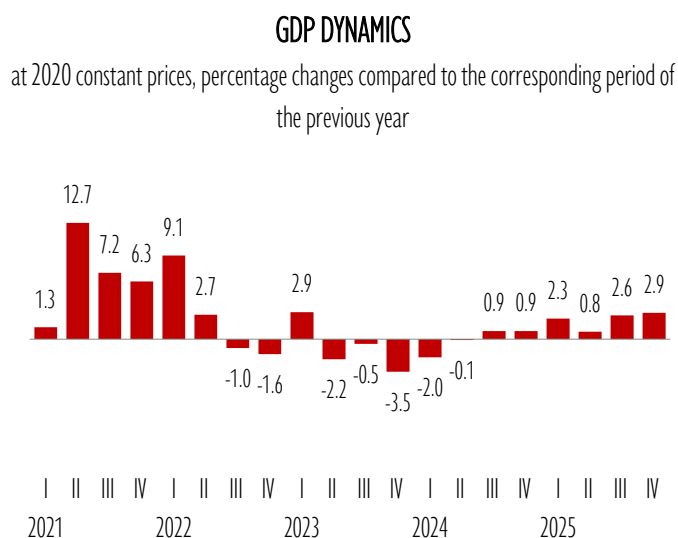
In the 4th quarter of 2025, compared to the 4th quarter of the previous year, private consumption increased by 2.2%, marking a gradual improvement in household consumption dynamics. The increase was supported by a stable situation in the labour market, growth in wages and a slowdown in inflation, as well as by an improvement in consumer sentiment. Overall, in 2025 private consumption increased by 0.8%, indicating a gradual stabilisation of household purchasing power.

The volume of investment increased by 11.8% in the 4th quarter of 2025, mainly driven by business projects aimed at modernisation and expansion of production capacity, as well as the substantial implementation of public infrastructure projects. Investment dynamics were supported by the absorption of European Union funding, growth in lending volumes, as well as a resilient business environment. Overall, in 2025 investment increased by 9.8%, making a significant contribution to GDP growth.

Exports of goods and services increased by 0.1% in 2025, including a decline of 1.9% in the 4th quarter. The main export goods were wood and articles of wood (except furniture), electrical appliances and electrical equipment, as well as mineral products. Imports increased more rapidly – by 5.7% (by 6.1% in the 4th quarter), reflecting the recovery of domestic demand and the increase in investment activity. The main imports were mineral products, electrical appliances and electrical equipment, land transport vehicles and their parts.

Overall, in 2025 the most significant contribution to GDP growth was provided by manufacturing (+4.7%), including 6.8% in the 4th quarter, supported by a gradual improvement in external demand conditions and a recovery in production volumes, as well as by construction – annual growth of 9% and growth of 10% in the 4th quarter – supported by increased investment activity and the implementation of infrastructure projects. A significant contribution to GDP growth also came from the information and communication services sector – annual growth was 4.9% (7.4% in the 4th quarter) – indicating the growing importance of the digital economy, while in the sectors of professional, scientific and technical services, as well as administrative and support service activities, growth reached 4.2%, including 6.6% in the last quarter – reflecting the broadening of overall business activity. In the wholesale and retail trade, as well as repair of motor vehicles and motorcycles sector, growth was 2.7%, including 2.6% in the 4th quarter, supported by the strengthening of domestic consumption. A slight increase was also recorded in the health and social care sector – 1.3%, including 4.4% in the 4th quarter.

GDP growth was negatively affected by agriculture (-3.2%), including -8.6% in the 4th quarter, and other industry (-3% over the year and growth of 2.3% in the 4th quarter), as well as transport and storage (-3.5%), including a decline of 5.7% in the 4th quarter. The dynamics in these sectors were determined respectively by fluctuations



in harvests, a decline in production volumes, and lower freight turnover and reduced transit flows, especially in the rail and port segments. A slight decline was also observed in the education sector (-0.5%).

Overall, economic growth returned to Latvia in 2025, supported by rising investment, the development of manufacturing and digital services, as well as the gradual recovery of domestic consumption. According to the forecasts of the Ministry of Economics, GDP growth in 2026 could reach at least 2.5–3%, with rising investment volumes and economic activity, a reduction in geopolitical tensions and a faster recovery in external demand.