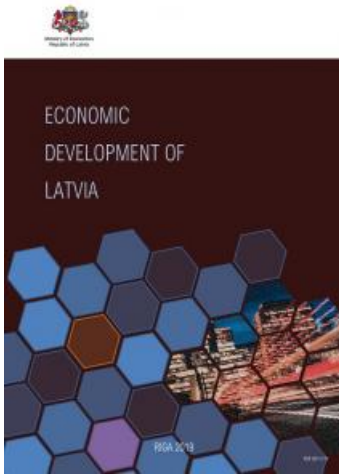


# Review on the Economic Development of Latvia

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## Economic Development of Latvia 2019

Experts of the Ministry of Economics have prepared a review on the *Economic Development of Latvia*. The review assesses the economic situation, as well as forecasts the prospects of economic development. It is planned that further on experts of the Ministry of Economics will prepare such a review once a year – in December. The present review, just like the previous ones, provides an assessment of the country's economic situation and policy, as well as gives forecasts for development perspectives of the economy.

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Stable economic growth in Latvia continues with its rates exceeding the EU average. From 2011 to 2018, GDP grew by 3.5% per year on average.

In 2017-2018, growth rates accelerated. GDP grew by 3.8% and 4.6%, respectively. The acceleration of growth was fostered by the improvement of the situation in the external environment, more intensive absorption of EU Structural Funds and increase in employment and wages.

In 2019, growth of the economy has become more moderate. GDP has grown by 2.5% in the 3 quarters of the year. The deceleration of growth rates was underpinned by both internal factors (the investments from EU funds have reached their maximum, developments in the financial sector, etc.) and external factors (revision of global trade relations, Brexit, slower growth in EU countries). It may be expected that the above-mentioned global factors will affect Latvian growth also at the end of 2019 and in 2020 having negative impact on the Latvian export capacity. Positive trends in domestic demand oriented industries are also expected to continue.

The Ministry of Economics forecasts that, in total, GDP growth rate might reach 2.5 per cent in 2019.

Further economic development depends on the situation in the external environment and progress in reforms. Further development of Latvia's economy will be still closely linked to export possibilities. Therefore the highest risk to the growth of Latvia is linked to global economic development. Further development of the EU's common economic space is particularly important. In the medium term, economic advantages of Latvia are mainly based on the achieved macroeconomic stability, as a result of which Latvia's credit ratings have improved, as well as on the efficiency of planned aid programmes of the EU structural funds and on the improvements in the business environment.

Previous reviews and other publications on economic development can be found [here ...](#)

<https://www.em.gov.lv/en/review-economic-development-latvia>