

Trade and Competitiveness Monitoring Note

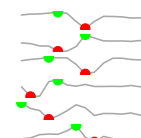


Latvia

GDP (US\$ billions) (2016)	Population (millions) (2016)	Income per capita (current US\$) (2016)	Poverty rate (2012)	Unemployment rate (2014)
29.4	2.0	14,964.1	1.4	10.0

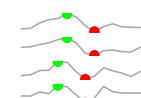
Macro Indicators

	Avg 2002-2011	2012	2013	2014	2015	2016
GDP growth (annual %)	4.385	4.834	4.226	2.362	2.608	3.451
Current account balance	-7.710	-2.459	-2.332	-3.140	-1.670	-1.972
Fiscal balance (% of GDP)	-2.836	-0.788	-0.740	-1.443	-1.644	-1.324
Remittances, received (% of GDP) [1]	5.094	5.350	5.306	5.671	—	—
Real Effective Exchange Rate (2010=100)	108.187	102.617	101.803	103.394	100.488	99.646
Consumer Price Index, annual percent change	5.374	2.253	-0.015	0.605	-0.575	2.100



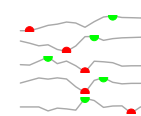
Investment indicators

	Avg 2002-2011	2012	2013	2014	2015	2016
Gross domestic investment (% GDP)	24.5	24.7	22.4	22.2	21.9	22.3
Gross domestic investment, of w: Private investment (% GDP) [1]	31.3	26.2	24.1	23.5	—	—
Inward FDI (% of GDP) [2]	3.8	3.9	2.9	1.5	—	—
Inward FDI, % of private investment [2]	15.0	17.2	NA	—	—	—



Trade Indicators

	Avg 2002-2011	2012	2013	2014	2015	2016
Total Trade in Goods and Services (% of GDP, real terms)	96.00	122.81	118.54	118.00	117.23	118.54
Trade balance (% GDP, real terms)	-10.46	-4.39	-3.30	-2.89	-2.47	-2.61
Exports, Goods and Services, annual percent change (real terms)	8.32	9.78	1.43	2.25	2.30	4.50
Imports, Goods and Services, annual percent change (real terms)	8.99	5.38	-0.17	1.56	1.60	4.70
Total reserves in months of imports [1]	4.35	4.47	4.52	1.83	—	—

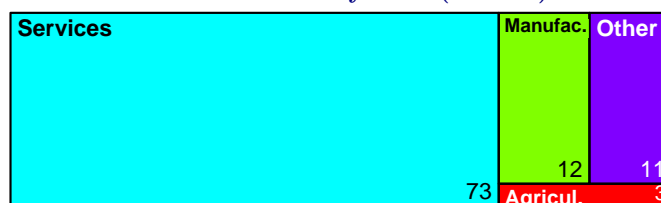


Sources: MFM note, [1] World Development Indicators (WDI), [2] UNCTADSTAT, [3] World Economic Outlook (WEO)

Goods Export and Import volume growth, 2012-2015

Data not available

Gross Value Added by Economic Activity 2013 (% GDP)



Source: Development Prospects Group (DECPG)

Source: World Development Indicators (WDI)

Top 5 Exports by % of Total Value, 2014

Special transactions & commodities	Telephone sets, including telephone	Petroleum oils & oils obtained from	Wood of coniferous species, sawn/ch	Undenatured ethyl alcohol of an alc
6	6	5	5	4

Imports Categories by % of Total Value, 2014

Consumer goods	Capital goods	Intermediate goods	Raw materials
51	22	18	9

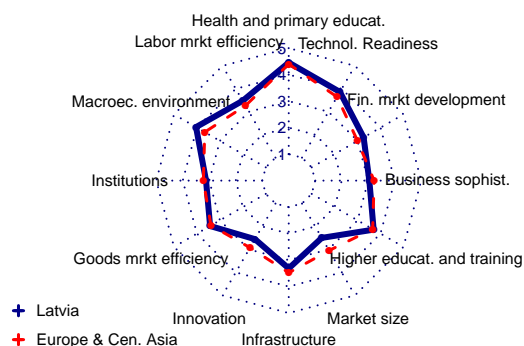
Source: World Integrated Trade Solution (WITS)

Doing Business 2015 Ranks (among all countries)

	DB 2015 Rank	DB 2016 Rank	Change in Rank
Dealing with Construction Permits	24	30	-6
Ease of Doing Business Rank	22	22	0
Enforcing Contracts	35	25	10
Getting Credit	17	19	-2
Getting Electricity	62	65	-3
Paying Taxes	24	27	-3
Protecting Minority Investors	46	49	-3
Registering Property	30	23	7
Resolving Insolvency	39	43	-4
Starting a Business	36	27	9
Trading Across Borders	22	22	0

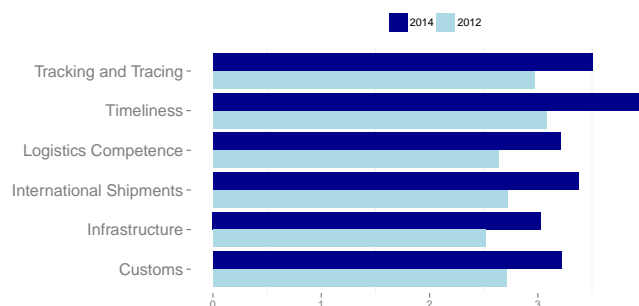
Source: Doing Business Report 2015

WEF Competitiveness Indicators (Scale 1-5, 5=best)



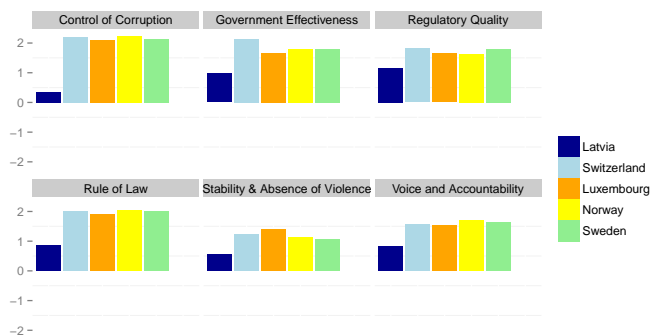
Source: WEF Global Competitiveness Report 2015

Logistics Performance Index (Scale 1-5, 5=best)



Source: Logistics Performance Index (World Bank)

World Governance indicators (Std. score, High=best)



Source: Worldwide Governance Indicators

Trade Policy

	2014
Import duties collected [1]	—
Services sectors with GATS commitments [1]	121

Sources: WITS, [1] WTO Trade Profiles

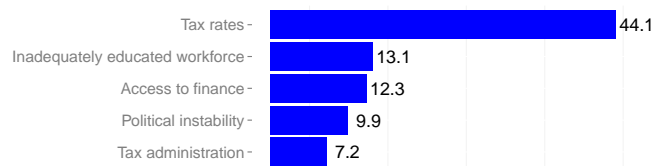
Private Sector's Views

Enterprise Survey 2013

	Latvia	Europe and Central Asia	All Countries
Number of electrical outages in a typical month	0.30	2	6.30
Percent of firms with a bank loan/line of credit	20.10	—	34.30
Proportion of investment financed by banks (%)	6.20	—	14.30
Proportion of investment financed internally (%)	78.20	—	71.80
Senior management time spent dealing with the requirements of government regulation (%)	5.20	—	9.90

Source: Enterprise Survey 2013

Top 5 constraints according to ES 2013 (% respondents)



Source: Enterprise Survey 2013

Top 5 constraints according to WEF 2015 survey (% respondents among 88 executives)



Source: WEF Global Competitiveness Report 2015