



### Latvia – a brief overview

The name "Latvia" originates from the ancient Latgilians, one of four eastern Baltic tribes that formed the ethnic core of the Latvian people (ca. 8th-12th centuries A.D.). The region subsequently came under the control of Germans, Poles, Swedes, and finally, Russians. A Latvian republic emerged following World War I, but it was annexed by the USSR in 1940 - an action never recognized by the US and many other countries. Latvia reestablished its independence in 1991 following the breakup of the Soviet Union. Although the last Russian troops left in 1994, the status of the Russian minority (some 28% of the population) remains of concern to Moscow. Latvia joined both NATO and the EU in the spring of 2004.

### Economy of Latvia

Latvia is a small, open economy with exports contributing nearly a third of GDP. Due to its geographical location, transit services are highly-developed, along with timber and wood-processing, agriculture and food products, and manufacturing of machinery and electronics industries. Latvia's low birth rate and decreasing population are major challenges to its long-term economic vitality. Latvia's economy experienced GDP growth of more than 10% per year during 2006-07, but entered a severe recession in 2008 as a result of an unsustainable current account deficit and large debt exposure amid the softening world economy. Triggered by the collapse of the second largest bank, GDP plunged 18% in 2009. The IMF, EU, and other international donors provided substantial financial assistance to Latvia as part of an agreement to defend the currency's peg to the euro in exchange for the government's commitment to stringent austerity measures.

The IMF/EU program successfully concluded in December 2011. The majority of companies, banks, and real estate have been privatized, although the state still holds sizable stakes in a few large enterprises, including 99.8% ownership of the Latvian national airline. Latvia officially joined the World Trade Organization in February 1999 and the EU in May 2004. Latvia joined the euro zone in 2014.

### Key Agri-products of Latvia

Grain, rapeseed, potatoes, vegetables; pork, poultry, milk, eggs; fish.

### Key Industries of Latvia

Processed foods, processed wood products, textiles, processed metals, pharmaceuticals, railroad cars, synthetic fibers, electronics

### Latvia's major trading commodities and partners

Key export commodities of Latvia are food products, wood and wood products, metals, machinery and equipment, textiles while its key exporting partners are Lithuania 19%, Estonia 11.7%, Russia 8.1%, Germany 6.4%, Poland 6%, and Sweden 5.2%. Key import commodities of Latvia are machinery and equipment, consumer goods, chemicals, fuels, vehicles while its key import partners are Lithuania 17.3%, Germany 11.2%, Poland 11.1%, Russia 8.6%, Estonia 7.5%, Finland 5.3% and Netherland 3.7%.

### Diplomatic Relations between Pakistan and Latvia

Latvia maintains an Honorary Consul in Karachi. Pakistan's Ambassador in Sweden is accredited as a non-residential ambassador to Latvia. There is also a growing number of Pakistanis (mostly university students) living in capital Riga.

### Trade relations between Pakistan and Latvia

Latvia exports wood, iron, steel, textile articles, rubber, aluminum and machinery etc. to Pakistan while it imports textiles, cotton, manmade staple fibers, toys, games and furniture etc. During FY16, Pakistan exported goods of worth \$ 4.68Mn as against exports of \$ 7.30Mn in the same period of last year showing decline of 35%. Pakistan's import from Latvia stood at \$ 40.84Mn as against imports of \$ 23.39Mn in the same period last year, increasing by 75%. The overall trade between both the countries stood at ~ \$ 45.44Mn in FY16, making trade balance favourable for Latvia.

### Potential for enhancing bilateral trade relations between Latvia and Pakistan

As Pakistan mainly imports iron and steel from Latvia, the country can play an important role in the ongoing development related to CPEC.

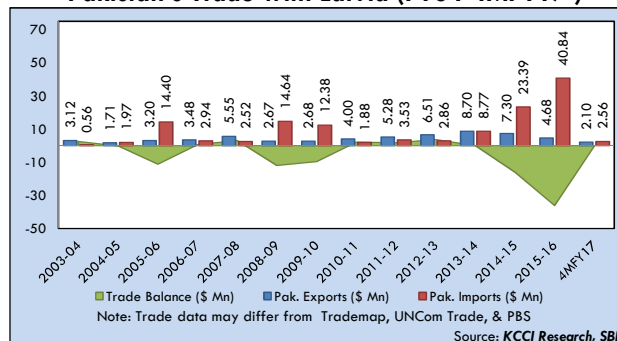
Exports can be improvised through effective utilization of the GSP plus status given to Pakistan by EU would play an instrumental role in extending and enriching the trade of both sides resulting in a win-win situation for both the nations. There is also a lot of potential for Pakistani agricultural products in Latvian markets.

### Economic Indicators

Indicators	Unit	2014	2015	Change
GDP (PPP)	\$ Bn	47.77	49.09	2.76%
GDP per Capita	\$	23,900	24,700	3.35%
GDP growth	%	2.4	2.7	0.30%
Forex Reserves	\$ Bn	7.89	7.51	-4.89%
External Debt	\$ Bn	41	N/A	N/A
Exports	\$ Bn	13.50	11.40	-15.56%
Imports	\$ Bn	16.52	13.74	-16.83%
Trade Balance	\$ Bn	-3.02	-2.34	22.52%
Current Account	\$ Bn	-0.62	-0.43	30.16%
CPI	%	0.6	0.2	-0.40%
Unemployment	%	10.9	9.9	-1.00%
Bank Lending Rate	%	4.60	4.5	-0.10%

Sources: KCCI Research, CIA Factbook

### Pakistan's Trade with Latvia (FY04-4MFY17)



### Latvian Lats Vs. Pakistani Rupee

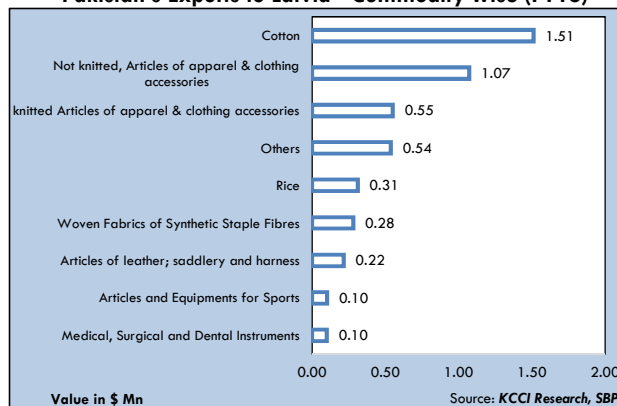
1 Latvian Lat is equal to 157 Pak. Rupees as on Dec 1, 2016



### Key Memberships

Latvia belongs to a number international organizations, including Australia Group, BA, BIS, CBSS, CD, CE, EAPC, EBRD, EIB, EU, FAO, IAEA, IBRD, ICAO, IFC, IFRC, IHO, ILO, IMF, IMO, IMSO, Interpol, IOC, IOM, IPU, ISO (correspondent), NATO, NIB, NSG, OAS (observer), OPCW, OSCE, PCA, Schengen Convention, UN, UNCTAD, UNESCO, UNWTO, UPU, WCO, WHO, WIPO, WMO, WTO

### Pakistan's Exports to Latvia - Commodity Wise (FY16)



### Disclaimer

This report has been prepared by KCCI Research & Development Cell. The information contained herein have been compiled or arrived at based upon information obtained from sources believed to be reliable and in good faith. Such information has not been independently verified. Contact: res@kcci.com.pk