

## About the Results On the Labor Force Survey in 2023

**Pending stability in the labor market**

According to the Labor Force Survey data from the Central Statistical Bureau (CSB), the number of employed persons in the fourth quarter of 2023 decreased by 1.4%, or 12.9 thousand people, compared to the same period in 2022. On average, throughout 2023, there was a decrease of 0.2%, or approximately 2 thousand fewer employed individuals compared to 2022.

This decline in employment has been largely influenced by a slowdown in economic growth and supply-side factors in the labor market, such as a decrease in the working-age population and a drop in total labor supply. In the fourth quarter of 2023, a total of 877.7 thousand residents were employed, representing 64% of the population aged 15-74. On average, 884.2 thousand people were employed in 2023, with an employment rate of 64.2%, which is 0.3 percentage points higher than in 2022.

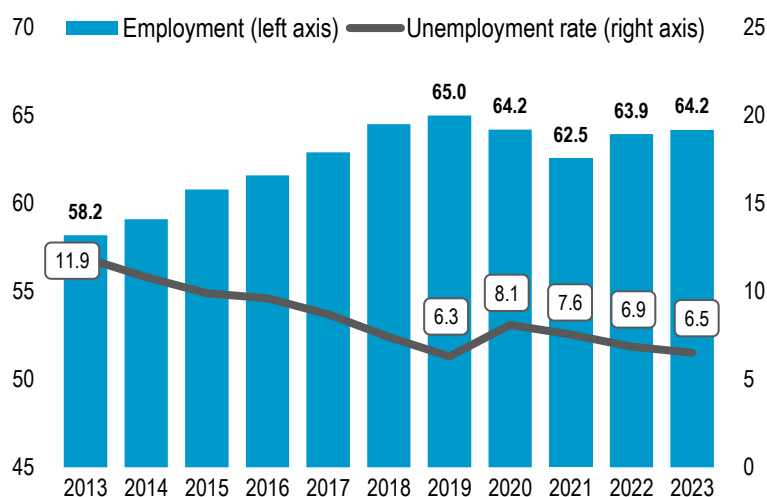
Despite this increase, the employment level in Latvia remains lower than in neighboring countries—3.1 percentage points lower than in Estonia (69.1% in the fourth quarter of 2023) and 1.7 percentage points lower than in Lithuania (65.7% in the fourth quarter of 2023).

Considering both the slowdown in economic growth and the decrease in labor demand, the downward trend in unemployment has generally halted. In the last quarter of 2023, the unemployment rate increased by 0.2 percentage points, reaching 6.8%, compared to the same period in 2022. In total, there were 64.2 thousand residents aged 15-74 looking for work in the fourth quarter of 2023, which is 1.1% (0.7 thousand) more than in the fourth quarter of 2022. However, on average, unemployment continued to decline in 2023, averaging 6.5%, which is 0.3 percentage points less than in 2022.

Despite a decrease in labor market activities, citizen participation in the labor market continues to grow. The economic activity rate of the population increased to 68.9% in the fourth quarter of 2023, up by 0.4 percentage points from the fourth quarter of 2022 (68.5%). In the fourth quarter of 2023, the number of economically active people aged 15-74 was 941.9 thousand, which is 12.2 thousand fewer than in the fourth quarter of 2022.

It should be noted that with the decrease in the inflow of refugees from the war in Ukraine, the positive effect of this influx on labor supply dynamics is gradually diminishing. Additionally, some war

**Employment and unemployment**  
(%)



refugees are returning home, which could exacerbate the negative impact of demographic factors on labor supply dynamics in the coming years. Overall, the population aged 15-74 decreased by 8.3 thousand in 2023 compared to 2022.

Given the ongoing high uncertainty in external markets and the tense geopolitical situation, it is expected that labor market activity in 2024 will generally remain cautious. A slight increase in labor market activity might occur with the arrival of the spring/summer season, driven by an increase in seasonal labor demand. However, a significant rise in new jobs and overall employment is not expected in 2024. Simultaneously, the labor market situation in 2024 will continue to be influenced by supply-side factors, including a negative demographic trend and a reduction in total labor supply, which will help keep unemployment at a low level. **Overall, the unemployment rate could decrease to an average of 6.4% in 2024, while the number of employed people would likely remain close to the levels seen in 2023.**