

THE NATIONAL ECONOMY OF LATVIA: A MACROECONOMIC REVIEW

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Latvia: 2009

Territory, thsd km ²	64.6
Population as of 1.07.2009 (thsd)	2 252
of which:	
Urban area	1 528
of which Riga, the capital city	711
Rural area	724
National currency: lats (LVL)	

Key indicators of economic development

	2005	2006	2007	2008	2009 e
(changes over the previous year, %)					
Gross domestic product	10.6	12.2	10.0	-4.6	-18.0
Consumer prices	6.7	6.5	10.1	15.4	3.5
(% of GDP)					
Central government budget balance	-0.4	-0.5	-0.3	-4.1	-10.0
Central government debt	12.4	10.7	9.0	19.5	34.8
Current account balance	-12.5	-22.5	-22.3	-13.0	8.0
Unemployment rate (share of job seekers as % of economically active population aged 15-74 years)	8.7	6.8	6.0	7.5	17.2

	2008				2009		
	I	II	III	IV	I	II	III
(changes over the corresponding period of the previous year, %)							
Gross domestic product	0.5	-1.8	-5.2	-10.3	-18.0	-18.7	-19.0
Consumer prices	16.4	17.7	15.8	12.0	9.2	4.7	1.6
(% of GDP)							
Central government budget balance	0.9	0.5	-3.0	-14.3	-9.2	-6.4	-5.4
Current account balance	-16.7	-15.1	-12.8	-7.8	1.3	14.1	10.1
Unemployment rate (share of job seekers as % of economically active population aged 15-74 years)	6.5	6.3	7.2	9.9	13.9	16.7	18.4

e – estimation of the Ministry of Economics

Economic policy

In the end of 2008, in order to eliminate further reduction of economic activities, to resume activity in Latvia's financial markets, to balance budget expenditure with decreasing public revenues, to restructure national economy of Latvia, Latvian government determined certain activities to overcome crisis. They are included in *Latvia's Economic Stabilisation and Growth Revival Programme* (adopted by the Saeima in December 12, 2008 and renewed in June 16, 2009). Main strategic directions of the activities to overcome economic crisis are following:

- strict and stable monetary policy, based on fixed exchange rate of the national currency against the euro. The government will implement all the necessary steps in order to fulfil the Maastricht convergence criteria, which would ensure introduction of the euro as soon as possible;
- strict fiscal policy – balancing of expenditures of central and local government with the possibilities provided by revenues. In order to ensure further decrease of total budget deficit, the goal of fiscal consolidation measures is to decrease budget deficit to 3% of GDP by 2012;
- decrease the level of wages in the economy of Latvia (both in public sector – public administration and services, and in private sector) so that it corresponds to the productivity;
- increase the efficiency of public administration, by implementing reforms in such sectors as education, health and other public services by decreasing and restructuring the number of employed, optimizing activities and number of ministries and agencies under their subordination;
- increasing labour market flexibility by promoting retraining of unemployed and their returning to the labour market;
- improve competitiveness of the economy by concentrating the financing of the EU Structural Funds in order to increase support of export sectors and infrastructure projects;
- reduce administrative burden on business, especially for small and medium-sized enterprises;
- stabilization of financial sector – state support provision for strengthening the credibility and activity of credit institutions along with the strengthened supervision of credit institutions;
- maintain social security activities for diminishing of social tension.

The government has managed to stabilize state's financial system. Several important reforms were taken up, for example, efficiency of state administration is being improved, and education and health care systems are being reformed. Results of these reforms will be obvious within medium term. At the same time the government implements different activities to support entrepreneurship and prevent administrative barriers by simplifying processes of tax administration, real estate registration, reception of building permits, as well as by promoting broader use of Integrated State Information system in communication among institutions and enterprises. In order to improve enterprise insolvency and liquidation processes, the government has prepared amendments to *Insolvency Law*.

To support entrepreneurship, 600-700 mln lats will be diverted in economy of Latvia in 2009-2010. Several financial instruments have been activated already. Loans and guarantees for improvement of competitiveness are available to merchants.

Also provision of support for taking up self-employment and entrepreneurship has been started already, and until the beginning of 2010 it is planned to begin supporting risk capital and transfer of technologies, as well as high risk loan programme. Significant economic revival instrument is Export Credit Guarantee System which was introduced on June 1, 2009. This year was started programme for heat insulation of multi-dwelling houses.

Moreover, to attract financing of the EU structural funds, several programmes, such as *Implementation of new products and technologies in the production*, *Competence Centre Programmes*, *Support for technology transfer contact points*, *Implementation of development programme of innovation centres and business incubators* were taken up. These programmes are aimed to foster knowledge-based economy, i.e. promotion of knowledge and technology transfer in industry in order to ensure production of higher value added output.

Macroeconomic development

After rapid economic growth lasting for several years (in 2005-2007 average annual increase rate of GDP was nearly 11%), economy of Latvia has gone into recession. In 2008 GDP decreased by 4.6%, but in the first three quarters of 2009 GDP dropped by 18.6%. It is expected that in 2009 reduction of economic activities will comprise 18% as it was foreseen previously.

If compared to the beginning of 2009, decrease of economic activities is not so rapid anymore and situation is improving gradually. Manufacturing has started to stabilize since April. In recent months production volumes are already increasing in processing of wood, chemical industry, metalworking, as well as in manufacture of paper and printing sector. Also exports slightly increased. In the 3rd quarter of 2009, compared to the 2nd quarter of 2009, its volume has risen by 1% (according to seasonally adjusted data).

Recession in Latvian economy is greatly determined by processes of global financial crisis which significantly decreases both Latvia's domestic and external demand. Depth of impact of financial crisis is strengthened by typical unbalance of Latvian external sector, which formed in previous years of rapid growth. Starting with the second half of 2008, as the financial inflow was running out, private consumption and investments are rapidly decreasing, as well as essential economic corrections are taking place, and it results in more balanced exports and imports of goods and services; simultaneously decrease of economic activities and the decline of domestic demand is observed.

This is clearly seen in dynamics of internal demand as it continues to decrease rapidly. In the 3rd quarter of 2009 domestic demand was less by 29.3% than in the same quarter of 2008 (for comparison – in the 2nd quarter of 2009 it was 26.1%, but in the 1st quarter - less by 19.8% than in the respective quarters of 2008).

As the domestic demand decreased and supply factor influence diminished, since the middle of 2008 growth rates of consumer prices are gradually falling. Price decrease is being observed for the last 9 months, and in December 12-month inflation was 1.2% (in comparison: in December 2008 12-month inflation was 10.5 percent). Deflation is also expected in 2010, and during the year, prices can drop by some more percent. In 2010 overall price level mainly will be reduced by poor demand, which is related to decrease of income of population which, in its turn, will be determined by cut of salaries both in public and private sector, as well as by unemployment increase.

In 2009, as the economic activities were reducing, the number of employed population continued to decrease rapidly – in the 3rd quarter 953.9 thsd persons were employed or less by 15.8% compared to the 3rd quarter of 2008 and unemployment level reached 18.4%. A year ago, in the 3rd quarter of 2008, it was 7.2%. Decrease of labour force demand is also expected in 2010. Social problems, related to low employment, will be current for next 3-4 years.

The recovery of national economy of Latvia, over the next years, will depend greatly on how fast global financial system and main partner countries of Latvia's foreign trade will pick up growth again, and how successfully Latvia will be able to compete in open goods and services markets.

The Ministry of Economy forecasts decrease of GDP also in the 1st half of 2010, and growth can resume in the 2nd quarter when GDP volume will not reduce anymore in comparison with the previous quarter (according to seasonally adjusted data). Although, in general a decrease of GDP of 3% compared to 2009 is expected in 2010.

Gross domestic product

2008

Volume at current prices,

mln lats	16274
mln US dollars	33905
mln euro	23150

Per capita,

lats	7182
US dollars	14962
euro	10216

Structure of GDP by sectors, in %:

Agriculture ¹	3.1
Industry	13.7
Construction	8.9
Trade ²	18.9
Transport and communications	10.7
Public services ³	16.1
Other services	28.6

After many years of rapid economic growth, when GDP annual increase rates even exceeded 10% for several years, there is a deep recession in economy now. It started in the 1st quarter of 2008 as domestic demand shrank.

In the 1st quarter of 2008 GDP volume, compared to previous quarter, reduced by 2.7% (according to seasonally adjusted data). In the next quarters recession rates gradually increased and GDP volume already was below level of 2007. In 2008 GDP volume decreased on average by 4.6%.

In the 1st quarter of 2009 recession rates significantly grew, as GDP volume decreased by 11.4 more percent (according to seasonally adjusted data), compared to the 4th quarter of 2008, and was less by 18% than in the 1st quarter of previous year. In the further quarters recession was not so rapid anymore (respectively, by 0.2% and 4% in the 2nd and 3rd quarter of 2009 according to seasonally adjusted data). Since the 4th quarter of 2007, when recession started, total reduction of GDP reached 24.2%.

Depth of impact of global financial crisis in Latvia is fastened by typical unbalance of external sector, which formed in previous years of rapid growth. Significant increase of private consumption and investment, which occurred more rapidly than general

economic growth, mainly was based on significant inflow of external capital.

Reduction of domestic demand had a direct impact on economic activities of sectors. In 2009 output decrease was observed in all key sectors of national economy. Major drops were in construction, trade and manufacturing.

¹ Including forestry and fishing

² Including hotels and restaurants

³ Public administration including healthcare and education

Gross domestic product

GDP by Sectors
(changes over the corresponding period of the previous year, %)

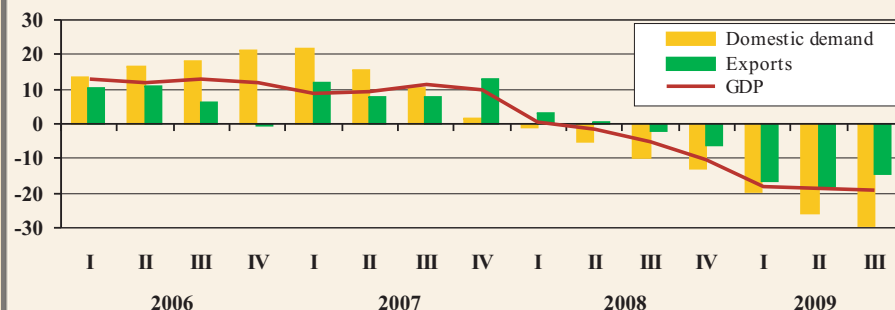
	2008		2009				2006	2007	2008	
	I	II	III	IV	I	II				III
GDP	0.5	-1.9	-5.2	-10.3	-18.0	18.7	-19.0	12.2	10.0	-4.6
Agriculture ¹	-1.4	0.3	1.4	-2.6	-11.0	-6.8	1.0	-5.2	8.0	-0.3
Industry	-1.1	-4.5	-5.5	-10.6	-21.8	-21.9	-15.8	5.7	1.8	-5.5
Construction	9.1	5.7	-7.4	-10.9	-28.2	-29.5	-36.0	21.5	15.7	-2.6
Trade ²	-0.3	-4.9	-8.8	-17.9	-26.6	-29.6	-28.9	17.9	14.2	-8.4
Transport and communications	8.7	1.3	-1.9	-2.0	-15.4	-15.0	-18.2	5.5	7.0	1.1
Public services ³	1.3	1.3	-0.1	0.3	-3.7	-8.3	-11.2	4.7	3.3	0.7
Other services	4.6	2.5	-2.0	-4.7	-6.5	-5.5	-3.9	18.2	11.2	-0.2

¹ Including forestry and fishing

² Including hotels and restaurants

³ Public administration including healthcare and education

Quarterly Changes in Real GDP and Major Expenditure Items
(in % over the corresponding quarter of the previous year)



6

Manufacturing

2008

Growth rate: -6.5%

Share in GDP 10.6%

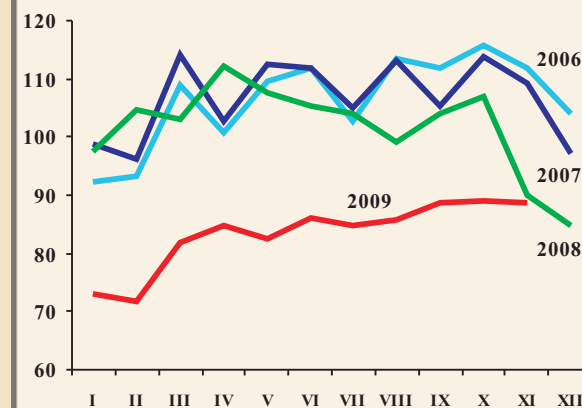
In 2009 rapid decrease of external demand had large impact on manufacturing in Latvia. Similarly domestic demand also continues to reduce, which was main reason for output decrease in 2008 when, over a year, production volumes fell by 6.5 percent.

In January-November 2009 manufacturing output was less by 19.2% than in 11 months of previous year. Most rapid reduction of volume of output produced was observed in the end of 2008 and in

the beginning of 2009. Since November 2008 production volumes diminished by more than 3% each month, but in January 2009, compared to previous month, production volume in manufacturing decreased by 9% (according to seasonally adjusted data). Output reduction was determined not only by poor domestic demand, but also by recession in main trade partner countries. As the situation in external markets improved, in the middle of 2009 certain stabilization features were observed in the sector, but starting with August production output, compared to previous month, is gradually increasing. Moreover, in November, compared to October, output of sector grew by 11.6% and thus output of manufacturing sector in November 2009 was only by 1.5% less than in November 2008.

In 11 months of 2009, compared to January-November 2008, production volumes of machinery and equipment, as well as of vehicles have decreased for more than a half in sub-sectors of manufacturing. For one third production volumes of light industry, non-metallic mineral products, as well as of electric and optical products have decreased. In its turn, in 11 months production volumes in processing of wood have increased.

Manufacturing Output
(average monthly output in 2005 = 100)



7

Investments

2009

Foreign direct investment stock per capita, at the end of the 2nd quarter: 3651 euro

Latvia's joining EU became a significant factor in acceleration of investment process. In the basis of rapid investment trend was availability of cheap financial resources. However, since 2008, under the influence of global financial crisis, investment volume in national economy of Latvia is decreasing more rapidly. Main reasons are limited availability of financial resources and rise of prices, unsatisfactory financial position of enterprises, low domestic and external demand, uncertainty of future, etc.

In 2008 compared to 2007 investment in national economy of Latvia reduced by 15.6%. As the environment for investments remained unfavourable, in the 3 quarters of 2009 investment

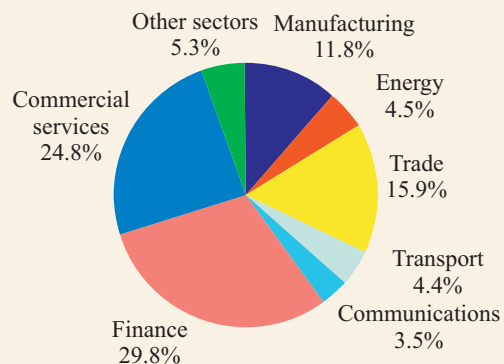
volumes were almost three times smaller than in the same period of 2008.

In 2008, compared to 2007, inflowing FDI volume was 44% less, but in seven months of 2009 it was only 10% compared to the same period of previous year. At the end of June 2009 FDI stock in Latvia's economy reached 5526.5 mln lats or almost 35% of GDP.

Investments of EU member states prevail in the geopolitical structure of the FDI stock. At the end of 3rd quarter of 2009 it comprised almost 80% of all FDI stock, one third of it were investments from new EU member states. Major investors are Estonia (15.3% of FDI stock at the end of 2nd quarter of 2009), Sweden (13.7%), Denmark (7.8%) and Germany (7.6%). 4.6% are investments from Russian.

Investments in the services sector account for the largest share of the FDI stock.

Foreign Direct Investment Stock by Industry
(at the end of the 2nd quarter of 2009, %)



Foreign trade

2009*

Structure of exports, %:

Metalworking, machine building and transport vehicles -	33.6
Agricultural and food products -	18.7
Wood and wood products -	16.4
Chemical products and articles of plastics -	11.5
Light industry products -	5.8
Other goods -	14.0

At the end of 2008 exports volume started to reduce significantly. The decrease continued in the 1st quarter of 2009, but in the 2nd quarter of the year situation stabilized and exports of goods even started to grow. In its turn, imports of goods started to reduce already in the second half of 2007 when domestic demand started to fall. Imports decrease was more important than exports decrease and it continued until the middle of 2009.

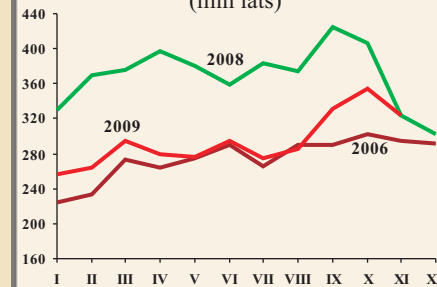
In general volumes of exports and imports of goods in January-November were significantly smaller than in the same period of previous year (exports at current prices –by 21.6%, but imports – by 39.6%). More rapid fall of imports volume has significantly improved general foreign trade balance.

Exports of goods in January-November 2009 has reduced in all groups of goods – more moderate on agricultural and food products (-10.5%), as well as on machine building production (-12.2%), in its turn, larger exports drops were observed on metalworking products (-41.4%) and on wood and products of wood (-23.7%).

In January-November 2009 exports volumes decreased to all country groups – most rapidly to EU-15 countries, but more moderately – to third countries.

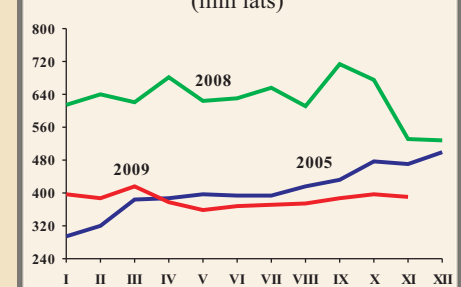
Similarly as in total Latvian exports, also to EU countries major exports reductions were observed on metalworking products (53.4%) and on wood and products of wood (-26.7%), but to CIS countries most significantly exports dropped on machine building (-27.9%), as well as on groups of agricultural and food products (-18.8%).

Commodity Exports by Months
(mln lats)



* data on January-November 2009

Commodity Imports by Months
(mln lats)



Balance of payments

2008

Current account balance

mln LVL:	-2051.5
mln euro:	-2919.4

Update of current account of balance of payments takes place in Latvia. Large and continuously growing current account deficit, which was characteristic to Latvia for several years, since second half of 2007 started to drop and since 2009 current account deficit already was positive.

In the 1st quarter of 2009 positive current account balance was 1.3% of GDP, in the 2nd quarter - 14.1% and in the 3rd quarter – 10.1%. Changes of current account are related to improvements in items in foreign trade and income balance. Foreign trade deficit in nine months of 2009, compared to the same period of previous year, had reduced and was 7.5% of GDP, which was determined by more rapid decrease of imports than decrease of exports. In the nearest future foreign trade deficit most

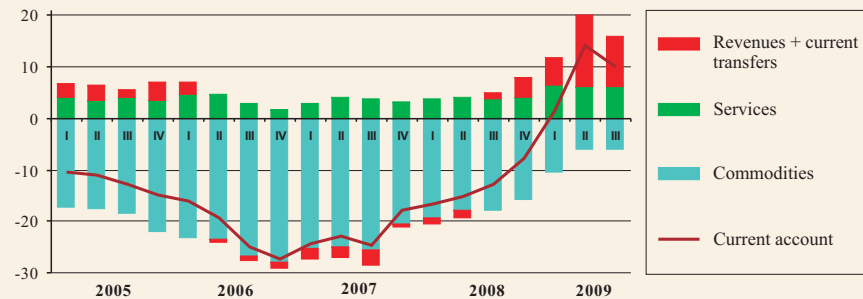
probably will continue to fall as domestic demand will decrease.

Current account balance of services is positive. In the 3rd quarter of 2009 positive balance of services was 6.2% of GDP, i.e., almost 1.5 times larger than a year ago.

Update of current account is carried out in conformity with changes in financial account. Since the 4th quarter of 2008 outflow of private foreign capital is observed which intensified in the 1st quarter of 2009 exceeding the volume of private capital inflow of previous year. Since the 2nd quarter of 2009 outflow of private foreign capital continued, however, in smaller volumes. Negative impact of private capital outflow to condition of financial account slightly reduced long-term loans of public sector.

In the 2nd quarter of 2009 FDI flows were negative, but in the 3rd quarter – they were positive. Fluctuations of FDI inflow are related to investment in equity capital of foreign enterprises which, depending on its size, can cover losses of foreign enterprises.

Current Account Balance
(% of GDP)



Inflation

December 2009

(12-month inflation)

CPI:	-1.2%
PPI:	-8.0%

After Latvia's joining EU high inflation was observed in Latvia, which in the middle of 2008 almost reached 18% (12-month price changes). Price decrease started in the end of 2008.

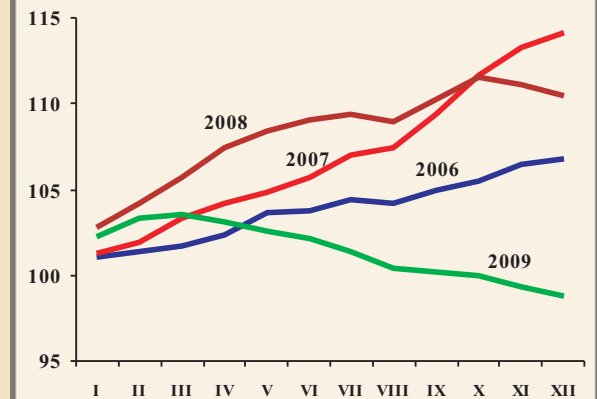
However in first three months of 2009 consumer prices slightly went up. That was determined by supply factors which are related to rise of administratively-regulated prices (on transport services and different public utilities) and rate increase to value added tax and excise. Since April consumer price decrease is observed each month, and in 2009 consumer prices dropped by 1.2% (for goods prices reduced by 1.2% and for services – by 1%). Main reason for deflation of consumer prices is reduction of domestic demand.

Most significantly decrease of consumer prices was determined by price fall on heat, gas and food products. In its turn, prices in 2009 rose on alcoholic beverages, tobacco products, medicine and pharmaceuticals, as well as on transport services.

Reduction of producer prices started earlier than reduction of consumer prices. Also in 2009 price deflation is observed both in local market, and on exported production. Price fall on production sold on local market was related to decrease of domestic consumption, in its turn, on exported production – to price drop of Latvia's main exports goods, of which price decrease of timber and food stuffs, in global markets.

If domestic demand will remain poor, prices will continue to fall also in 2010. At the same time it must be mentioned that in such important groups of goods as food and energy prices can increase.

Consumer Price Index
(December of the previous year = 100)



Monetary indicators

2008

Domestic enterprises and private persons

Loans:	90.2% of GDP
Deposits:	31.2% of GDP

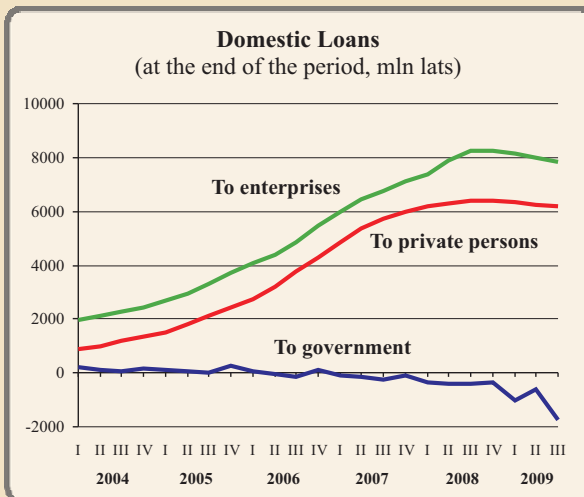
In 2009 in the result of availability of financial resources crediting volume has decreased. In the 3rd quarter of 2009, compared to the same quarter of previous year, remainder of domestic loans issued by banks diminished by 4.6%, but remainder of loans issued to private persons – by 3.5%.

As the unemployment was rising rapidly and income level of population was declining, in the beginning of 2009 solvency of borrowers was worsening. Part of loans with delays in payments in total credit portfolio increased from 11.7% in the 3rd quarter of 2008 to 25.2% at the end of 3rd quarter of 2009. At the end of 3rd quarter of 2009 rate of loans with delays in payments over 90 days in credit portfolio reached 14.5% (at the end of 3rd quarter of 2008 – only 2.4%).

Deposit volume also is decreasing. At the end of 3rd quarter of 2009 deposits in banks made by non-residents were less by 26.3% than a year ago, in its turn, reduction of the volume of residents' investment was more moderate – 1.2% compared to the same period of previous year.

Over the year interest rates of loans issued in lats have increased significantly, but rise of interest rates on loans issued in euros was more moderate. Weighted average interest rate on short-term loans in lats issued to enterprises and private persons in the 3rd quarter of 2009 was 15.9%, but on long-term loans – 16.4%, on loans issued in euros – respectively, 4.7% and 7.8%.

Over the year weighted average interest rates for attracted long-term deposits in credit institutions in lats have also increased (from 8.9% in the 3rd quarter of 2008 to 12.3% in the 3rd quarter of 2009). In its turn, short-term interest rates have gone up, respectively, from 5.2% in the 3rd quarter of 2008 to 7.6% in the 3rd quarter of 2009. Similar trend was also observed for weighted average annual interest rates for attracted deposits in euros. Short-term weighted average annual interest rate has decreased from 4.4% in the 3rd quarter of 2008 to 2.3% in the 3rd quarter of 2009, but long-term weighted average annual interest rate at the same time grew from 5.7% to 6.1% in the 3rd quarter of 2009.



Budget and central government debt

2008

General government budget (% of GDP):

Revenues:	38.3
of which – taxes:	31.3
Expenditures:	37.7
of which – capital investment:	5.4

Rapid drop of economic activities and decrease of domestic demand leaves negative impact on government general budget revenues.

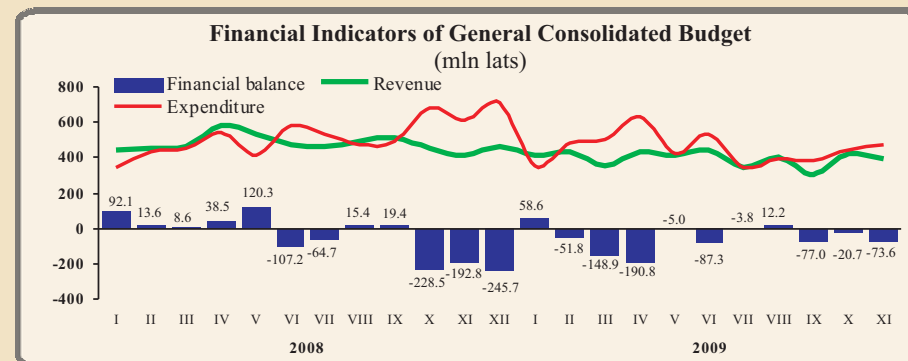
General government budget deficit in Latvia in 2008 was 671.5 mln lats or 4.1% of GDP. Basing on provisional data on general government consolidated budget execution in 2009, general government budget deficit in 2009 can reach 1330 mln lats or 10% of GDP. Mostly budget deficit is determined by deficit in central government budget which has trend to grow. Also consolidated budget balance of local governments has worsened in 2009.

In 2009 total state consolidated budget revenues were 4743.7 mln lats. That is 17.3% less than in 2008. Diminishing of budget revenues started in the end of 2008 which was determined by rapid reduction of domestic consumption.

Central government basic budget tax revenues in 2009 were 1663 mln lats, that is less by 31.5% that in 2008. It was mainly determined by the relevant reduction of value added tax and corporate income tax.

Reduction of budget revenues forces the government to implement budget deficit restriction policy. In 2009 budget expenditure was 5626.8 mln lats, which is less by 10.2% than in the previous year.

Until 2007 general government debt in Latvia increased moderately. However, in 2008, in order to fund financial liabilities of the country, it increased very rapidly and at the end of the year reached 3181.4 mln lats or 19.5% of GDP. Taking into account planned borrowing activities, for further receipt of international financial support, it is forecasted that in 2010-2012 central government debt level will not exceed 60% of GDP.



Personal income

2008

Average monthly net wage:

in lats 350
in euro 498

Average monthly old-age pension (paid):

in lats 141
in euro 201

Along with rapid economic recession and reduction of labour force demand, since 4th quarter of 2008 increase of wages and salaries has ceased and in the 3rd quarter of 2009 gradual decrease of average remuneration was observed. In the 3rd quarter of 2009 average monthly net wages and salaries were 335 lats, and compared to the 3rd quarter of 2008 they have dropped by 5.8%. In its turn, gross remuneration during this period of time has decreased by 6.4% and was 456 lats.

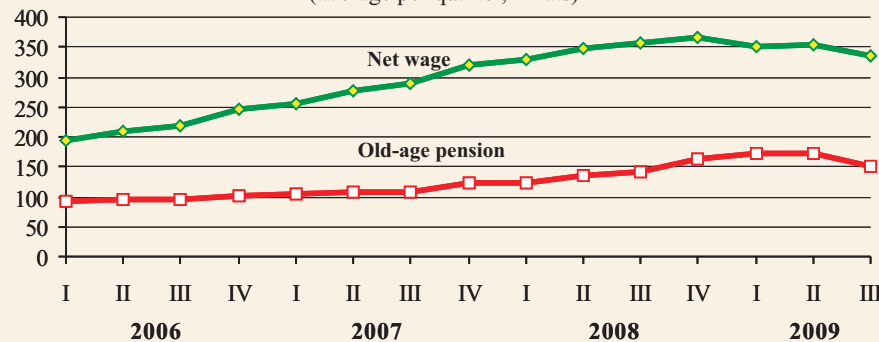
Decline in average gross wages and salaries in national economy was mainly determined by decrease of wages and salaries in public sector where average net wages and salaries in the 3rd quarter of 2009 have reduced by 12.2% compared to the 3rd quarter of 2008.

From 2009 minimum wages and salaries were raised from 160 to 180 lats, as well as rate of personal income tax was reduced from 25 to 23%. Starting with July 1st 2009 minimum non-taxable exemption for personal income tax was

reduced from 90 to 35 lats. Continuing state budget consolidation, starting with January 1 2010 general rate of personal income tax was increased from 23% to 26%.

In the 3rd quarter of 2009 old-age pension of population on average dropped by 6.7% compared to the same period of previous year. Decline in old-age pension was mainly determined by changes in legislation - old-age pensions of working pensioners were cut by 70%, but of not working pensioners – by 10%.

Monthly Wages and Old-Age Pensions
(average per quarter, in lats)



Employment and unemployment¹

2008

Employment rate (aged 15-64) 68.6%

Unemployment rate (share of job-seekers aged 15-74): 7.5%

Until the 4th quarter of 2008 indicators of labour market poorly reflected the economic recession. In the first two quarters of 2008 employment almost did not decrease and its level even slightly exceeded indicators of the same period of previous year. Starting with 4th quarter of 2008 rapid decline in demand of labour force is observed. In the 3rd quarter of 2009 the number of employed in national economy has decreased by 149 thsd or by 13.8% compared to the 3rd quarter of 2008.

Most significantly decline in employment during this period of time was influenced by decrease of labour force in sectors of construction, industry, energy, trade, as well as in state administration.

Along with reduction of employment also unemployment has grown rapidly. In the 3rd quarter of 2009 the number of unemployed was 214.9 thsd and comprised 18.4% of economically active population. Over the year the unemployment rate has increased by 11.2 percentage points. It also must be mentioned that economic recession has significantly impacted economic activity of population. Over the year the number of economically active population has dropped by around 4% and in the 3rd quarter of 2009 was 1168.8 thsd.

As labour force demand has decreased, the number of job vacancies has diminished. At the end of 3rd quarter of 2009 there were only 2 thsd job vacancies in the country and, compared to the 3rd quarter of 2008, this number has dropped by 6.1 thsd or 75.2%. In its turn, the number of occupied posts during this period of time has reduced by 233.9 thsd or 22.8%.

¹ In the analysis of employment and labour market trends, information on employment indicators refers to persons aged 15-64 years, but unemployment indicators – to persons aged 15-74 years, which corresponds to the EU practice.

Number of Employed and Unemployment Rate



Baltic States

Main socio-economic indicators of the Baltic States

	Estonia	Latvia	Lithuania
Territory, thsd km ²	45.2	64.6	65.3
Population as of January 1, 2009, thsd.	1340.4	2261.3	3349.9
Gross domestic product, % of the corresponding period of the previous year			
2008	-3.6	-4.6	2.8
1 st quarter of 2009	-15.0	-18.0	-13.3
2 nd quarter of 2009	-16.1	-18.7	-19.5
3 rd quarter of 2009	-15.6	-19.0	-14.2
Industrial output, % of the corresponding period of previous year* (working day adjusted index)			
2008	-6.5	-4.7	5.5
1 st quarter of 2009	-28.5	-25.4	-13.7
2 nd quarter of 2009	-32.9	-20.6	-20.5
3 rd quarter of 2009	-27.7	-15.5	-15.1
Unemployment rate (rate of unemployed as % of economically active population aged, 15-74 years)**			
2008	5.5	7.5	5.8
1 st quarter of 2009	11.4	13.9	11.9
2 nd quarter of 2009	13.5	16.7	13.6
3 rd quarter of 2009	14.6	18.4	13.8
Consumer price changes, % of the corresponding period of previous year			
2008	10.4	15.4	10.9
1 st quarter of 2009	3.1	9.2	8.7
2 nd quarter of 2009	-0.3	4.7	5.2
3 rd quarter of 2009	-1.1	1.6	2.8
Price changes in industry, % of the corresponding period of previous year			
2008	7.1	11.8	18.2
1 st quarter of 2009	2.1	4.1	-10.0
2 nd quarter of 2009	-0.6	-5.1	-15.0
3 rd quarter of 2009	-1.6	-8.6	19.1

* Short-term statistics data

** Eurostat data: <http://epp.eurostat.ec.europa.eu>