

THE LATVIAN INSTITUTE OF INTERNATIONAL AFFAIRS

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Guntis Štamers, *Latvia Today*

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Cover photo: the Freedom Monument

LATVIA TODAY

by Guntis Štamers

Second Edition
Editor Atis Lejiņš

Riga 1995

Dear Reader,

This is the second edition of *Latvia Today*. The first edition appeared in 1993 just before the first free elections that took place in Latvia after the collapse of the Soviet empire. Since then Latvia has gone a long way in establishing democratic structures, a market economy, and a body of law that are the underpinnings of all democratic states.

But this process is not an easy one, great sacrifices have been made, and much still remains to be done. The almost fifty years of Soviet occupation, during which time Latvia was cut off from the West, have left deep scars in the country. I hope that this little book will help you to better understand the drama of the Latvian people in regaining their place in the family of independent nations and in restoring a society based on democratic values.

Atis Lejiņš
Director
Latvian Institute
of International Affairs

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GENERAL INFORMATION

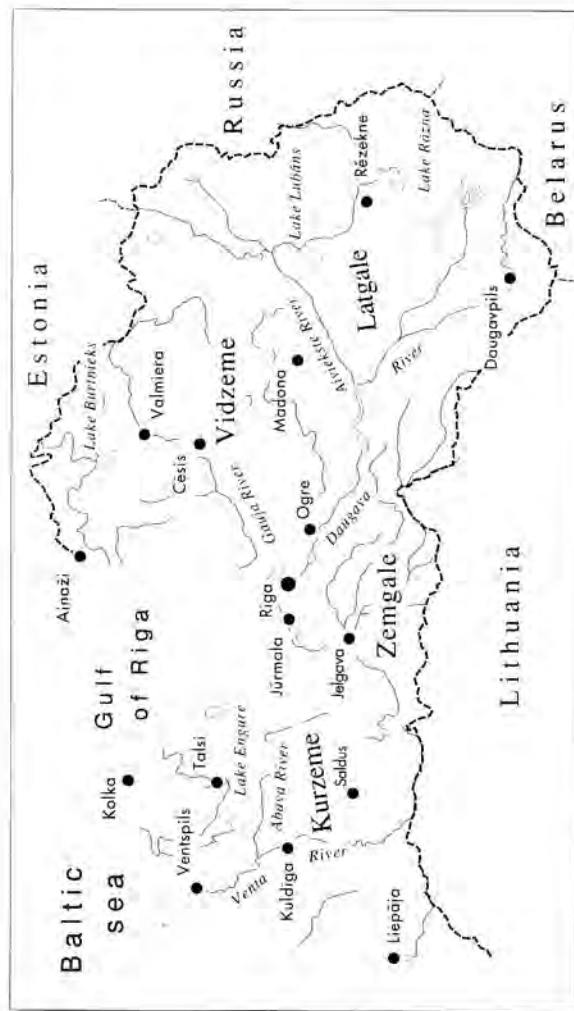
Population:	2,529,000
Area:	64,600 sq. km.
Population density:	39/sq. km.
Neighboring countries:	Estonia, Russia, Belarus, Lithuania
Capital:	Riga (pop. 840,000)
Other major cities:	Daugavpils (122,000), Liepāja (104,600), Jelgava (71,300), Jūrmala (59,600), Ventspils (47,500), Rēzekne (42,300)
Indigenous nationality:	Latvians (54.2% of total pop.)
State language:	Latvian
Religions:	Lutheran, Roman Catholic, Russian Orthodox
National holiday:	November 18, Independence Day
Natural resources:	Peat, dolomite, clay, gypsum, gravel, sand, timber
Main industries:	Mechanical engineering, food industry, wood processing, textiles, chemicals, electronics
Currency:	Lats (LVL, domestic abbreviation - Ls). 1 USD = 0.52 LVL; 1 DM = 0.37 LVL (March 1995)
GNP:	1,696,646,000 Ls (1994)

GEOGRAPHY AND CLIMATE

Latvia is located on the eastern coast of the Baltic Sea. It has land borders with Estonia, Russia, Belarus and Lithuania. Latvia's western coast is located approximately 160 km. from the Swedish island of Gotland and some 250 km. from the Swedish mainland. Only six European nations - Estonia, Finland, Sweden, Russia, Norway and Iceland - have territory lying farther to the North. Latvia's land area of 64,000 sq. km. is larger than Estonia, Denmark, Moldova, the Netherlands, Belgium and Switzerland.

Latvia's territory is divided into four historical districts — Kurzeme (western Latvia), Zemgale (southern Latvia), Vidzeme (northern Latvia) and Latgale (eastern Latvia). Latvia's topographical features were formed in 14th to 12th centuries B.C., when glaciers covering Latvian territory melted and receded. The land is mostly flat, though it features a number of beautiful river valleys and numerous lakes and marshes. Latvia has more than 3,000 lakes, concentrated mainly in Latgale, a territory known popularly as the land of the blue lakes. Only a few places in Latvia are higher than 200 m. above sea level. The highest mountain is Mt. Gaiziņš (Gaiziņkalns, 311.6 m.), located in the central Vidzeme highlands. The main rivers are the Daugava (its source is in Russia, where it is known as the Dvina, in Belarus - the Dzvina), the Venta, the Lielupe and the Gauja. The largest lakes are Lake Lubāns, Lake Rāzna, Lake Engure, Lake Usma and Lake Burtnieks. The deepest lake, Lake Drīdzis (65.1 m.) is deeper than the Gulf of Riga. There are about 25 species of fish indigenous to Latvian lakes. Their shores are inhabited by several type of waterfowl.

Forty-one percent of Latvia's territory is covered by



forest. The total amount of lumber in Latvian forests is estimated at 400 million cubic m. Latvia's largest tree, the so-called "Ancestor's Oak", is found in Kurzeme at a town called Kaive and has a circumference of 10 meters. Latvia is not rich in minerals. Its most significant natural resources are those which are suitable for construction trades: gypsum, clay, sand, lime and peat. The latter resource can also be used for fuel. Oil exploration in Latvia has not yielded any significant results, although considerable oil deposits are thought to lie under Latvian-controlled waters in the Baltic Sea.

Latvia is located in a temperate continental climatic zone. The average summer temperature is 11°C at night and 23°C during the day. The temperature seldom exceeds 30°C. The temperature of the sea during the summer is almost equal to the average air temperature. Water temperatures in Latvian lakes and rivers can reach 24 to 28°C. In January the average air temperature in coastal areas ranges from -2 to -3°C, while inland it ranges from -6 to -7°C.

Latvia experiences 120 to 140 low pressure systems each year, which leads to frequent changes in weather conditions. The average amount of precipitation is 600 to 700 mm. per year, close to the average found in western Europe.

POPULATION

The population of Latvia in January 1995 was 2,529,000. Some 840,000 residents live in the city of Riga. The population density of 39 people per sq. km. is lower than the average density of western Europe, but higher than in the Nordic countries. Latvia's average life expectancy of 67 years is one of the lowest in Europe (for men it is just over 61 years).

During the past several years there has been a tendency toward growth in the relative number of ethnic Latvians, due largely to the emigration of non-Latvians and the repatriation of Latvians from abroad (an estimated 110,000 Latvians, mostly refugees of World War II and their descendants, live in the West, with the largest communities found in the United States, Canada, Germany, Sweden and Australia; an estimated 80,000 Latvians, mostly refugees of World War I and their descendants, live in Russia). In addition, some non-Latvians living in the country are becoming assimilated.

The Latvian population has been decreasing steadily over the past five years. There are two reasons for this: declining net migration and decreasing natural population growth. The death rate in 1994 was the highest since 1949, reaching 41,600. In 1990 the number of births exceeded deaths by a little more than 3,000, but since 1991 the number of deaths has exceeded births. In 1994 deaths exceeded births by 17,400. Also, 37,300 abortions were performed in 1993. The number of suicides have increased continuously from 1989 until 1993 when they peaked at 1150. In 1994 they fell to 1020.

In 1994, the number of people who left Latvia exceeded those arriving by 18,400. The proportion of Latvians in the population has continued to increase during this period from the low of 52% in 1989.

The number of marriages in Latvia has been diminishing (14,600 in 1993). In 1993, after steady annual growth since

LATVIA'S POPULATION IS MADE UP OF A NUMBER OF NATIONALITIES:

	No. in 1935	% of total	No. in 1989	% of total	No. in 1994	% of total
TOTAL	1,950,000	100.00	2,667,000	100.00	2,565,900	100.00
Latvians	1,472,600	75.50	1,388,000	52.00	1,391,500	54.23
Russians	206,500	10.59	906,000	34.00	849,300	33.10
Belarusians	26,900	1.38	120,000	4.50	105,100	4.10
Ukrainians	—	—	92,000	3.50	78,200	3.01
Poles	48,900	2.51	60,000	2.30	57,200	2.21
Lithuanians	22,900	1.17	35,000	1.30	33,200	1.31
Jews	93,500	4.79	23,000	0.90	13,300	0.53
Germans	62,100	3.19	3,800	0.10	2,400	0.09
Estonians	7,000	0.36	3,300	0.10	3,000	0.11
Others	10,000	0.51	35,800	1.30	25,400	1.26

Data from the State Committee for Statistics

1990, the number of divorces declined (11,070 in 1991, 14,553 in 1992, 10,300 in 1993). For every 100 marriages there were 70 divorces in 1993. Of all marriages in 1993, one fifth involved a couple where only one partner was an ethnic Latvian.

The official language of Latvia is Latvian, a language belonging to the Baltic branch of the Indo-European languages (Lithuanian is the other living Baltic language). Even after independence its restoration as the leading language has been slow. In Riga, the largest city in Latvia, Latvians made up 36% of the population, in the second largest city of Daugavpils the percentage was only 13% in 1994. However, by February 1995 Latvians already made up a little more than 40% of Riga's population and together with non-Russian minorities now form slightly more than half of Riga's inhabitants (Russians 44.5%). Alongside Latvian, the Russian language is still commonly used in everyday life and commerce, especially in the larger cities. Many Latvians speak at least some English or German.

ETHNIC MINORITIES

The issue of ethnic minorities in Latvia is an important one, as non-Latvians form 45.8% of the Latvian population. Many of these people arrived with the Soviet occupation force, and some of them are not loyal to the Latvian state. This is especially true of people associated with the Russian armed forces, as well as some former officials of the Communist Party and the KGB — perhaps some 150,000 individuals in all. The matter is complicated because during Soviet rule, Russians and russified members of other nationalities did not consider themselves a minority in Latvia, but rather as representatives of the majority nationality in a far-flung outpost of the Soviet Union. These individuals had an advantage over the Latvians, because they could use their native language at work and in everyday contacts, but Latvians had to learn a second language. After Latvia regained independence, the Russians were faced not only with a change in the status of their language and culture, but indeed with a change of their juridical status. For example, Latvian citizenship was automatically restored for individuals who were citizens of Latvia in 1940 and their descendants; for ethnic Latvians and their descendants; and for residents who have completed their primary or secondary education in Latvian speaking schools. All other residents of Latvia, however, have to undergo naturalization. This means that all the ethnic groups in Latvia are split into two divisions — citizens and non-citizens. Among 761,619 Russians resident in Latvia in 1995, 288,548 were citizens. Of 108,664 Belarussians 21,009 had citizenship. Of 68,613 Ukrainians and 64,883 Poles it was 4,124 and 39,505. Non-citizens face various political, social and economic limitations.

During Soviet rule, only Latvian and Russian cultural activities had the opportunity to flourish, but in the independent Latvian state, the government supports minority education and

cultural efforts. The largest minority populations or nationality groups are guaranteed elementary education irrespective of the citizenship status of the pupil. Russians, in addition, are guaranteed middle education and, partly, trade or higher education in their native language. In 1994, full-time schools operated in Russian (196 schools), mixed Latvian and Russian (137), Polish (6) Jewish (1), Ukrainian (1), and Estonian (1). In various schools Lithuanian, Belarussian and Gypsy children have separate classes where they receive instruction in their native languages.

There are about forty ethnic cultural societies which were established while Latvia was trying to regain its independence or after it succeeded. Nineteen of these have united in an Association of Ethnic Cultural Societies. Each year Latvia gives minor financial support to permit the groups to organize cultural events. In 1995 the total budget for such activities was 5,500 lats. Many ethnic groups — Poles and Jews are good examples — have close contacts and receive support from their ethnic homelands. Individual ethnic groups have regular broadcast programming on Latvian state radio in Lithuanian, Polish, Latvian and other languages. The second channel of Latvian TV beams news and original programs in Russian. Polish and Ukrainian television programs are re-broadcast in Latvia.

Latvia does not, however, have an integration program for minority populations, and this is especially true with respect to opportunities for non-Latvians to learn the Latvian language. One way in which the matter of minority nationalities is dealt with is repatriation. There is a repatriation center which provides legal and material support for individuals seeking repatriation. It has, however, very limited resources. In 1994 the center received only 6,675 lats, while in 1995 the budget is 8,999 lats. At the beginning of 1995, a law on repatriation was still in its formative stages. Nevertheless a low level of repatriation is taking place. In May 1994, Parliament adopted a law on paying compensation to residents who leave state-owned apartments. The establishment of

a support fund and the adoption of an overall law on repatriation could help to increase the flow of repatriation and migration. Since 1992, this flow has been steadily decreasing. The migration levels of the various nationalities are reflected in the following table:

NET MIGRATION

	1991	1992	1993	1994
Latvians	+419	+43	+382	+ 230
Russians	-5,394	-27,332	-17,762	-13,177
Ukrainians	-1,886	-7,531	-3,672	-2,593
Belarussians	-1,603	-7,070	-2,198	-1,525
Others	-2,689	-5,298	-4,630	-2,124
TOTAL	-11,153	-47,188	-27,880	-19,189



President William J. Clinton in Riga 1994 with the three Baltic presidents Lennart Meri, Guntis Ulmanis, Algirdas Brazauskas

HISTORY

The first known human settlement in the territory that is now Latvia took place soon after the end of the Ice Age, at approximately 9,000 B.C. By 2,000 B.C. the territory was the northernmost settlement of Baltic ethnic groups. Baltic and Finno-Ugric tribes mingled in the area. Extensive migration led to Balts becoming the dominant group in the area.

At the turn of the 12th century, the independent development of communities on the eastern coast of the Baltic Sea was interrupted by the arrival of western European (mainly German) Christian crusaders who came East to spread the Catholic faith. After a struggle which lasted nearly 100 years, the crusaders succeeded in establishing the Livonian state in the territory of present-day Latvia and Estonia. Livonia was a political union of territories belonging

to the Livonian Order of Knights and to the Catholic church. Its territory stretched over the homelands of several Baltic tribes: Couronians, Semigallians, Latgallians, Selonians and Finno-Ugrians (Estonians and Livs). A majority of Balts, however, lived in the territory of an independent Lithuanian state, where some Semigallians, unwilling to succumb to German power, found refuge. The political and economic unity of the Livonian order eventually stimulated the unification of the local tribes into one (Latvian) linguistic community.

The Livonian Wars (1558-1583) begun as Muscovite Russia's attempt to conquer Livonia led to her partition by Sweden and the Grand Duchy of Poland-Lithuania. The Duchy of Kurzeme (Courland), a semi-independent state paying tribute to Poland, in the 17th century became so successful that it held colonies in Africa and on the Caribbean island of Tobago, where people with Latvian or semi-Latvian surnames can still be found today.

A new wave of Russian expansion began in 1700 and in 1795 led to the complete incorporation of the lands on the eastern shore of the Baltic Sea into the Russian empire. The privileged conditions of the largely German landed gentry did not, however, suffer any particular ills under Polish, Swedish or Russian rule.

Latvians began to consider themselves a separate nation in the first part of the 19th century, when the first Latvian language newspapers were published. The Latvian intelligentsia, especially a group calling itself the "Young Latvians", did a great deal to develop the Latvian literary language and Latvian culture. Beginning in the 1880s the Russian government began a program of deliberate Russification in the Baltic provinces. Even elementary education was mandated in the Russian language.

The demand for Latvian national independence became public in the early years of the 20th century. The revolution of 1905-1907 was, in Latvia, an outright struggle against German landowners and the Russian policy of national oppression.

The second year of World War I crippled Latvia. As the German army occupied the western half of Latvia, one fifth of Latvia's 2.5 million inhabitants became refugees, and most of Latvia's industry was moved to the Russian interior. In order to fight against the German invaders, Latvian volunteer battalions were formed in July, 1915. By 1916 the Latvian Rifleman's force had expanded to eight regiments, with a total of 40,000 men. They succeeded in temporarily halting the German advance, but after the February revolution of 1917 in Russia, the Latvian Rifleman, disgruntled by mediocre Russian military leadership and trusting the radical social and national program of the Bolsheviks, became supporters of Lenin. After the October Revolution the forces retreated to Russia and became the most elite segment of the Red Army.

In 1918, at the end of World War I, German troops began withdrawing from Latvia. The Rifleman and the Latvian Bolsheviks, led by Pēteris Stučka, were regarded as liberators by the people. Many Latvians did not trust the provisional government, headed by Kārlis Ulmanis, which proclaimed Latvia an independent republic on November 18, 1918. But the brutal terror of the Bolsheviks, as well as the famine resulting from their socialist policies, turned the people against them. About half of the Rifleman deserted to the provisional government. Supporters of an independent state became the overwhelming majority among Latvia's inhabitants.

But Latvia's German gentry, as well as the German

volunteers supporting them, wanted to see a pro-German government in Latvia. In April of 1919 there was a coup attempt against the Ulmanis government, and in October of the same year, an attempt was made to occupy the territory controlled by the provisional government. On November 11, 1919, however, the German troops under the command of Gen. Bermont-Avalov were defeated at Riga and were soon driven out of Latvia.

Despite the loss of the greater part of its industry and one quarter of its population, the new Latvian state began to flourish economically, once the struggle for independence was over. At the end of the 1920s, the nation had reached living standards comparable to those of western Europe. The most significant political achievement was the agrarian reform, which granted land to almost 145,000 landless peasants and guaranteed the new state's social stability. Latvia set an example with its approach to minority rights, guaranteeing the ethnic minorities, fully one quarter of Latvia's population, wide-reaching cultural and educational rights.

An extensive economic and political crisis developed during the 1930s, caused by parliamentary corruption and frequent changes in the government. The crisis forced people to consider a reform plan which would have diminished the number of small political parties and their influence in the Parliament and increased the authority of the state president.

Reform plans were abandoned when Kārlis Ulmanis, the then prime minister, staged a bloodless coup on May 15, 1934. An authoritarian dictatorship was established.

The outbreak of World War II found Latvia unprepared and relying on nothing more than its self-declared neutrality. The lack of a tight military and political union with the other

Baltic states, Poland, or any western nation prevented Latvia from averting the destruction planned for it by the Soviet-German Molotov-Ribbentrop pact signed on August 23, 1939.

In October, 1939, the Soviet Union forced Latvia to allow Soviet troops onto Latvian territory, and on June 17, 1940, it occupied the country outright. The Latvian government considered military resistance futile and succumbed to the onslaught.

A puppet government, at first without any communists, was established under the leadership of Augusts Pūtenšteinis. Ulmanis was allowed to remain in the position of president for another month. Hoping to save his nation from even greater misery, Ulmanis signed all decrees dictated to him by Moscow. For this reason, many people were uncertain about whether they should support the puppet government, at least as an interim authority. But the attempt to appease Moscow proved futile. The communists organized elections in which alternative lists of candidates were banned, and in the end Latvia was annexed into the Soviet Union. A period thereafter known as the year of terror ensued.

On the night of June 13/14, 1941, the Soviets deported some 20,700 civilians, including children and the elderly, to Siberia. Among the deportees were approximately 5,000 Jews, even though Jews were only five percent of Latvia's population. In 1941 the Soviets began a nationalization of trade and industry, but their program was interrupted by the German invasion and eventual occupation of Latvia in the summer of that year. The Germans did not return Soviet nationalized property to their rightful owners except land in the countryside and homes in the cities.

Upon the institution of Germany's "new order," the

greatest suffering was again visited upon the Jews. About 75,000 of Latvia's 93,000 Jews were killed in Latvia, as were more than 25,000 Jews from other countries. Some Latvians participated in the annihilation, but many others risked their lives to rescue Jewish friends, acquaintances and strangers. The Germans took advantage of the extensive anti-communist and anti-Russian sentiment engendered by the year of terror to recruit Latvians for German military units. On February 10, 1943, on direct orders from Hitler, a general mobilization was instituted, establishing a separate legion of the SS-Waffen troops, known as the Latvian Legion. This force later suffered great losses on the eastern Latvian front lines. A significant resistance movement against the German occupation was led by the Central Council of Latvia, with the participation of notable Latvian politicians.

This group maintained contacts with Sweden, sent documentation of Nazi atrocities to the Western allies, and organized the transportation of refugees to Sweden. Pushed back by a Soviet re-invasion, the German army in western Latvia (Kurzeme) surrendered on May 8, 1945. Some 130,000 refugees fled, by land and by sea, along with the withdrawing German army.

The Soviet army also mobilized many Latvians. The Latvian "Red Riflemen" suffered particularly great losses while defending Moscow against German troops, as well as in battles against the Latvian Legion in Kurzeme.

As the Red Army occupied Latvia for a second time, Sovietization began anew. The socialization of the national economy was completed with the collectivization of agriculture. A notable resistance movement was brutally suppressed. By 1953, some 120,000 people had been killed, imprisoned or deported. On March 25, 1949, alone, 43,000 people were sent to Siberia. The Soviet Union also pursued

its policy of Russification. Intensive industrialization of the country demanded extra labor. This led to the importation of 450,000 Russian "immigrants." By 1989 the flood of outsiders forced the percentage of indigenous Latvians living in the country to as little as 52% of the total population. The Russian language dominated both public and private life. An attempt by Latvian nationalist communists in 1959 to reverse the trend was suppressed, as were individual dissidents active throughout the occupation.

Open discussion of Sovietization and Russification began only after the implementation of Mikhail Gorbachev's policies of glasnost and perestroika in 1985. The first above-ground opposition organizations, *Helsinki-86* and the Environmental Protection Club, were established in 1986-87 with the aim of protecting human rights and the environment. Mass rallies took place at the Freedom Monument in Riga on June 14 and August 23, 1987, though another planned rally on November 18 was crushed by security forces.



Changing of the guard at the Freedom Monument

RESTORATION OF INDEPENDENCE

The Latvian Popular Front (LPF) united forces calling for an end to the totalitarian regime in Latvia. Political views ranged from those advocating outright Latvian independence and a market economy to those supporting reformed communist authority with expanded political and economic autonomy for the Latvian SSR. In the early days of the LPF the latter view commanded a majority. The front held its first congress in October, 1988, electing Dainis Iļvāns, a journalist and member of the Communist Party, as chairman. Uniting 200,000 members, the LPF soon became the greatest political force in Latvia.

A second, more determinedly pro-independence organization, the Latvian National Independence Movement, was also established in 1988.

On May 31, 1989, the LPF issued a manifesto in which possible political aims were outlined: either to fight for the sovereignty of Latvia within the Soviet Union, or to press for full independence. As the idea of Latvian independence gained increasing support among the population, the leadership of the LPF reconsidered its views. In October, 1989, the second LPF congress formally called for the full independence of Latvia.

On August 23, 1989, the fiftieth anniversary of the Soviet-German pact which assigned the Baltic states to the Soviet "sphere of influence" and directly led to the Soviet occupation of the Baltics, an estimated 2 million Baltic residents formed an unbroken human chain from the Lithuanian capital of Vilnius, through the Latvian capital of Riga, to the Estonian capital of Tallinn. This demonstration was called the "Baltic Way".

Latvia's residents were split into loose groupings either supporting or opposing independence. The opponents of independence were headed by the Latvian Communist Party

and its satellite organizations, most notably the International Front. Most of its members were Soviet military veterans and non-Latvians who immigrated or were sent to Latvia after World War II. The International Front was supported by the Soviet Army and the KGB.

The supporters of independence split on strategic issues.

The LPF leadership and a majority of members advocated seeking independence within the confines of the Soviet and Soviet-Latvian constitutions so as to avoid military or economic retaliation by the Soviet Union.

The adopted strategy was to seek a majority in the Spring 1990 elections to the Soviet Latvian Supreme Council, (parliament). In the event, the supporters of independence, led by the LPF, took 138 of 201 seats in the Supreme Council: three more than the two thirds necessary to amend the Soviet Latvian constitution and proclaim Latvia an independent state. Independence was proclaimed on May 4, 1990, and a transition period was announced pending restoration of national authority. The Satversme (constitution) of 1922 was partially restored, but parts of the Soviet Latvian constitution, as well as the Soviet Latvian criminal and civil codes were declared to remain in force pending revisions. Anatolijs Gorbunovs, a former ideological secretary of the Latvian Communist Party, was chosen chairman of parliament and thus head of state. Ivars Godmanis, the chairman of the LPF political committee, was elected prime minister.

First two, then three major factions evolved in the parliament. Deputies elected under the LPF banner united in one faction, while those elected on the anti-independence platform united in another, called Equality. In time a more vocally nationalist and liberal group, called Satversme, broke away from the LPF faction.

Other, smaller factions and groupings also soon established themselves.

Members of the Equality faction abstained from the vote on independence in May 1990 and advocated Latvia's continued status as a member state of the Soviet Union. A National Salvation Committee was formed in January 1991. It

hoped that the Soviet army and KGB would overthrow the Godmanis government and dissolve the parliament. On January 2, 1991, the "black beret" paratroop forces known under their Russian-language acronym OMON were ordered to force Communist Party leadership to occupy the building in which nearly all of Latvia's newspapers and magazines were published. The occupation was maintained until the collapse of the Soviet coup attempt in August, 1991. Throughout early 1991 Latvian customs points were attacked, often bloodily, by OMON forces, and numerous explosions were detonated by unknown persons in Riga. On January 20, 1991, the black berets attacked the Latvian Interior Ministry. Five people, including a well-known Latvian film producer, his cameraman, two police officers, and a passer-by were killed in the gunfire. During the August coup attempt the Latvian television and radio buildings, as well as the Interior Ministry, were occupied by members of the Communist Party Central Committee. When the coup failed, the Communist Party and its satellite organizations were banned, and Communist Party leader Anatolijs Rubiks was jailed.

On August 21, 1991, the Supreme Council adopted a resolution on the full restoration of Latvian state authority, thus concluding the transition period.

In late 1992 the Supreme Council proclaimed elections to the first post-independence Latvian parliament, or Saeima, which were held on June 5-6, 1993. The convening of the 5th Saeima after the elections in July was the last step in restoring the political independence of Latvia.

POLITICAL SYSTEM AND PARTIES

Latvia is a parliamentary republic. The state constitution, or Satversme, was adopted on February 15, 1922. It was fully reinstated in 1993. A second segment of the country's basic law is the 1991 law on human rights and the rights of the country's citizens. Several laws, including an amended version of the Civil Code, have been simply carried over from the period of Latvian independence which preceded the Soviet occupation.

The highest elective body in Latvia is the unicameral Saeima (parliament), elected in direct, proportional elections by citizens at or above the age of 18. It consists of 100 deputies, who serve terms of three years. To gain seats in the parliament parties must receive at least four percent of the national vote. This barrier has been raised to five percent for the next elections on September 30 and October 1, 1995.

The head of state in Latvia is a president, elected by the Saeima for a term of three years. The current Latvian president, Guntis Ulmanis, representing the *Latvian Farmer's Union* party, was elected on July 7, 1993. Executive power in Latvia is wielded by the prime minister, who is nominated by the president and confirmed by Parliament. Since September 1994 the prime minister has been Māris Gailis (from the *Latvia's Way* party). He heads a coalition government in which the *Political Association of Economists* party is junior partner. Until July 1994, the prime minister was Valdis Birkavs, also of *Latvia's Way*, and the government included the *Farmer's Union* as its junior coalition partner.

There are 11 political parties and organizations represented in Parliament. The governing coalition of the *Latvia's Way* party (34 seats) and the *Political Association of*

Economists (7 seats) is supported by several minor parties as well as some independent deputies.

Latvia's Way is a liberal, free-market oriented party which was established shortly before the 1993 elections. Its leaders include many of the primary figures of the Latvian independence movement, including the former ideological secretary of the Latvian Communist party, Anatolijs Gorbunovs, who is now chairman of Parliament, as well as emigre Latvian leaders such as Oļģerts Pavlovskis, who is state minister for foreign trade and European Union affairs, and Gunārs Krastevičs, who is state minister for Baltic and Nordic affairs. The party leadership also includes individuals who rose to political prominence after independence was won. Prime Minister Gailis is one such example. The chairman of the party is foreign minister Valdis Birkavs.

The *Political Association of Economists* was established in 1991 after a split in the ranks of the left-centrist parliamentary party *Harmony for Latvia*, headed by the former foreign minister, Jānis Jurkāns. The leaders of the Political Association of Economists are Edvins Kide and the state minister for foreign relations, Vilnis Edvīns Brešis.

The largest opposition force in the Parliament is an coalition of four political parties (*the Latvian National Independence Movement (LNNK), the Farmer's Union, the Latvian Democrats and the For Fatherland and Freedom party*) which formed as a nationalist bloc after the government crisis in August 1994. The bloc is also supported by the *Latvian Farmers party*, which is not represented in Parliament, and by the *Latvian Popular Front*, which was once in the leadership of the Latvian independence movement. The parties are unified against communism and nationalism. Their economic policies, however, differ. The *Latvian National Independence Movement* and *For Fatherland and Freedom* defend free market principles, while the *Farmer's Union*, the political heir of an identically

named party which existed before the Ulmanis coup of 1934, believes in protectionism to defend the interests of Latvian agriculture. The leading party in the bloc is LNNK (12 seats). It was established in 1988 and quickly became the radical alternative to the Latvian Popular Front in the independence movement. The chairman of the party is Anna Seile, while other leaders include the chairman of Parliament's foreign affairs commission, Aleksandrs Kiršteins, and the leader of the unofficial parliamentary shadow cabinet, Andrejs Krastiņš.

The left centrist Democratic (4 seats) and the *People's Harmony* (5 seats) parties, though formally in opposition, often side with the ruling coalition in the parliament.

The leftist opposition is represented by the Equality movement (7 seats) which was elected largely with Russian votes. It maintains close ties with the Latvian Socialist Party. The leaders of *Equality* are Larisa Laviņa and Filips Stroganovs. One of its deputies is the last Latvian Communist party leader Alfrēds Rubiķis, who was arrested during the 1991 Soviet coup and is in prison during an ongoing trial process.

Before the 1995 elections a number of political parties and groupings have merged in order to gain representation in the next parliament. For example, the Democratic party has joined ranks with the *Saimnieks* (The Proprietor) which has only one seat in the Saeima. In addition, the Political Association of Economists has formed a coalition both with this new party now called the Democratic Party *Proprietor* and a number of tiny political parties. The Christian Democrats are aiming to merge with the Farmers' Union, while the LNNK has joined forces with the Green party.

Completely new parties have also emerged on the Latvian political scene. Among them is the Political Association of the Disadvantaged, and the *Popular Movement for Latvia*, which have been established by two former deputies of the *Independence Movement* fraction, the well-known German

socialist Joachim Siegerist and Odisejs Kostanda. These groupings are represented by the socially and economically disadvantaged segments of the population, as well as those who have suffered during Latvia's economic transformation and have lost faith in the currently governing political parties.



The last Russian soldier leaving Latvia on August 31, 1994

DOMESTIC AND FOREIGN POLICY

The most important goals in Latvian policy are to create and support a free market economy and to strengthen the country's domestic and foreign security. The most important achievement in terms of foreign policy in 1994 was the withdrawal of the Russian armed forces on August 31. This meant that Latvia could begin to deal with Russia on the basis of equality and was a step in facilitating the security of the state at a time when Russia is still far from being a democratic nation. The withdrawal of military personnel retired after February 1992, when Russia took over responsibility for the Soviet military presence in Latvia, and their families has not yet been completed. In addition, Russia has the right to station 599 military and 199 civilian employees at the early-warning radar station at Ķemeri until August 31, 1998. After that date Russia must evacuate the station over a period of 18 months.

Since the restoration of Latvian independence, much of the country has been devoted to the resolution of political issues left behind by the Soviet occupation. The point of these activities is to establish Latvia as a national Latvian state. The struggle to reverse the consequences of Soviet colonization in Latvia began with the Latvian language law, which restored Latvian as the official language of the nation and mandated that people in certain jobs, including state administrative officials, be able to speak the language at a passable level.

It is estimated that at the moment there are more than 800,000 people living in Latvia who arrived in the country during the Soviet occupation. Most of these people wish to remain in Latvia, and many would like to become Latvian

citizens. Most parliamentary deputies elected by the Latvian citizenry have kept this desire at arms length, however, believing that many of those individuals are not sufficiently integrated into Latvian society, and remembering that representatives of these groups waged considerable opposition to the restoration of Latvian independence in the waning days of the Soviet Union. Only after several years of debate did Latvia's parliament pass a naturalization law in July 1994. The law states that all permanent residents of the Republic of Latvia have the opportunity to obtain Latvian citizenship. The residents are divided into various categories, depending on the length of their residency in Latvia and other criteria. Citizenship will be awarded gradually, over a period ending in the year 2003. Those requesting citizenship will have to demonstrate a degree of integration: they will be tested on their Latvian language knowledge and their understanding of Latvian history and culture. Nationalist members in Parliament feel that the best solution to the issue would be for most non-Latvian residents to leave Latvia.

This matter carries critical importance in relations with Russia. Moscow does not want to see the repatriation of thousands of Russians from Latvia and has expressed the opinion that they should be given virtually automatic citizenship. Russia feels that various political, economic and social limits placed on people who arrived in Latvia after World War II (mostly ethnic Russians) because they are not citizens constitute a violation of these people's human rights. Inspections by the United Nations, however, have concluded that there are no systematic human rights violations in Latvia. The same conclusion was reached by a representative mission of the Organization for Security and Cooperation in Europe which has been active in Latvia since the end of 1993, and by the Council of Europe.

Transition to the free market has been proceeding slowly

and consistently. Free prices for goods and services were introduced gradually, beginning in 1991. The pace of privatization has varied in different sectors of the economy. In agriculture, trade and the service sector, for example, private ownership already dominates, while in the area of industry, especially with respect to large-scale factories, privatization has just begun.

Latvia is, however, still struggling with a massive post-Soviet economic crisis. GNP in 1994 was only 48.6% of the 1990 level. One quarter of the Latvian population lives at or below the poverty level. Unacceptably high percentages of income are being spent on subsistence goods such as food and shelter. Inflation was high throughout 1991 and 1992, but began to come under control toward the end of 1992. The inflation rate in 1994 was 26.3%, and the Bank of Latvia has set a goal of inflation at an annual 15% in 1995.

Ensuring social stability and welfare is an important goal, one which cannot be fully addressed as long as there is an economic crisis in the country. The average wage in Latvia rose monthly during 1994 to reach 103.82 lats monthly at the end of the year. That was an increase of 31.2% over December of 1993. Employees of state-budget institutions, however, continue to earn lower wages, and this group includes cultural workers, medical professionals and schoolteachers. The unemployment level in Latvia grew throughout 1994 to reach 16.5% in December.

Integration of Latvia into the world's political and economic systems has proceeded successfully. Latvia is a member of the United Nations and its affiliate agencies, as well as the World Bank, the International Monetary Fund and the Organization for Security and Cooperation in Europe. Latvia has a free trade agreement with the European Union and hopes to join the organization in the future. Treaties, the so-called European agreements giving Latvia, Estonia and

Lithuania associate status in the EU are expected to be signed in June 1995. The Baltic Assembly, a body of parliamentarians representing Estonia, Latvia and Lithuania, has observer status in the EU and the Interparliamentary Union. In February 1995, Latvia was made a full member of the Council of Europe.

Latvian embassies have been opened in 19 countries as of the beginning of 1995, while 19 foreign nations have embassies or consulates in Riga. The Swedish government was the first to open an embassy in Latvia.

Latvia feels that its security will be guaranteed by participation in western military organizations such as NATO and the WEU (Western European Union). Latvia is a member of the NACC (North Atlantic Cooperation Council) and has joined NATO's Partnership for Peace program. Since May 1994 Latvia, along with other several nations of Central and Eastern Europe, has been an associate partner of the WEU. With the aim of better integration with these structures, the three Baltic states have set up a joint peacekeeping force called BALTBAT with 1,000 men. Aid agreements have been struck with Great Britain, Norway, Denmark, Sweden, Finland, Germany and USA.

In July 1994, Latvia normalized relations with the People's Republic of China, simultaneously downgrading the representational office of the Republic of China on Taiwan, which had held the status of consulate general.

FINANCES

Since the restoration of independence, Latvia has had to work hard to create an independent and strong financial and banking system. In 1991, the Bank of Latvia took over all assets and liabilities of the Soviet banking system which were located in Latvia and united them as Bank of Latvia departments. In 1992 the *Bank of Latvia* introduced the Latvian rouble to replace the Russian rouble. The two currencies functioned simultaneously from May 7 until July 27, 1992 when the Russian rouble was withdrawn from circulation. The lats (Ls) was introduced in March 1993 and was fully implemented by October of the same year.

In 1992, the annual inflation rate was 1,051.2%, but it dropped to just 26.3% in 1994 (in Lithuania inflation in 1994 was 41.1%, while in Estonia it was 41.7%). It must be added, however, that average family expenditures in Latvia increased a faster rate, because the "basket" used to calculate inflation considers rent and utility payments to make up only 10% of total expenditures, while in truth they make up closer to 30% of an average family's monthly expenses, and the cost of rent and utilities has risen faster than the rate of inflation (Table 1, 1994).

In March 1995, the *Bank of Latvia's* crediting rate was 10%. 507 million lats were in circulation in March 1995, and 400 were fully covered by gold and convertible currency income of 413.5 million lats.

The Latvian lats is internally convertible and has free foreign rates. The *Bank of Latvia* has fixed the lats to the SDR basket of currencies. Between October 1992 and March 1993 the value of the lats increased against SDR. In terms of the exchange rate against the US dollar, this means that the value of one dollar fell from 0.86 to 0.57 lats. The relationship between the lats and SDR has been stable for some time: 1 SDR = 1.1 SDR. The basis for Latvia's relative financial

stability is the fact that the *Bank of Latvia* is independent of the government. Financial stability is also helped by free movement of capital. Interest, profits, capital investments and cash need not be declared in Latvia either on import or export. It is also easy to open and deal with anonymous numbered bank accounts. Latvia's largest banks have joined the international accounts system SWIFT, and transactions with foreign banks can be carried out quickly and easily.

Banking activities in Latvia are regulated by laws on banking. Some 60 banks have emerged in Latvia but, due to mergers and bankruptcies this number is decreasing. The central bank is responsible for issuing currency and supervising commercial banks by determining fixed bank reserves.

The largest is *Banka Baltija* (fixed assets of 26.64 million lats, total assets of 237.86 million lats), is facing liquidity problems in 1995. Other major banks are *Parekss banka*, *Latvijas Depozitu banka*, *Rigas Komerbanka*, and the state-owned *Latvijas Universāla banka* (which consolidated most of the facilities which at one time were branches of the *Bank of Latvia*). The *Universāla banka* will be privatized this year. In 1994 the level of services provided by banks grew by 14.3%. Private deposits and investments in credit institutions have grown steadily. In October 1993 they totalled 136 million lats, but one year later the level was 256.5 million lats. The total amount of deposits in Latvian banks in February 1995 were 808.7 million Ls. Short-term credit interest rates in Latvian banks are still high, however. On average they are 35-45% annually (as compared to 15-18% in Estonia and 50-60% in Lithuania). A few banks went under in 1994. Foreign banks are also beginning to establish themselves in Latvia. The *Dresdner Bank* opened a representative office last year while *Societe Generale* will open a branch in Riga in June 1995. It will be a cooperate, not a retail bank, oriented to service international companies and trade.

A stock exchange was established in Riga in December 1993, and efforts aided by the Paris stock exchange and the

Latvian central depository are being made to modernize it. The president of the Riga Stock Exchange is Harvard graduate *Edgars Rubulis*.

In 1995, the Latvian budget was based on anticipated income of 476 million lats (USD 915.5 million), with a budget deficit of 40 million lats (USD 77 million). Domestic and foreign loans have been taken to decrease the budget deficit. In January 1995, the state's debt was 188.53 million lats, but if government-guaranteed credits are included, the total debt amounts to 203.4 million lats. Latvia will have to pay 41.09 million lats in 1995 to service these credits.

ESTONIAN STATE BUDGET

	mill. Ls	%
Administration	40.59	7.87
Defence and security	23.03	4.46
Education	57.66	11.18
Health	44.66	8.65
Infrastructure	112.79	21.86
Justice	8.16	1.58
Culture, sports and social expenses	67.75	13.13
Energy and TV	5.2	1.01
Foreign investments and subsidies	46.75	9.06
Grants to municipal governments	62.7	12.15
International credits commitments	12.79	2.48
International credits commitments	28.3	5.48
Loans to international organizations	2.37	0.46
Other	1.1	0.21
Total	2.15	0.42
Total	516	100

The social (pension) budget is 269.25 Ls. This budget is separate from the state budget and is based on the employers social tax of 37% and on 1% employees social tax. It is under the authority of the state social insurance board. The number of pensioners in Latvia is 660,000. They obliged the government in 1995 not to merge state revenues from the social tax with the rest of the budget. The total budget sum total by comes to 785.25 million Ls.

INDUSTRY AND AGRICULTURE

The Latvian economy, in transition from the socialist planned economy to the free market economy, has features in common with the similarly situated economies of other Eastern European nations. The economic crisis which began in 1990 culminated in 1994 followed by the first signs of stabilization. Latvian statisticians have reported that Latvia's gross national product dropped by 2.2% in 1994, but the International Monetary Fund has estimated that it actually rose by 2%. The structure of GNP has changed since 1991. The service sector share has increased from 32% to 52% of GNP. The share represented by industry has dropped from 37% to 20%, while that of agriculture has dropped from 11% to 8%.

The amount of industrial and agricultural output continues to decline. Although overall industrial output declined by 9.5% from 1993 to 1994, the output of the wood and extraction industries showed increases of 30%, 12% respectively. The output of the metallurgical industry and others increased by smaller amounts. Construction increased by 15.1% in 1994.

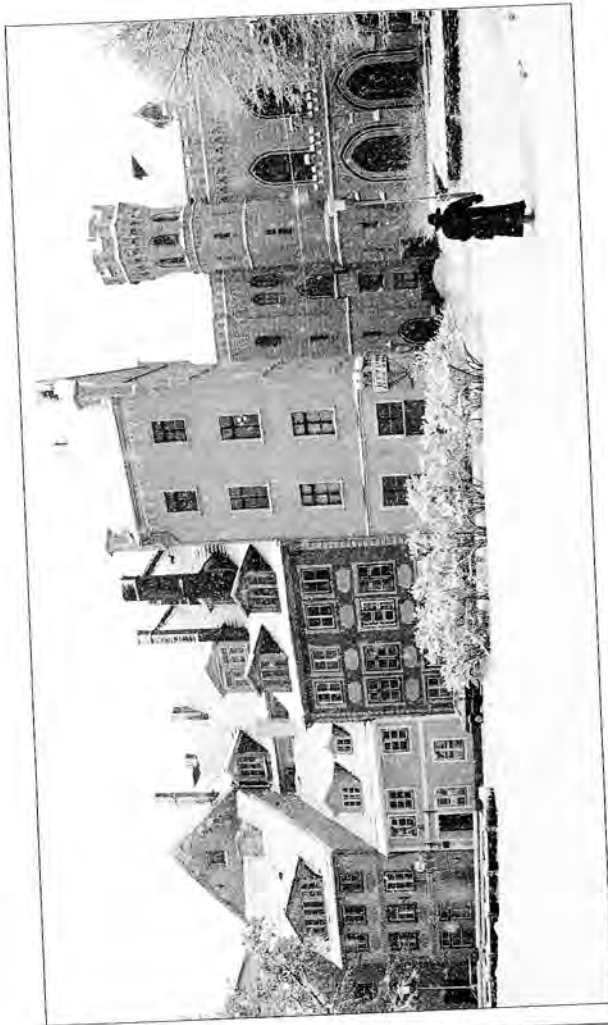
Latvian industry produces goods which are largely unable to compete in the global market, and trade with Russia and the CIS (Commonwealth of Independent States) is collapsing as well. Latvia's major industrial facilities, electronic-technical and machinery builders whose goods were largely sold in Russia, have suffered declines in output. These factories can only hope for outside investment which would allow them to modernize their technology and retool in order to produce competitive output. The factories would also benefit from closer ties between Latvia and the markets of the CIS. Enterprises which have managed to find a market niche in the West or in the Third World are best situated, as are enterprises which produce items for exclusively domestic consumption.

Good examples of this are the wood products industry, as well as the *Metalurgs* factory in Liepāja, which exports rolled metal to Taiwan and other countries.

The level of agricultural output declined by 28.3% in 1994. Overall livestock production has continued to decline steadily since 1990. Milk production during the first eleven months of 1994 was at 86% when compared to the same period in 1993. The production of meat and eggs decreased 20.5%, 92% respectively. Production in the private sector, however, has shown a steady increase over the last five years:

	1990	1991	1992	1994
Meat	29%	34%	56%	76%
Milk	27%	32%	37%	66%
Eggs	10%	13%	15%	31%

As a result of decreasing industrial and agricultural production, unemployment in Latvia has raised sharply. On January 1, 1995, approximately 6.7% of the potential work force were unemployed. The unemployment level was not, however, evenly distributed throughout the country. In the coastal Riga unemployment was at a low 2.3%, while in the inland cities of Latgale it was much higher: 15.4% in Dobele, 10.6% in Daugavpils and 25.7% in the Krāslava region.



Square in Vecrīga (Old Town)

PRIVATIZATION

Unlike many other republics of the ex-Soviet Union, Latvia (along with the other two Baltic states) has made denationalization - i.e., returning of property to former Soviet owners or their heirs - a part of the privatization process. The privatization of state-owned property is usually carried out by one of two methods: the sale of state-owned property to private investors of domestic or foreign origin, and distribution of state property to the permanent residents of Latvia.

All permanent residents are entitled to participate in privatization through the use of privatization certificates. From the beginning of 1993 until February 1995 these were distributed to all of Latvia's permanent residents, regardless of their citizenship or term of residency in Latvia. Latvian citizens receive a bonus of 15 certificates, while non-citizens who were permanent in Latvia are penalized 5 certificates each. The face value of a certificate is 28 lats, but, like any securities, certificates are freely traded, and in March 1995 they were valued for 2.0 lats a piece.

Privatization is most advanced in the agricultural sector. Before the election victory of the Latvian Popular Front in 1993, state land was being granted to farmers for individual use. The process at first was sporadic and often spontaneous, but a law on land reform was implemented in November 1993. In 1991, the process of converting state-owned and collective agricultural enterprises into share-holding cooperatives was begun. Their property was distributed in shares among the members of the cooperatives, in proportion to the value of the property each had invested in the enterprise and the number of years he or she had worked there. Agricultural land is being denationalized according to a law adopted in July 1992. Legally, full property rights began to be restored only at the beginning of 1993. So far land property rights have been received by 29,100 or 12.6% of the 231,000 persons who requested reinstatement. "New farmers" who

are using land to which they gained usage rights before July 1, 1991, have priority over former owners. These "new farmers" can privatize their land through the use of certificates. On January 1, 1995, 13,400 farmers had become landowners in this way. Former owners whose land is sold to "new farmers" receive compensation in the form of other parcels of land, privatization certificates, or (since the end of 1994) money.

Urban real estate in Latvia is also being denationalized, but this process is occurring slowly. On January 1, 1995, only 8,947 of the 21,390 former owners who had applied for restoration of property rights to buildings had received those rights. Current users of urban land which is owned by the state have the right to buy it with certificates.

Apartments in cooperative buildings have already been privatized. Parliament is scheduled to pass laws on the privatization of the state's housing reserve, especially apartment buildings, in the spring of 1995. The law has already been passed on first reading, and it currently provides for the privatization of apartments mostly by use of certificates. Current tenants will have first rights to purchase.

Broad-scale privatization of urban stores, service establishments and similar, mostly small enterprises began in the early 1990s. Privatization of stores, restaurants, service businesses was carried out by municipal privatization commissions. Industrial enterprises, on the other hand, were privatized by the appropriate government ministries. These enterprises were sold at auction or leased with a later option to buy. The same method was used to privatize state-owned real estate and industrial facilities. By August 1, 1994 85.6 % of retail stores, 61.7% of all food service establishments and 94% of other types of service businesses such as laundries, barber and shoe-repair shops had been either privatized or leased to private entrepreneurs.

Privatization is proceeding most slowly with industrial enterprises. In 1991, state-owned factories began to be transformed into stock companies, and shares in the companies have been sold to private owners. In some cases,

former owners were allowed to purchase the controlling shares. On April 22, 1994, the privatization of all state real estate, including industrial enterprises, was placed under the authority of a newly created *Latvian Privatization Agency (LPA)*, although ministries are still in charge of denationalization. On December 17, 1994, the LPA announced the first international competition for bids to sell 45 state enterprises, mostly in the area of woodworking. 300 Latvian and foreign investors submitted bids.

In January 1995, the state began to sell off industrial enterprises for certificates. Controlling interest in enterprises is sold to juridical persons, but remaining shares can then be bought by individual investors using certificates. The first properties to be sold in this manner were a fish cannery, an agricultural products storage facility, and a freight cargo company. Individual investors could buy shares in the institutions beginning on January 30, 1995. The LPA has set itself the goal of putting 70% of state-owned properties into private hands over the next three years. Unlike the process which occurred in the former East Germany, the Latvian privatization process does not involve assessment of the financial health of properties or support for new private owners. There is a privatization fund in the Latvian Ministry of Economics for that purpose.

Privatization has not always led to an increase in labor productivity or production. This is especially true in rural areas where privatized farms are often too small to yield much profit and where conflicts are not uncommon between pre-war owners of land and current tenants. Conflicts have also arisen in Latvian cities between pre-war owners of buildings and the operators of businesses which have opened in those structures. Corruption in the privatization process is also a problem, with state property being sold for less than its market value and directors of state enterprises engaging in extensive insider trading and kickback schemes.



Riga center - view from the Freedom Monument

FOREIGN INVESTMENT

Compared to 1993 the total level of capital investment in 1994 dropped by 12%, even before inflation is factored in. The absence of domestic sources for capital investment makes foreign investment very important. More than 50 million lats flowed into Latvia in the first six months after the country's independence was internationally recognized. For the next two years, investments were slow in coming, but a significant growth in foreign investment was noted in 1994. The total investment for that year reached approximately 100 million lats. The majority of investments were small and concentrated mostly in trading, as well as in communications, commercial and financial operations, less so in industry. Foreign investment flows mostly to Riga (84%) and the Riga region (11%). Another region to attract notable investment is the port city of Ventspils, but other Latvian cities, apart from mention rural regions, have received virtually nothing.

Experts from *The Financial Times* have estimated the total value of foreign investment in Latvia to have been USD 112 million in July 1994 (USD 519 million for all three Baltic states). Latvian statistics about foreign investment in mid-1994 are shown in the following table:

Country	Millions of lats
Denmark	46,133,199
USA	27,233,126
Germany	12,688,388
Netherlands	9,506,158
United Kingdom	5,667,438
India	5,528,044
Sweden	5,514,258
Ireland	5,247,652

It should be noted that most of the United States investment is made up of the *Kellogg* company's breakfast

cereal plant, while Denmark is in first place only because the Finnish-British consortium *Tilts Communications*, which is the foreign partner of *Latvia's Telephone Company*, is registered there. Up till now *Tilts* has invested 43.1 million lats in the modernization of Latvia's telephone system. The largest single Danish investment was made by the *House of Prince* cigarette company in Riga's tobacco factory. In terms of the number of individual investments, irrespective of their size, the leader is Russia. Russian businessmen were involved in 26% of Latvia's joint ventures in July 1994.

In terms of per-capita foreign investment (\$39 in mid-1994) Latvia ranks somewhere in the middle of Eastern European countries. Higher levels of investment have gone to Hungary (\$558), the Czech Republic (\$242), Estonia (\$139), Slovenia (\$130), Slovakia (\$83) and Macedonia (\$45). In terms of risk to foreign investors, the magazine *Euromoney* ranked Latvia as the 125th safest country in the world in September 1994. By March 1995 it had climbed to the 106th position. Of Eastern European countries, Latvia was beaten by the Czech Republic, Slovenia, Hungary, Slovakia, Poland, Rumania and Bulgaria, and also by Estonia (66th place). Lithuania is in 108th place.

The principles of the establishment of foreign companies and joint ventures are laid down in the law on foreign investment of November 1991 and other laws. The law on foreign investment covers the types of entities in which foreign interests can invest, repatriation of profits (free, in any currency without restrictions), registration requirements, tax concessions and investment protection. In a number of sectors foreign investors are prohibited from gaining control (more than 50% of the fixed capital), for example: defense, narcotics, production of securities and currency, mass media, national education, natural resource recovery from the continental shelf, fishing in internal waters, hunting, port management and organization of lotteries and games of

ance. Foreigners have the right to own land in Latvia, but the land market is only partly free. Purchase of land is permitted only for citizens of the Republic of Latvia, the government, Latvian local governments and those Latvian businesses in which more than half of equity capital belongs to citizens of Latvia and where the foreign partner comes from a country with which Latvia has signed an investment protection agreement. Even if all these conditions are met, purchases of land are contingent upon local government approval of the purpose for which the land is to be used. Latvia has signed and ratified investment protection agreements with the USA, Denmark, France, Finland, Sweden, Norway, Poland, Switzerland, Taiwan, Germany, Israel, the United Kingdom, the Netherlands and Austria.

FOREIGN TRADE

Latvia's foreign trade balance in 1994 was positive with the Commonwealth of Independent States (CIS) and negative with other partners. The overall trade balance is negative: imports exceeded exports by 129 million lats. While Latvia's trade with the CIS has steadily decreased since 1991, it has increased with Western Europe and other countries.

There has been a substantial reorientation of trade since 1991 away from the former USSR republics to Western Europe: in 1991 the former republics of USSR accounted for 92% of the country's trade; by 1994 it was only 40% of exports and a little more than 30% of imports. Russia, however, remains Latvia's biggest trading partner (in 1994 exports were valued at 155.17 million lats, imports at 164.18 million lats). Trade with Russia accounted for more than two thirds of trade with states of the CIS. In terms of trade with the European Union, Latvia's most significant trading partners were Germany and (only in terms of export) the United Kingdom.

In 1994, wood and forestry products made up the greatest percentage (20.3%) of total exports. Of that, sawn wood represented 9.5% of all exports (840,000 cubic meters). Almost half of all wood products were exported to Great Britain. Other major exports were smelted metal and non-alloy steel from the factory *Liepājas Metalurģis* (7.2% of exports), mini-vans from the factory *RAF* (4,900 units, or 3.2% of exports), fish products and canned fish (4.1%), and furniture (3.6%).

Latvia imported cars, clothes, electrical equipment and other products from the West, while imports from the CIS states consisted mainly of energy resources such as oil, gas, coal, electricity and raw materials for industry.

Latvia has free trade agreements with the other two Baltic countries, but they do not cover agricultural produce. Latvia also has free trade deals with the EU, EFTA and other countries. Latvia has applied to the World Trade Organization

(formerly known as GATT) for membership with a view to becoming a member by the end of 1995.

The following tables contain more detailed information about Latvian exports and imports in 1994:

EXPORTS (in lats)

CIS	236,375,000	42.7%
Russia alone	155,719,000	28.1%
EU countries	154,357,000	27.9%
EFTA countries	74,091,000	13.4%
Others	88,614,000	16.0%
Lithuania alone	30,694,000	5.6%
Estonia alone	14,360,000	2.6%
TOTAL	509,230,000	100%

IMPORTS (in lats)

CIS	211,600,000	30.4%
Russia alone	164,178,000	23.6%
EU countries	173,026,000	24.9%
EFTA countries	116,072,000	16.7%
Others	41,743,000	20.5%
Lithuania alone	41,243,000	6.0%
Estonia alone	24,412,000	3.5%
TOTAL	700,121,000	100%

Imports of mineral heating fuels, all countries: 52,147,000 lats (8.5%)

ENERGY

Latvia imports 100% of the gas, petroleum products and coal that it needs, mostly from Russia. Latvia produces only 12% of its domestically consumed electricity, using local resources such as hydroelectric power stations on the Daugava River, as well as wood and peat. Most of Latvia's electricity is imported from Estonia and Lithuania. Most of the electricity produced in Latvia is generated by three hydroelectric plants, at Pļaviņas, Riga and Ķegums, as well as by a thermal power station in Riga. Several power stations formerly situated on minor Latvian rivers have been reconstructed, others are still being rebuilt. These stations combined, however, do not meet even one percent of Latvia's total electricity needs.

Because of declining industrial performance and energy savings over the last several years, Latvia has reduced its use of heating fuels and also changed the profile of this use. Latvia now uses more wood and heating oil than it does natural gas. In 1994, Latvia used only 95.9% of the fuel it consumed in 1993. The use of natural gas has declined by 70.4%, while the use of liquid heating fuel had increased by 140% and the use of wood by 129%.

The last several years have seen a marked increase in the number of western gasoline providers doing business in Latvia, including such companies as *Neste*, *Statoil* and *Shell*. Latvia, however, is still far away from a secure situation in terms of energy supplies. This will remain true even if both Latvia and Russia join the European Energy Charter, which makes it mandatory for signatory nations to place no obstacles in the way of energy transit and free access to energy supplies. Latvia is consistently in arrears on its debt to Russia for natural gas, because the state has trouble collecting payment for energy

from state-owned businesses. It is also true that Russia is not a foolproof provider of energy supplies, because the Russian domestic market is one in which free market principles are often sacrificed for short-term goals. Thus at the end of 1994 Russia forbade the export of heating oil because of fuel shortages within Russia itself. Consequently many of Latvia's local governments experienced difficulty in providing heat and hot water to their residents.



The three Baltic presidents at Adazi base near Riga at the opening ceremony of the Baltic Peacekeeping Battalion (BALTBAT) in February 1995. From left to right: Algirdas Brazauskas, Lennart Meri, Guntis Ulmanis

DEFENSE

Except for the police, Latvia had to build up its military and other armed units from scratch after independence. The Latvian armed forces are governed by the Ministry of Defense which is run by a civilian minister appointed by the government. The national armed forces headquarters is subordinated to the minister and commanded by an individual who is appointed by Parliament. The commander since October 1994 is Juris Dalbiņš. The commander in chief of the armed forces is the President of State.

There are 26,000 troops in the Latvian armed forces, including the regular army and the home guard. In the first half of 1995 a large proportion of these troops still lacked rifles. The Latvian border guard, which is currently part of the armed forces, is due to be transferred to the control of the Interior Ministry. The armed forces include land-based, naval and aviation units. The army does not have heavy artillery, except for a few cannon and Czech heavy mortars, nor does it have tanks or armored vehicles. Such ships, airplanes and air defense systems as are in the possession of the Latvian navy and air force have almost entirely been donated by Germany, Sweden and Norway.

The Latvian naval force currently has several outmoded ex-Soviet coastal vessels, five modern, well-equipped coast guard boats donated by Sweden and one patrol boat donated by Norway. Except for a mine-sweeper equipped with one cannon, the Latvian navy is unarmed. This is not, however, enough to safeguard Latvian waters as evidenced by the numerous instances in which Kurdish and other refugees have been illegally transported from Latvian ports to Sweden.

The army is being established on a principle of mixed service: there are both volunteers and young men fulfilling mandatory service requirements. Every male resident of Latvia

COMMUNICATION AND TRANSPORT

The geographic position of Latvia is favorable for transit of cargo and passengers. Latvia has three major trading ports: Ventspils, Riga and Liepāja. Ventspils is a terminal on the oil pipeline and a major site for the transport of oil products. More than 18 million tons of oil and oil products were transported through the Ventspils port in 1994. Approximately 10-15% of Russian oil exports pass through the port. Riga has a cargo port and passenger terminal. Three ferry lines offer transport from Riga and/or Liepāja to Sweden, Germany and Denmark. Until recently Liepāja was used exclusively as a Russian naval base, but more recently it has begun to resume its traditional role as a trade port. Both Liepāja and Ventspils are ice-free during the winter. *The Latvian Shipping Company* owned more than 100 vessels, including more than 50 tankers, in 1992. The tonnage of international freight goods passing through Latvian ports rose from 27.41 million tons in 1993 to 35.07 million tons in 1994. In 1991 the figure was 30.28 million tons.

In 1939, Latvia's rail network had 3,223 km. of track. By 1990 the figure was reduced to 2,397 km., including 271 km. of electric railway. The Latvian rail system is connected to the Russian rail network, thereby allowing the freight from Latvian harbors to be transported to Central Asia and China. Construction of a rail network with rail widths commensurate with those in Western Europe is under consideration in order to improve contacts to the West.

Railway density in Latvia is 27 km. of track per 1,000 sq. km. This is a greater density than in Scandinavia, but lesser than in other parts of Western Europe. The total length of overland roads is 20,600 km. Latvia features no high-speed motorways.

Riga's passenger airport is the departure point for direct flights to cities in Germany, Denmark, Sweden, Austria, Finland, Great Britain, the Czech Republic, Israel, Russia, and

other states. Between January and November of 1994, the Riga airport handled 178,000 incoming and 179,700 outgoing passengers.

Latvia has two state owned airline companies, *Latvian Airlines* and *Baltic International*. The state is full owner of the former and majority owner of the latter airline. Several projects including foreign interests for the privatization of *Latvian Airlines* have been submitted to the government in 1995. *Finnair*, *SAS*, *Lufthansa*, *Delta* and other airlines have offices in Riga.

On January 14, 1994, the Latvian telephone company *Lattelekom* signed an agreement with the Finnish-British consortium *Tilts Communications* to establish a digital telephone network in Latvia, improve international telephone communications, and modernize the local telephone network. Ownership of *Tilts* is split between Britain's *Cable & Wireless* and *Telecom Finland*. The total investment in the project reached USD 91,898,000 in 1994. Over time the project will become one of the largest communications-related investments in Eastern Europe. Both *Lattelekom* and the firm *Latvijas Mobilais Telefons* offer worldwide satellite telephone links.



The Stockholm School of Economics in Riga. The building was designed by Mikhail Eisenstein and built in 1906. It houses the George Soros auditorium

EDUCATION AND SCIENCE

General education is made up of three stages: elementary school (grades 1-4), primary school (grades 5-9), secondary school (grades 10-12). Education is mandatory through nine grades or until at least the age of 15. At least three years of study are offered in general secondary schools, lyceums, specialized secondary schools and trade schools. In 1994-1995 there were 1,076 general schools in Latvia with 339,700 pupils and 33,334 instructors. 13,000 children of school age do not attend school at all due to financial difficulties among their parents.

The Latvian educational system has still not freed itself from the effects of Russification. In 1993-1994 five percent of Latvian children were still obliged to attend Russian language schools. In some areas of Latgale (eastern Latvia) this figure can be as high as 27%. Minority non-Russian children also are obliged to attend Russian schools which in 1993-1994 had 36.6% more pupils than there were Russian school-age children. Nevertheless, since independence was restored there is a clear trend showing that Russian language educational establishments and the number of pupils attending them are declining while pupils attending Latvian schools are growing in number. Minority schools for non-Russian children are also on the rise. During the last five years the number of Russian school children has dropped by 23,000. For the 1994-95 school year 59% of Latvia's school children are attending Latvian schools while the figure for first-grades is even higher - 62%.

Higher education is offered by the University of Latvia, the Latvian Academy of Agriculture, the Latvian Academy of Music, the Latvian Academy of Art, the Riga Technical University and the Latvian Academy of Medicine and other, including private, institutions. Curricula at these institutions are determined individually, although state law mandates that Latvian be the primary language of instruction. Higher education is free of charge for students pursuing an education

in fields where there exists a demand for specialists. Students are chosen based on rigorous entrance examinations. Tuition-based education is also available at private institutions and, in public institutions, for students who have not been accepted into the state-financed programs. The number of students enrolled in institutions of higher education was 37,600 (149:10,000 inhabitants) in 1994-1995. Approximately 9,500 new students are enrolled at these institutions each year.

21.86% of the national budget (112.79 million lats) is devoted to education and science. The state finances the development of science through the institutions of higher education, the Latvian Academy of Sciences and other institutions.

Various western and private foundations have sought to compensate for the insufficient funding of education and science. The Soros Foundation, which facilitates educational and scientific projects, has spent USD 5.88 million since the opening of its Latvian office in 1992. The foundation plans to use at least another USD 1.4 million for the same purposes in 1995. The most visible Soros-financed project in 1994 was the opening of the Stockholm School of Economics in Riga. The EU *Phare* program also contributes significant sums of money and expertise to universities and secondary schools.

CULTURE AND THE ARTS

Latvian cultural and artistic traditions are centuries old. More than 1.4 million folk songs, or "dainas", have been identified, thanks largely to pioneering work by Krišjānis Barons (1835-1923), known as the father of dainas. A collection of all known dainas is kept at the Latvian Academy of Sciences. Dainas are almost always four-line couplets reflecting the ethics, morals and lifestyles of ancient Latvians. Numerous folklore groups exist to perpetuate ancient traditions.

Latvian literature as an independent entity appeared only in the 19th century. A seminal work of literature was the late 19th century epic poem *Lāčplēšis* (Bearslayer) by the poet Andrejs Pumpurs in which a mythical hero slays the villainous Black Knight. *Lāčplēšis* has come to be identified as an important Latvian symbol (as in *Lāčplēša diena*, the Latvian war veterans' memorial day on Nov. 11).

The Latvian novel was pioneered by the brothers Reinis and Matīss Kaudzitis in their masterpiece *Mernieku laiki* (The Times of the Surveyors), which depicted country life in the late 19th century. The most famous Latvian writer, Rainis, was not only an important Latvian poet and playwright, but also a leader in the fight for the independent Latvian state. Rainis' wife, Aspazija, and Anna Brigadere are among major women writers of the 19th and early 20th centuries. A contemporary Latvian poet, Vizma Belševica, was considered for the Nobel Prize in Literature in 1992 and enjoys a notable reputation in the Scandinavian countries. Some of the most important writers during the first period of Latvian independence were Aleksandrs Grīns, Edvarts Vīrza, Kārlis Skalbe, Fricis Bārda and Aleksandrs Čaks. Post-war literary figures in exile included Jānis Jaunsudrabiņš, Anšlavs Eglītis and Mārtiņš Ziverts. In occupied Latvia literary advances were made by, among others, Ojārs Vācietis, Alberts Bels, Imants Ziedonis, Jānis Peters and Klāvs Elsbergs.

Music and song have always had an important role in the cultural life of the Latvian nation. Periodic mass song and dance festivals date back to 1873. The 21st such festival was held in Riga in the summer of 1993, with 30,000 participants. Important

Latvian composers are Jāzeps Vītols, Emīls Dārziņš, Jānis Mediņš and Kārlis Baumanis (the author of the Latvian national anthem "Dievs, svētī Latviju", or "God, bless Latvia"). *Ave Sol*, *Dzintars*, and *Persija* - are regarded the top choirs in Latvia which regularly perform in the capital cities of Europe.

The Latvian national opera and ballet were world-famous during Latvian independence. Featured singers included the baritone Ādolfs Kaktiņš and the tenor Mariss Vētra. During the occupation the tenor Jānis Zābers gained international recognition. The best known contemporary opera singers are the tenor Ingus Pētersons and the sopranos Inese Galante and Sonora Kalniņa.

Contemporary music was often used as a subtle expression of opposition to the Soviet cultural regime. Pioneering rock music appeared as early as the 1950s. The compositions of Raimonds Pauls and Imants Kalniņš gained widespread appreciation in the 1970s and 1980s. True development of pop and rock music began only in the early 1980s.

The most notable Latvian painters include Janis Rozentāls and Vilhelms Purvītis, both of whom worked at the turn of the century. Niklāvs Strunke and Oto Skulme were among the most widely recognized painters of the independence years. Jānis Pauļuks, Maija Tabaka, Džemma Skulme and Auseklis Baušķenieks are among those who rose to prominence during and in spite of the period of Soviet "socialist realism." Works by prominent Latvian sculptors are publically displayed in the center of Riga. Among the most famous are the Freedom Monument by Kārlis Zāle and the Rainis Monument by Teodors Zālkalns. Kārlis Zāle also sculptured the Brethrens' Cometary (Brāļu kapi), the memorial cemetery where Latvian freedom fighters and soldiers were laid to rest.

Professional theater emerged in Latvia in the mid-19th century. Ādolfs Alunāns, an actor and director, is credited as the first theater professional in Latvia. Ten professional theatres exist in Latvia today, including the *Daiļe* Theater and the National Theater in Riga. The National Theater was the site for Latvia's proclamation of independence in 1918.

The Latvian ballet was created in early the 20th century and shows strong Russian influences. World-renowned Latvian ballet dancers include Zīta Erša, Līta Beiris, Māris Liepa and Genadijs

Gořbaņovs. The Latvian Opera building in the center of Riga has undergone extensive repairs for the last three years and will open its doors again in September 1995.

Latvia has photographers of international standing. Jānis Klaviņš won the *Ballantines* Scotch Whiskey £ 5000 award in 1994, Viesturs Links and Pēteris Jaunzems won gold medals in the 1994 Austrian Super Circuit photography contest. During the Soviet occupation Aivars Āķis and Gunārs Binde established their reputation as international photographers who raised the professional standards of the Latvian Photographers Association.

The origins of Latvian cinematography date back to the 1920s. Pioneers include Aleksandrs Rusteiķis and Vilis Lapenieks. The first full-length Latvian sound-film, *Zvejnieka dēls* (The Fisherman's Son), was produced in 1940. Latvian documentaries by such producers as Juris Podnieks *Mēs?*, or *The Soviets*, *Krustaceļš* (Stations of the Cross), Ivars Seleckis *Šķērsiela* (Crossroad) and Hercs Franks *Augstākā tiesa* (Supreme Court) have gained international recognition. The state-owned *Riga Film Studio* once produced several feature films each year, but the collapse of the Soviet cinematographic system has left the studio struggling for survival. It receives a minimum of support from the Latvian state budget which covers mostly expenses for documentary films.

Independent producers, however, have come to the fore. Full-length films by Jānis Streičs *Cilvēka bērns* (Child of Man) and Varis Brasla *Ziemassvētku jampadracis* (Christmas Huddle) have gained international recognition and prizes - *Ziemassvētku jampadracis* won the "Grand Prix" in the Frankfurt children's film festival (1993), and first prizes in Moscow's children's and youth film festival (1994), and in the Wuerzburg film festival (1994). *Cilvēka bērns* has won the main awards in the San Remo (1992) and Moscow (1993) film festivals and the second prize in the Chicago international children's film festival.

The film studio *Dauka*, which specializes in animated films has also achieved international acclaim. Their full-length *Kaķisa dzirnavas* (The Cat's Mill), for example, took the second prize in the Chicago festival (1994), and first prize both in Oulu (Finland) and Kaunas (Lithuania). The first full-length Latvian animated film *Ness and Nessy* (1991) was also produced by *Dauka* and was well received.



A rainbow trout, 3.2 kg, caught by a proud Latvian angler

MASS MEDIA

Latvia is among those countries which enjoy full freedom of the press. In the last years of the Soviet Union, Latvian journalists and independence-supporting politicians began to agitate for the right to report events accurately and to express uncensored views about the events of the day.

Atmoda, the newspaper of the Latvian Popular Front, was the first legal independent publication in the Soviet Union when it began operations in 1988. It must be noted that Latvian language newspapers were also an important component of the Latvian national renaissance in the late 19th and early 20th centuries, and independent Latvia featured a robust press, at least until the coup d'état in 1934.

Today there are more than 500 newspapers and magazines registered in Latvia. Among the most important Riga dailies are *Diena*, *Neatkarīgā*, *Labrit* and the Russian language *SM-Segodnja*. *Diena* are published both in Latvian and in Russian. There are numerous weekly and monthly publications. *The Baltic Observer* is an English-language weekly. There are two business-oriented newspapers, *Dienas Bizness* and *Biznes i Baltija*, the latter newspaper publishing in Russian.

Latvian State Television was established in 1954 and broadcasts on two channels. The second channel broadcasts programs in Latvian, but also in Russian. It also re-broadcasts portions of the Polish and Ukrainian state television broadcast schedules. There are several independent television studios, including *NTV-5* and *RBS-TV*.

The Russian first TV channel from Moscow is partly re-broadcast in Latvia. A joint venture cable television company, *Baltcom*, offers 16 channels, including one pay-per-view film channel.

Latvian radio broadcasts on three channels in Latvian and Russian. Newscasts in German and English, as well as in the languages of Latvia's ethnic minorities, are aired. *BBC* English language broadcasts, as well as Russian state radio are carried in Latvia. So are some programs from the *Voice of America*, *Radio Free Europe*, and *Radio Sweden*. Independent radio stations, many of which broadcast news reports in English and Russian, can be found on the FM and the medium-wave band.



The midsummer festival is the highpoint in Latvian life: the men wear crowns of oak leaves while the women decorate their heads with garlands of wild flowers

RELIGION

The basis of Latvia's ancient religion is a belief in natural deities. The ancient traditions are preserved in Latvian folk songs and legends, as well as in some festivals such as Jāņi, the summer solstice festival which is still a national holiday. A movement called Dievturība was established in the 1920s with the aim of preserving ancient Latvian religious traditions. The movement has frequently been condemned by the Christian churches of Latvia (and the Soviet authorities during the occupation) but has its adherents both in Latvia and abroad.

Christianity arrived in Latvia through Danish, German and Russian missionaries in the 12th century. The crusades of the 13th century subjugated Latvia. The Reformation left a considerable impact on Latvia. Territories subject to Swedish rule in the 17th century, as well as the independent Duchy of Kurzeme, became home to a majority of Lutherans, while eastern Latvia, as part of the Polish Empire, retained the Roman Catholic faith.

The first Latvian language Bible, translated by the Rev. Ernest Glueck, was published in 1689 with financial support from the Swedish crown. A revivalist movement known as Hernhutism gained widespread acceptance among the peasants of Vidzeme in the 18th century and remained a self-proclaimed alternative to the German upper-class churches until the mid-19th century. Russian Orthodoxy spread in Latvia as part of the Russification of the 18th, 19th and 20th centuries.

Independent Latvia offered extensive religious freedoms. The University of Latvia prepared Lutheran and Catholic clergy at its School of Theology. Lutheran, Catholic and Orthodox churches all had autonomous archbishops, as did a separate German Lutheran church.

The Soviet occupation of 1940 led to extensive persecution of clergy and nationalization and confiscation of church properties. Many clerics were deported to Siberia, while many others escaped to the West, where separate Latvian Lutheran and Roman Catholic churches were established. The

Soviet occupation forbade the celebration of religious festivals such as Christmas and Easter, as well as the traditional Latvian festival of Jāņi. Hundreds of churches and cloisters were confiscated and closed. Major churches in Riga and elsewhere were turned into museums or concert halls, while smaller regional churches were used as warehouses and other facilities. Dozens of churches throughout Latvia were allowed to deteriorate and collapse. Religious organizations were subject to close supervision by the government, and religious believers were harassed and persecuted. Some of Latvia's pre-eminent dissidents of the 1970s were believers. Latvia's Roman Catholic community gained the direct support of the Vatican with the elevation of Bishop Julians Vaivods to the title of cardinal in 1983.

Latvian independence brought along with it a restoration of religious freedoms. Congregations have regained use of their former properties, many church buildings are undergoing renovation. The rights of religious organizations are guaranteed by law.

In 1994, the following confessions were registered in Latvia (the number of adherents for each confession is published as reported by the confessions themselves:

Confession	Churches (est.)	Adherents
Lutheran	291	300,000
Roman Catholic	192	500,000
Russian Orthodox	100	100,000
Old-Believer (Pomora)	56	70,000
Baptist	70	6,000
Seventh Day Adventist	33	3,000
Pentecostal (inc. Charismatic)	49	6,000
Jewish	5	5,000
Methodist	3	500
Reformed church	2	Unknown
Other	18	Unknown

Western evangelical Christianity, including the Mormons, has sent numerous missionaries and preachers to Latvia in the early 1990s, as have such sects as the Hare Krishna. Approximately 100 people in Latvia are self-declared adherents of Islam.

TOURISM

Tourism in Latvia has not yet become a significant service industry, nor a source for foreign currency. Approximately 300,000 foreigners visited Latvia in 1994. On average, they remained in the country for nine days and spent 44 lats per day. Approximately one third of the visitors were business travelers. Western European guests to Latvia can find a service level which corresponds to western standards. There are four-star and three-star hotels, the most popular of which are the *Hotel Riga*, *Hotel de Rome*, *Hotel Latvia*, *Hotel Metropole* and *Hotel Ridzene*. A major new four star hotel, the *Radisson SAS Daugava*, will be opened in Riga on the left bank of the Daugava River overlooking the Old Town in July 1995. In other Latvian towns, however, except for Rūjiena and Cēsis there are no hotels of corresponding quality.

Riga is noted for its charming Old Town with its medieval buildings, as well as for its turn of the center of architecture where eclecticism and Art Nouveau are the prevailing styles. Latvia might be attractive in terms of rural tourism or individual tourists because of its relatively unspoiled natural scenery (the Gauja national park, for example, which is an ecologically protected area, as well as other natural parks where hunting and fishing are available). Tourism development in Latvia is being facilitated. A network of overnight facilities is being developed. In some rural regions visitors have the opportunity to stay in farm homes, and entire rural tours have been organized by a company called *Lauku ceļotājs* (Rural traveler). The work is hampered by insufficient available information, especially concerning the establishment of tourism offices. Such offices are open only in a few Latvian cities. In the capital, Riga, one was opened only in January 1995. One former shortcoming in Latvia's tourism industry has been addressed. There are now ample tourist guides and good-quality road maps in English and German. There are maps of the entire country and of individual regions. The largest Latvian tour companies which specialize in services for foreign visitors are *Lattur* and *Latvian Tours*.

CHRONOLOGY OF KEY EVENTS



The Gaitmana ala (cave) near Sigulda

9th millennium B.C.	First arrival of inhabitants in the territory of present-day Latvia
End of 12th c.	Arrival of German missionaries, then crusaders
1201	Riga is founded
1290	Full conquest of Latvian territory by the German Teutonic Order
1562	Collapse of the Livonian state
1585	The first Latvian language book, a catechism, is printed
1710-1795	Incorporation of Latvian territory into the Russian empire
1860s	Beginning of the Latvian national renaissance, including publication of the newspaper <i>Peterburgas Avizes</i>
1905-1907	Revolution. Baltic-German and Russian power temporarily broken
May 1915	German army invades Latvia
July 1915	Latvian rifle battalions formed
February 1918	Complete conquest of Latvia by the German army
Nov. 18, 1918	Proclamation of the Latvian state
Jan. 3, 1919	Soviet army captures Riga
May 1919	Soviet power overthrown in Riga
Nov. 11, 1919	Defeat of Bermont forces (German) near Riga
January, 1920	Soviet power overthrown in eastern Latvia
May 1, 1920	Latvian constitutional (Satversme) convention
Aug. 11, 1920	Peace treaty with Soviet Russia
May 15, 1934	Coup d'état by Karlis Ulmanis
Aug. 23, 1939	Molotov-Ribbentrop Pact
Oct. 5, 1939	Agreement with USSR on military bases in Latvia
June 17, 1940	First Soviet occupation
June 14, 1941	Mass deportations to Siberia
July 1941	German occupation
July 1944 - May 1945	Second Soviet occupation
March 25, 1949	Mass deportations to Siberia
June 14, 1987,	Mass demonstrations at the

Aug. 23, 1987	Latvian Freedom Monument
Oct. 8-9, 1988	First congress of the Latvian Popular Front
Aug. 23, 1989	"The Baltic Way" demonstration in all three Baltic Republics
May 4, 1990	Supreme Council of the Latvian SSR adopts declaration of independence
Jan. 1991	Soviet military and paratroop violence in Latvia
Aug. 21, 1991	Full Latvian independence restored
June 5-6, 1993	First free post-Soviet elections
Aug. 31, 1994	Last Russian troops leave Latvia

HOLIDAYS, COMMEMORATIVE DAYS

* January 1	New Year's Day
March 25	Commemorative day for victims of communist terror
* Various dates	Good Friday
* Various dates	Easter
* May 1	Labor Day; anniversary of the convocation of the Constitutional Convention (Satversmes Sapulce) of 1922
May 8	Commemorative day for victims of World War II
2d Sunday in May	Mother's Day
June 14	Commemorative day for victims of 1941 Soviet deportations
* June 23-24	Jāņi (Midsummer's Eve celebration)
July 4	Commemorative day for victims of anti-Semitic genocide
November 11	Lāčplēšis Day (Veterans' Day)
* November 18	Independence Day (Republic of 1918)
* December 25-26	Christmas
* December 31	New Year's Eve

*Holidays