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### **Address by H. E. Dr. Vaira Vike-Freiberga, President of Latvia, at the Latvian - Austrian Economic Forum, Riga, April 24, 2002**

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Excellencies,

Ladies and gentlemen,

It is a pleasure to address you here today, and to extend a very warm welcome to everyone who is eager to build upon the economic foundations of an even closer partnership between Latvia and Austria.

I thank you all for coming to the Latvian - Austrian Economic Forum. I should like to thank in particular the Austrian Chamber of Commerce, the Austrian Trade Office, the Latvian Chamber of Commerce and Industry, the Latvian Ministry of the Economy, and the Austrian Embassy in Latvia for their dedication to establishing closer economic ties between our countries and for organising today's forum. I hope that it proves to be beneficial for the business representatives who have gathered here today.

I am delighted that during this official working visit of the President of Austria to Latvia, Austrian entrepreneurs are having the opportunity to meet with their Latvian colleagues. I am also pleased that the level of economic co-operation between Latvia and Austria has increased over the past few years. Austrian trade missions have made regular trips to Latvia since 1993, and the Austrian Trade Office has been acting as a crucial element in promoting economic contacts between the entrepreneurs of our countries since 1998. During last years visit by the Austrian trade mission, more than 20 Austrian companies were represented.

I find it most encouraging that the bilateral relations between Latvia and Austria are developing at a dynamic pace. They are being furthered by Latvia's preparations for accession to the European Union, of which Austria is already a member. After Latvia joins the European Union, both of our countries will belong to a common economic space. This will have a long-lasting impact on our bilateral trade relations, and on our trade relations with the rest of world.

Ladies and gentlemen,

When Latvia regained its independence, it had to assume the monumental task of overhauling a bankrupt, State-run economy and finding new markets for its exports, all of which for decades had been sent eastward to Russia and other Soviet republics. Today, Latvias transformation to a liberal market economy can be considered a success story of rebirth and renewal. During the past few years, Latvia has experienced one of the fastest economic growth rates in Central and Eastern Europe.

In a relatively short period of time, a solid foundation for a market economy has been built and good macro-economic preconditions for economic growth have been created. Last year Latvias GDP growth rate was 7.6 %, and continued annual growth rates exceeding 5% are expected during the foreseeable future. Latvias national currency, the lat, has been stable since its reintroduction in 1994. Annual inflation rates during the past three years have remained at the 2 to 3-percent level, which is among the lowest figures among the EU candidate countries.

In the sphere of foreign trade, Latvia has successfully managed to find new markets for its products following the collapse of the Soviet Union, and re-orient the bulk of its trade activity from East to West. Latvia should experience few adjustment difficulties after acceding to the EU, as nearly two-thirds of Latvian exports (61.2 %) and over half of Latvian imports (52.6%) are already sent to and from the EU member states.

Ladies and gentlemen,

Latvia's potential for continued economic growth is exemplified by the high rate of accumulated foreign direct investment, which has exceeded 2.3 billion USD since 1991. This amounts to nearly 1000 USD per capita, which makes Latvia among the top five investment recipients in Central and Eastern Europe. Part of Latvia's attractiveness stems from its favourable tax policies for investors and from its efforts to create an increasingly business-friendly environment.

Latvia now sees its advantageous geographical position as one of bridging the divides; as a communications and trade link between East and West, and between North and South. With a well-developed transportation and logistics infrastructure, Latvia is able to fulfil an essential role in the transit trade. Currently Latvia handles the largest volume of transit trade in the entire Baltic Sea region.

With the ongoing technological revolution and increasing globalization, the value-added sectors of an economy, such as information and high technology, logistics and engineering, biotechnology and pharmaceutical production can be decisive for a country's economic success. Latvia is not yet a global player in these areas, but we are working intensively to develop them.

Ladies and gentlemen,

With these brief remarks I wanted to draw your attention to Latvia's enormous potential as a promising, stable and reliable business partner for Austria. I hope that this economic forum serves to generate new and beneficial partnerships between the entrepreneurs of our countries, and that it will be remembered as a notable success.