

The Republic of Latvia

Historical Background

The Republic of Latvia has a population of 2.67 million in a total area of 64,600 sq. km. Latvia first gained independence on November 18, 1918, but lost it with the occupation by Soviet troops in 1940. Latvia fully regained its independence following the anti-Gorbachov coup of 1991. To re-establish parliament (the *Saeima*) under a system of proportional representation, the first parliamentary elections following independence were held June 1993; of 1.1 million eligible voters, 90% participated. Out of a total of 23 registered political parties, 9 elected representatives. This democratically elected Parliament is fully committed to economic reform.

Founded in 1201 by German crusaders, the capital city of Latvia is **Riga** (population: 870,000). Major business activities and trading and financial institutions are concentrated in Rīga. The second largest city is **Daugavpils** (population: 125,000), a predominantly Russian-speaking city. Apart from Rīga's commercial port, **Liepāja** (pop. 108,000) and **Ventspils** (pop. 47,500) are Latvia's leading harbours and also commercial centres.

The **official language** of the country is **Latvian**. As a result of the Soviet occupation, Russian, though not an official language, is spoken everywhere. Indeed, many ethnic Russian residents speak only Russian. There is an increasing amount of people who can communicate in English or German.

Current issues

Critical issues to be aware of are **ethnicity** and **citizenship**. As a result of mass deportations, war casualties, substantial emigration to the West, and an influx of a massive labour force from the Soviet Union during the 1950s and 1960s, the indigenous Latvian population was sharply reduced after World War II. Consequently, the proportion of native Latvians in the population fell from 76% in 1940 to 54% in 1994. Indeed, in 1991 only one third of the population of Rīga was of Latvian origin, and in the seven largest urban centers Russians predominate with Latvians mostly living in the countryside.

Thus, the question of the Russian minority's constitutional status is the most emotive and divisive issue in Latvian politics. The passage of a citizenship law, which provides for progressive naturalization of the 700,000 non-citizens over 10 years, may help to ease the situation. However, tensions are likely to remain.

Until adequate new legislation is passed and the police force becomes better trained and equipped, **criminal activity** in commercial spheres of activity are well developed in Latvia. Extortion and racketeering often impact on domestic and foreign enterprises.