

MODERN INDUSTRIAL POLICY
+
HIGHLY PRODUCTIVE LABOR FORCE
=
LATVIA'S ECONOMIC BREAKTHROUGH

DANIĒLS PAVĻUTS
MINISTER OF ECONOMICS
RĪGA, APRIL 2012

HIGHER
VALUE-ADDED AND PRODUCTIVITY

DRIVING
ROLE OF MANUFACTURING

MODERN
PRODUCTS AND SERVICES

MORE SOPHISTICATED
EXPORTS

MORE AND BETTER-PAID
JOBS

20%

SHARE OF MANUFACTURING IN GDP
IN 2020 COMPARED TO 14% IN 2011

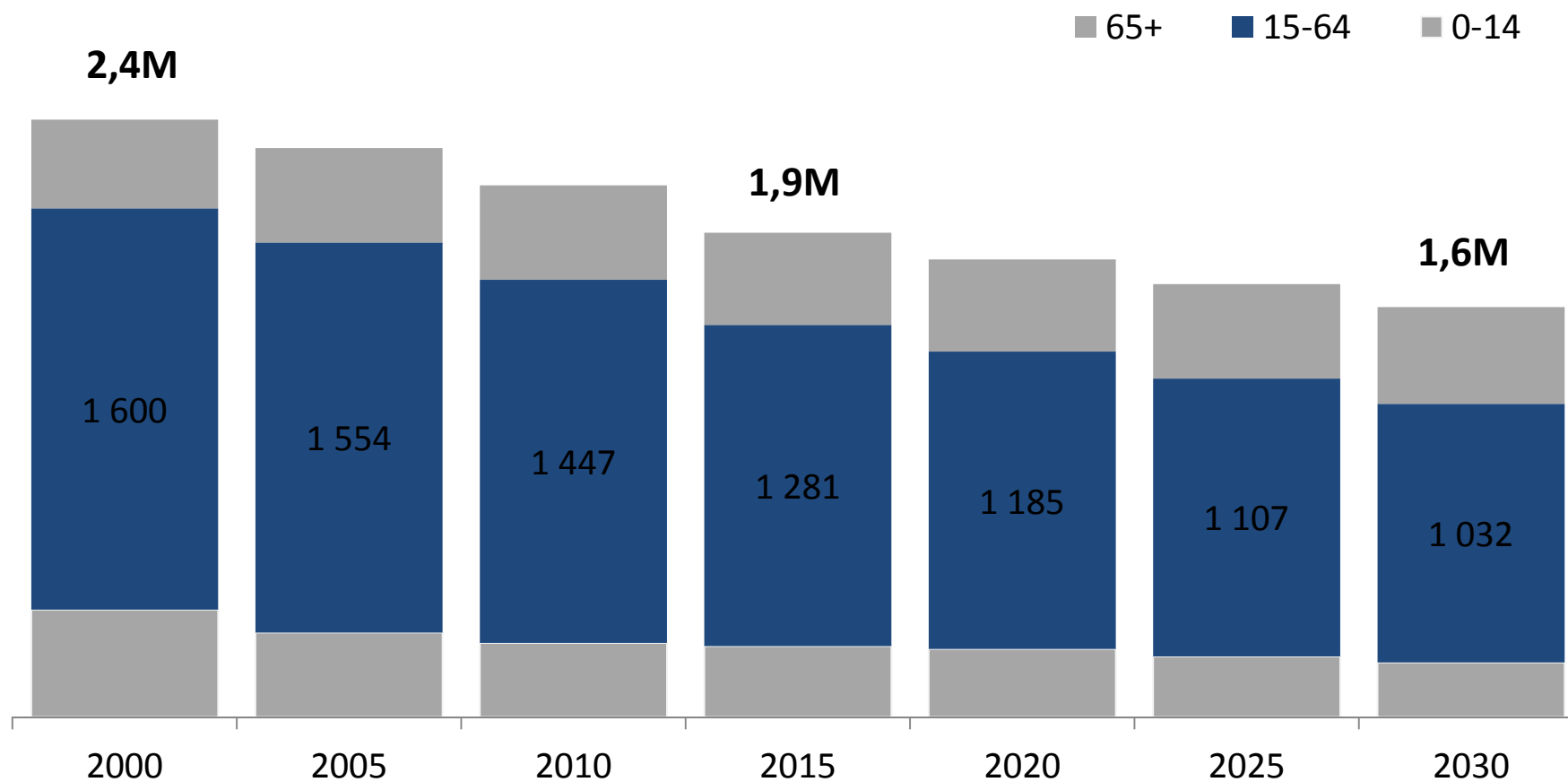
40%

PRODUCTIVITY GROWTH IN
MANUFACTURING UNTIL 2020
COMPARED TO 2011 LEVEL

60%

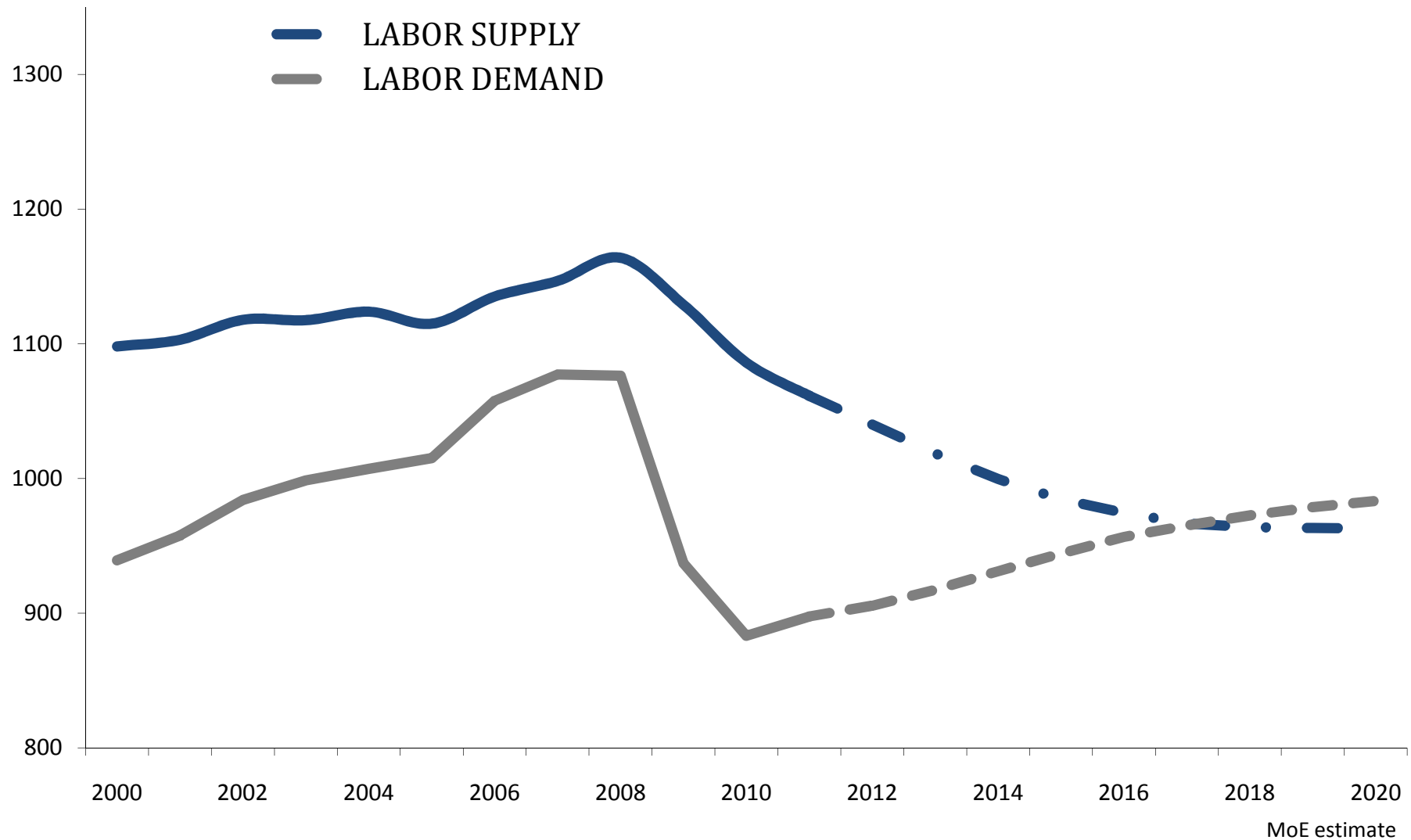
INCREASE OF MANUFACTURING
OUTPUT UNTIL 2020 COMPARED TO
2011 LEVEL

LATVIAN POPULATION, ESPECIALLY THAT OF WORKING AGE, IS SHRINKING



CSB and MoE projections

LABOR FORCE SHORTAGES EXPECTED AROUND 2017



EXPECTATIONS - SHOULD CURRENT POPULATION TREND CONTINUE LINEARLY

- 15%

NUMBER OF WORKING AGE (15-64) POPULATION
IN 2020 COMPARED WITH 2011

- 8%

LABOUR FORCE SUPPLY OR NUMBER OF
ECONOMICALLY ACTIVE POPULATION
IN 2020 COMPARED WITH 2011

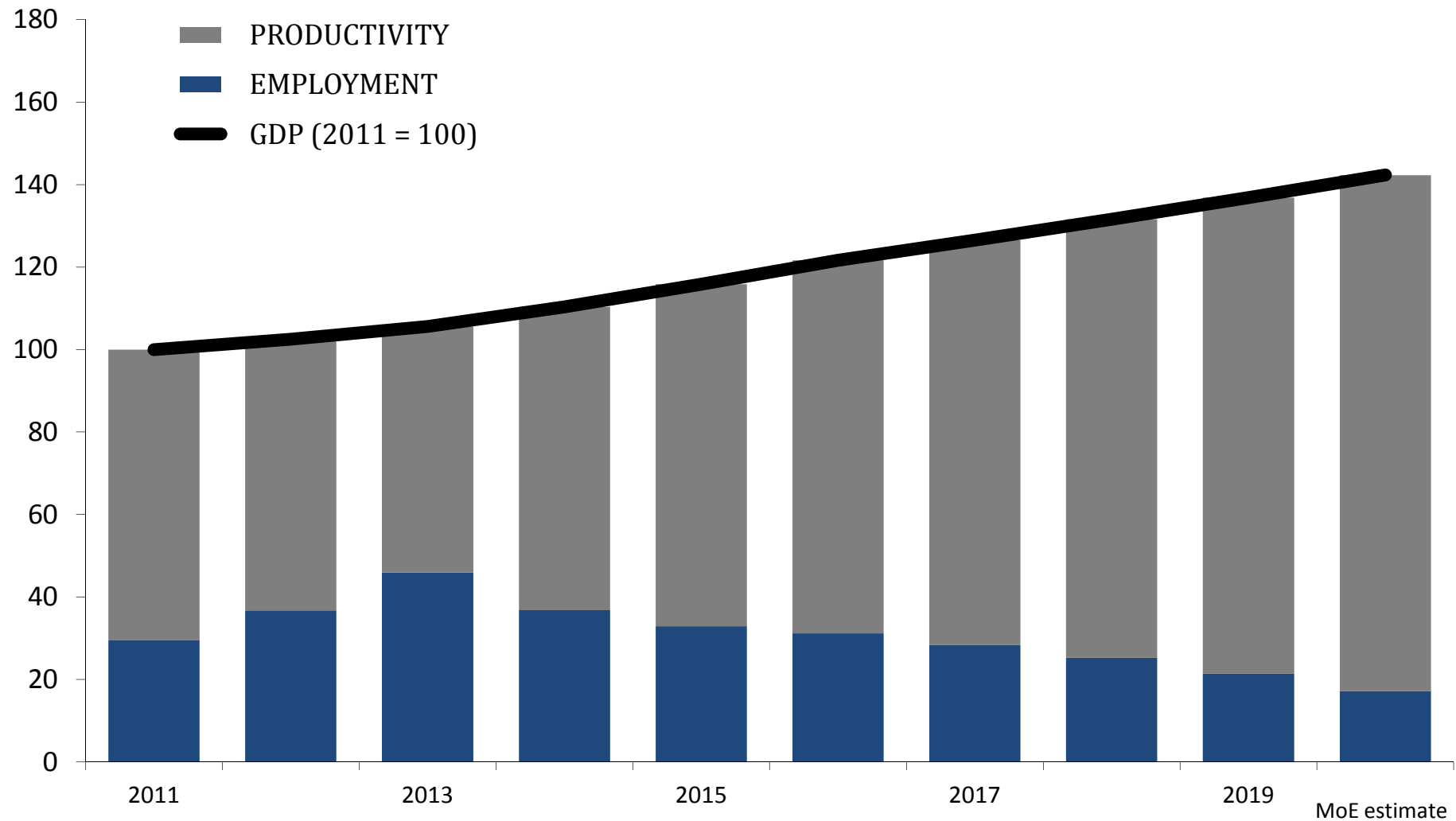
+ 10%

LABOUR FORCE DEMAND
IN 2020 COMPARED WITH 2011

ECONOMIC

BREAKTHROUGH?

PRODUCTIVITY SHOULD GROW FASTER THAN EMPLOYMENT



RISK OF NOT MEETING

1/2

**OF THE INDUSTRY DEMAND
FOR LABOUR**

**UNTIL 2020 IF THE LABOUR FORCE DOESN'T
RESTRUCTURE**

SHORT TERM: UNEMPLOYMENT REMAINS A CHALLENGE

THE BEST CHANCES OF CREATING MORE JOBS IN THE SHORT TERM
TO ABSORB UNEMPLOYMENT INITIALLY REMAIN MANUFACTURING AND SERVICES WITH
LOWER SKILL REQUIREMENTS

MEDIUM TERM: LABOUR FORCE HAS TO RESTRUCTURE

TRANSITION FROM THE SEGMENTS REQUIRING LARGE LABOUR RESOURCES
TO MORE PRODUCTIVE TECHNOLOGY AND KNOWLEDGE INTENSIVE FIELDS
MAINLY IN MANUFACTURING AND ITS SUPPORTING SECTORS

IN THE FUTURE: INDUSTRY WILL DEMAND FLEXIBLE LABOR FORCE

CAPABLE OF CREATING INNOVATIVE AND
HIGH VALUE-ADDED PRODUCTS AND SERVICES

SOURCES OF LABOUR

1. UTILISING POTENTIAL OF EXISTING LATVIAN POPULATION (200 000 JOB SEEKERS)
2. DIASPORA - LATVIANS WORKING AND STUDING ABROAD (190 000 IN 2011)
3. «LABOUR SUPPLY OF LAST RESORT» – ATTRACTING SPECIFIC CATEGORIES OF QUALIFIED SPECIALISTS FROM ABROAD BASED ON NEED

POTENTIAL OF DIASPORA

A PARTIALLY RETREIVABLE POOL OF ECONOMICALLY ACTIVE CITIZENS –
POTENTIAL RESERVE OF LABOUR AND BUSINESS ACTIVITY

POTENTIAL FOR BRINGING BACK NEW SKILLS, KNOWLEDGE AND EXPERIENCE

ACTIVE AND INTEGRATED MEMBERS OF DIASPORA IN HOST COUNTRIES CAN
BE SPRINGBOARDS / CONDUITS TO EXPANSION OF ECONOMIC AND
CULTURAL EXCHANGE BETWEEN LATVIA AND HOST COUNTRIES

EDUCATION – THE MAIN “SUPPLIER” OF COMPETITIVE WORKFORCE

