

Latvia

Tourism in the economy and outlook for recovery

Tourism is an important sector in Latvia, directly contributing to 4.8% of Latvian GDP in 2019. Following the pandemic, total tourism expenditure in 2020 was down 73% from 2019 to EUR 145.4 million, and held steady in 2021 at EUR 145.5 million. In 2021, employment in tourism-related sectors represented 7.1% of the total workforce, down from 8.3% in 2019.

Inbound tourism recovery has been limited: the total number of international tourists in 2021 was 24.9% less than in 2020, totalling 478 000 tourists – 75.3% below 2019 levels. Latvia's top source markets are the neighbouring countries of Lithuania, Estonia and Russia, which contributed to 60% of 2020 international arrivals, up 18% from 2019.

Domestic tourism is an important pillar of Latvian tourism. Domestic tourists totalled 2.5 million in 2019. In 2021, 2.4 million domestic tourists were recorded, with a total expenditure of EUR 163.3 million.

Latvia aims to bring tourism back to pre-pandemic levels by 2024. However, the impacts of Russia's war in Ukraine and energy crisis in Europe risk further delays to the full return of tourism.

Tourism governance and funding

The Ministry of Economics is responsible for developing national tourism policy and organising and co-ordinating its implementation. The Ministry supervises the Investment and Development Agency of Latvia, which is responsible for implementing tourism policy and promoting Latvia at national and international levels.

The Ministry (along with the Investment and Development Agency) co-operates actively with the regions of Latvia via four regional tourism associations. It co-operates with local municipalities and tourism information centres as required. Regional and local authorities take part in creating the Latvian Tourism marketing strategy, marketing campaigns and printed and digital informative materials.

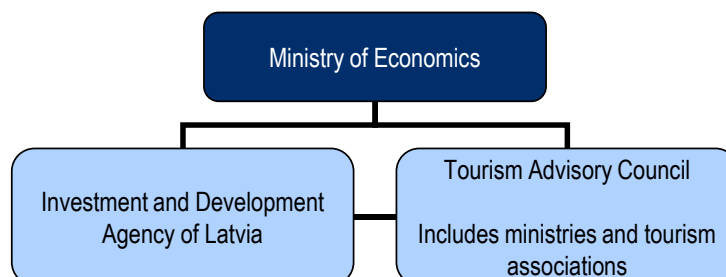
The Ministry of Economics works closely with the Latvian Hotel and Restaurant Association, the Association of Latvian Travel Agents and Operators, the Country Tourism Association and other trade bodies. In the case of nationally important issues, the Latvian Tourism Advisory Council is brought together with a variety of ministries and association members.

The Ministry of Economics co-operates with other ministries in development policy concerning tourism and reviews and comments on policy guidelines developed by the ministries of Culture, Environmental Protection and Regional Development, and Transport. When the competence and opinion of tourism sector professionals are required, Latvia creates working groups, including local authorities, associations, other governmental organisations and non-governmental organisations.

In 2021, the total budget for tourism marketing was EUR 2.7 million, including state funding of roughly EUR 700 000 and funding of EUR 2.0 million from the European Regional Development Fund. Tourism marketing activities are implemented by the Tourism Department of the Latvian Investment and

Development Agency. The Agency is also responsible for implementing the “Promotion of international competitiveness” programme, co-financed by the European Regional Development Fund (ERDF), which supports tourism entrepreneurs in various marketing activities.

Latvia: Organisational chart of tourism bodies



Source: OECD, adapted from the Ministry of Economics, 2022.

Tourism policies and programmes

The Tourism Development Plan for 2021-29 was created before the COVID-19 pandemic. Due to the difficulties in long-term planning during the pandemic, the Ministry of Economics decided to shift to a short-term Tourism Recovery plan for a period of 1-2 years. A new plan is being developed to account of the geopolitical situation and the ongoing recovery of the tourism sector in 2022. This plan will include additional activities to stimulate the sector. Budget limitations are still being identified.

The Investment and Development Agency of Latvia has developed the Latvian Tourism Marketing Strategy, which determines priority tourism markets and activities for promoting inbound tourism and addressing future tourism challenges. The marketing strategy aims to improve the image of Latvia, develop sustainable tourism and foster investment. In addition, the Agency co-operated with regional tourism associations and local authorities to organise domestic promotional campaigns to partially compensate for the decrease in international tourists and to support local businesses (see box below).

Latvia had several support programmes in place for the tourism sector to deal with the effects of the COVID-19 crisis, including:

- Salary compensation programme for tourism enterprises (EUR 19.4 million).
- Special support for cultural and entertainment venues.
- Tax payment extensions: the possibility to split tax payments or defer them for up to three years.
- Loans for current assets: funding with reduced collateral requirements (EUR 210 million).
- Self-isolation programme: indirect support to hotels (EUR 141 000).
- Guarantees for loan holidays (EUR 47.5 million).
- Aid for business rental costs.

The positive effect of the pandemic was new knowledge and skills gained, such as the ability to organise online and hybrid events, making it possible to invite speakers and participants who would not previously have been able to attend.

Latvia has set longer-term priorities to increase the competitiveness and export capacity of the tourism sector. The main priorities are:

- Building value through a focused cluster system: development of new, innovative and creative tourism products through a tourism cluster system with high added value and return on investment. The programme will support eight tourism clusters: four thematic clusters (MICE, health tourism, cultural tourism and nature tourism) and four regional clusters. The programme is co-financed with ERDF funding of EUR 6.5 million.
- Digitalisation of the tourism sector: enterprises will have the opportunity to participate in the EU Recovery and Resilience Facility and the programmes co-financed by the EU's multiannual budget, which support the digitisation of processes, training of digital skills and the development of new digital products.
- Improving data acquisition and dissemination.

Domestic tourism promotion campaigns in Latvia

In response to the dramatic decline in inbound tourism and growing demand for domestic tourism, the Investment and Development Agency of Latvia, in co-operation with regional tourism associations and local authorities, organised several domestic promotional campaigns aiming to partially compensate for the decrease in international tourists and to support local businesses. In 2021, the number of nights spent by domestic tourists was 1.5 million, an increase of 9.5 % compared to the previous year. The campaign included:

- “Open Days in the Countryside”, which attracted 26 000 visitors to 240 rural guest houses, restaurants and other rural tourism businesses.
- “Home Café Days”, which involved 448 pop-up cafes, attracted more than 40 000 visitors and was repeated in 2022 due to its success.
- “Zoom Latvia Closer”, a campaign game organised from July to October 2021, which included 33 destinations all over the country. The campaign was repeated in 2022 with new routes and destinations.
- “Let's visit Latvian castles and manors!”, a travel campaign organised from May to September 2022 for domestic cultural tourists to experience the cultural heritage of various castles, manors, and parks.

Statistical Profile


Latvia: Domestic, inbound and outbound tourism

	2017	2018	2019	2020	2021
TOURISM FLOWS, THOUSAND					
Domestic tourism					
Total domestic trips	12 532	10 948	10 416	6 153	8 282
Overnight visitors (tourists)	2 942	2 584	2 501	1 367	2 392
Same-day visitors (excursionists)	9 590	8 365	7 915	4 786	5 890
Nights in all types of accommodation	7 068	5 514	5 792	4 083	6 604
Hotels and similar establishments	562	478	538	477	759
Other collective establishments	906	508	676	542	856
Private accommodation	5 601	4 528	4 577	3 065	4 989
Inbound tourism					
Total international arrivals	7 726	7 775	8 342	3 204	1 937
Overnight visitors (tourists)	1 949	1 946	1 935	636	478
Same-day visitors (excursionists)	5 776	5 829	6 408	2 568	1 459
Top markets					
Russia	243	244	298	85	76
Lithuania	300	275	309	205	66
Germany	255	260	245	44	48
Estonia	192	176	210	90	45
Finland	102	81	83	36	18
Nights in all types of accommodation	8 865	7 864	8 266	2 872	2 847
Hotels and similar establishments	3 125	3 049	3 549	757	390
Other collective establishments	276	395	320	424	596
Private accommodation	5 464	4 419	4 397	1 691	1 861
Outbound tourism					
Total international departures	2 056	2 176	2 384	689	629
Overnight visitors (tourists)	1 265	1 368	1 480	432	512
Same-day visitors (excursionists)	790	807	904	258	117
Top destinations					
Estonia	173	206	161	90	83
Lithuania	154	157	166	54	31
Sweden	80	100	100	..	30
Germany	148	80	98	48	27

TOURISM RECEIPTS AND EXPENDITURE, MILLION EUR					
Inbound tourism					
Total international receipts	1 248	1 376	1 398	478	..
International travel receipts	838	896	907	378	..
International passenger transport receipts	410	480	491	100	..
Outbound tourism					
Total international expenditure	815	857	871	318	..
International travel expenditure	642	660	669	265	..
International passenger transport expenditure	173	197	202	53	..

.. Not available

Source: OECD Tourism Statistics (Database).

StatLink  <https://stat.link/ynzcea>

Latvia: Enterprises and employment in tourism

	Number of establishments	Number of persons employed				
	2020	2017	2018	2019	2020	2021
Total	..	..	..	..	..	..
Tourism industries	16 857	75 400	77 100	75 600	68 300	61 200
Accommodation services for visitors	1 483	4 900	5 600	6 600	6 300	4 600
Hotels and similar establishments	513	3 700	4 500	5 400	5 000	3 000
Food and beverage serving industry	4 950	24 800	26 700	25 500	23 300	21 200
Passenger transport	1 523	17 800	16 800	13 600	11 300	12 000
Air passenger transport	18	2 100	2 200 e	..	..	..
Railways passenger transport	59	3 800	2 700	2 100	..	..
Road passenger transport	1 416	11 000	10 900	9 500	8 000	8 200
Water passenger transport	30	..	..	..	..	..
Passenger transport supporting services	..	..	..	..	..	..
Transport equipment rental	922	..	..	..	..	..
Travel agencies and other reservation services industry	940	2 800	2 500	2 000	2 100	..
Cultural industry	2 408	12 900	11 500	12 600	13 000	11 600
Sports and recreation industry	4 631	11 500	13 700	15 000	11 600	9 900
Retail trade of country-specific tourism characteristic goods	..	..	..	..	..	..
Other country-specific tourism industries	..	..	..	..	..	..
Other industries	..	..	..	..	..	..

.. Not available; e Estimated value

Source: OECD Tourism Statistics (Database).

StatLink  <https://stat.link/rd0kft>



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