



Foreword

Having become an equal participant in processes of global importance following half a century of forced isolation, our country has felt not only the sometimes harsh winds of change brought on from outside its borders, but also a joint sense of responsibility for events both near and far. The word *globalization* has become a part of everyday life. Thus, the authors of **Latvia Human Development Report** have turned their attention to this very urgent issue at the right time and place.

During the past years, Latvia's development has involved many difficult tasks which, fortunately, are being resolved on an incremental basis. For several years, the country's GDP growth rate has been positive and inflation has been decreasing. A progress report released by the European Union has recognized Latvia as a country with a functioning market economy. An increase in the competitiveness of Latvia's economy has been demonstrated by our ability to significantly diminish the impact of unfavourable external factors within a relatively short time period, and to reorient our markets toward the European Union.

Latvia's accomplishments were internationally recognized in Helsinki in December, 1999, with an official invitation to begin negotiations regarding accession to the European Union.

One of the most important dimensions of human development is welfare, and no effort should be spared to achieve significant growth in this area. Our resources must be divided efficiently, with a look toward the future.

Independent Latvia is an advantageous place for investments. Whether investors will see Latvia as attractive or unstable will depend on the ability of our entrepreneurs to understand the latest trends and prove their comparative advantages in the severe battle of global competition. If skilfully used, Latvia's geopolitical position will continue to be an excellent resource for the development of financial services

and dynamic activities in the transfer of economic wealth.

Latvia's small and medium-sized businesses must become more flexible in seeking and finding their special niche in the world economy, as they establish the basis of their economic activities. The economy of the future will be led by people with a solid educational background, and increased investments in education are sure to pay off with economic growth. More must also be done to promote regional development, and to improve the opportunities for people who live in distant rural areas to become involved in global processes.

The fact that this **Report's** authors have reserved a special place for youth is commendable. Many young people already view the prospects of applying their abilities in a global context. The type of globalization chosen by Latvian society and the Latvian government will determine the personal choice of many young people: it will determine whether they will devote their energy to promoting human development in their homeland or set out into the big world. We are all responsible for ensuring that their knowledge and enterprise will not be wasted, and that they preserve their native language and identity.

I sincerely thank everyone who has contributed to the creation of this **Report**, and I express my special gratitude to Resident Representative of the UN Development Programme Jan Sand Sørensen and his team.

Vaira Vīķe-Freiberga
President of the Republic of Latvia

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