



## THE ROLE OF LATVIA IN THE ECONOMY OF EUROPEAN UNION

*Husanov Islombek Elbek ugli*

*Toshkent state university of economics*

**Abstract:** After joining the European Union (EU) in 2004, the Republic of Latvia has taken important steps in adapting its economy and political system to European standards. In this article, we will talk about the place of Latvia in the economy of the European Union, its economic development, important sectors and cooperation with the European Union.

**Key words:** Latvian economy, agriculture, industry, food products, economic growth, development, political system.

Latvia's economy has grown rapidly since independence in the early 1990s. With the accession to the European Union in 2004, the country's economic growth rate increased further. As a member of the EU, Latvia received a lot of financial support and investments, which helped to develop the infrastructure, education and health sectors. Latvia has become an important center for trade and investment within the European Union. The geographical location of the country, located on the trade routes between Europe and Russia, makes it competitive in the field of transit and logistics. Latvia has also been successful in attracting foreign investment using its access to the EU market. The economic structure of Latvia consists of various sectors. Agriculture, industry and service sector are the main directions of the country's economy.

Agriculture is mainly focused on the production of food products, and Latvia occupies an important place in the export of agricultural products in the European Union. The industrial sector includes machinery, chemical and wood industries. Latvia is also actively involved in the transition to a green economy. In line with the environmental policy of the European Union, the country is focusing on the development of renewable energy sources. This not only protects the environment, but also promotes economic growth. Latvia's place in the European Union is also important for social and economic stability. As a member of the EU, Latvia had to adapt its economic policy to European standards, which helped to increase economic stability in the country. Financial assistance and programs provided by the EU play an important role in solving social problems.

The economic development of Latvia consisted of several important stages, each of which had an impact on the country's economic structure and political situation. After Latvia became independent from the Soviet Union in 1990, economic changes began. The economy was in a difficult position in the early years as the country faced many challenges as it tried to transition to a market economy. Inflation, unemployment and economic crises followed. By the end of the 1990s, Latvia began the process of transition to a market economy. Policies aimed at privatization of state property, economic liberalization and attracting foreign investments were implemented. During this period, the rate of economic growth increased gradually. With its accession to the European Union in 2004, Latvia entered a new stage in its economic development. As a member of the EU, the country received a lot of financial support and investments. This has helped to develop infrastructure, education and health. Access to the European Union market has served to increase Latvia's exports and stimulate economic growth. In the mid-2000s, Latvia's economy grew rapidly. In 2006-2007, economic growth exceeded 10%. However, in 2008, the global financial crisis had a serious impact on the Latvian economy. Economic growth has stalled, unemployment has risen and public debt has increased.

After the crisis, Latvia's economy started to recover. The state tightened its economic policy, cut costs and tried to ensure economic stability. In 2014, Latvia joined the Eurozone, which further increased economic stability. Currently, Latvian economy is diversifying. The focus is on the transition to a green economy, digital transformation and the development of innovation.[5]

Latvia is also striving to develop renewable energy sources in line with the environmental policy of the European Union. The economic development of Latvia is a complex and multifaceted process, which includes the transition to a market economy after independence, accession to the European Union, and global crises. Currently, Latvia is striving for further diversification and sustainable development of its economy. Latvia's main economic sectors in the European Union are: Latvia is famous for its historical sites and natural beauty, especially in the city of Riga. Tourism is an important part of the economy and creates many jobs. Banks and financial institutions, including the provision of international financial services, play an important role in the Latvian economy. The digital technology and software industries are developing rapidly, which encourages innovation. Latvia produces agricultural products, including grains, meat, milk and vegetables. Agriculture is supported through EU rural development programmes. Food production, packaging and export is an important part of Latvian industry. Latvia is also active in the engineering and metal manufacturing industries, which are important for exports. The production of chemical products, including pharmaceuticals and cosmetics, is also developing. Latvia is striving to diversify its energy sources, including focusing on the development of renewable energy sources. Imports of gas and electricity are also important. [6]

Due to its geographical location, Latvia is an important center in the fields of transport and logistics. Cargo and passenger transportation through ports, railways and highways is developing. Latvia is trying to create a favorable environment for innovative startups and technology companies. There are programs aimed at developing the digital economy and technologies. Latvia's economic sectors in the EU include services, agriculture, industry, energy, transport and innovation. [1]

These sectors play an important role in ensuring the sustainable growth of the country's economy.

Latvia's transition to a green economy is being implemented through a number of strategies and initiatives. Projects for installing wind power stations and solar panels are being implemented in the country. Programs and projects aimed at increasing energy efficiency are being implemented. This includes the insulation of buildings, the introduction of energy-saving technologies and the optimization of industrial processes. Emphasis is placed on the use of environmentally friendly and sustainable practices in agriculture. Efforts are being made to protect soil and water resources by developing organic agriculture and agroecological methods. [3]

In order to stabilize the transport system, initiatives such as the development of public transport, the use of electric vehicles and the expansion of bicycle paths are being implemented. In industrial enterprises, the process of transition to a green economy by reducing waste, efficient use of resources, and introduction of environmentally friendly technologies continues. In the process of transition to a green economy, attention is paid to ensuring social stability. This is done by creating new jobs and developing education and training programs. The Latvian government is updating legislation and policies to support the transition to a green economy. Efforts are being made to ensure sustainable development by encouraging green investments and setting environmental standards. Latvia's transition to a green economy is being implemented through a number of strategies, including increasing energy efficiency, developing renewable energy sources, and creating a sustainable agriculture and transportation system. This process is aimed at ensuring economic and ecological stability of the country.[4]

### **Conclusion.**

Latvia's place in the EU economy is important for the country's economic development, trade and investment, key economic sectors and the transition to a green economy. Cooperation with the European Union creates new opportunities for Latvia and helps ensure economic stability. In the future, Latvia seeks to further diversify its economy and strengthen its position within the European Union.

### **References:**

1. "World Economic Outlook Database, April 2019". IMF.org. International Monetary Fund. Retrieved 29 September 2019.

2. "World Bank Country and Lending Groups". datahelpdesk.worldbank.org. World Bank. Retrieved 29 September 2019.
3. "Population on 1 June". data.stat.gov.lv. Retrieved 3 July 2024.
4. "Economy of Latvia: April 2024". imf.org. International Monetary Fund. Retrieved 8 July 2024.
5. "IMF Executive Board Concludes 2023 Article IV Consultation with the Republic of Latvia". International Monetary Fund. 9 July 2024.
6. "Republic of Latvia: Staff Concluding Statement of the 2024 Article IV Mission". International Monetary Fund. 9 July 2024.