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> " There are insufficient investments in the national ICT industry and an underdeveloped domestic market for software solutions."
>
> — *Director, Latvian IT company*

> " The present state policy in the field of ICT is directed to implementation of activities according to *Acquis Communautaire* [the entire body of European laws] as well as to providing complete access to [the] Internet."
>
> —*Latvian governmental official*

Latvia was one of the most advanced regions in the former Soviet Union in terms of telecommunications development. Today the nation is preparing for the second round of European Union (EU) accession. Latvia ranks thirty-ninth overall in Readiness for the Networked World (significantly below Estonia, but above neighboring Lithuania).

Latvia faces challenges such as frequent changes in the government, a weak judiciary system, corruption, and bureaucracy. Moreover, a dearth of telecommunications laws and Lattelkom's monopoly over fixed-line services have impeded Latvian progress toward Networked Readiness (Ranking in Effect of Telecommunications Competition: 59). Motivated by WTO standards and the potential of EU membership, the Latvian government is trying to reduce the duration of Lattelkom's monopoly by ten years, to end in 2003.

The brain drain in Latvia is slowing as salaries increase, but current local demand for ICT professionals exceeds the national supply. With the goal of preparing students, teachers, administrators, and institutions at all levels, the government and the University of Latvia launched the Latvian Education Information System (LIIS) in 1997. LIIS established education, management, and information services as its priorities. Latvia's ICT education budget increased by 20 percent in 2000.[1] By the end of 2000, all schools offered computer classes and almost all had Internet access (more than half used it), and more than 50 percent of the country's teachers were trained[2] (Ranking in Internet Access in Schools: 30).

ICT is the fastest-growing sector in the country and is among the three top national economic priorities (Ranking in ICT as Government Priority: 36), alongside timber and light industry. Hardware and services have traditionally been stronger, but the total number of software development companies, some ISO-certified, has grown to more than 100, employing over 4,000 people.[3]

A Latvian fiber-optic cable network has been under construction and adds to an existing connection with Sweden. The Latvian Ministry of Transportation is exploring ways to reach distant regions in Latvia to make them ICT-accessible.

While some estimate that Lattelkom's monopoly has tripled fixed-line communications costs, competition in the mobile wireless section has been vibrant and has led to low costs and good service. Conversely, nearly half of all fixed lines remain analog, and DSL broadband is only available in the largest cities.[4] Internet services are competitive, with four dominant ISPs and more than thirty others operating nationwide. Call charges commonly comprise two-thirds of dial-up Internet access costs;[5] dial-up operators will face fierce competition from new providers of cable broadband. More information has become available via Internet in the Latvian language, which has increased significantly the incentives for people to go online.

Internet penetration is much higher among private companies than in the public sector. B2C e-commerce is still in its initial stage due to security concerns, lack of credit cards, and high shipping costs (Ranking in e-Commerce micro-index: 43). The major banks offer electronic transactions and are beginning to support mobile e-commerce. Online payment mechanisms are also available.

The government has adopted a National Program on IT, as well as a conceptual outline for e-Latvia, a program that details the guidelines for national ICT development and prepares the country for launching e-government systems.[6] Currently, the ICT sector is unregulated, with ISP regulations and e-commerce laws under exploration. E-document and e-Signature Acts are scheduled for consideration in late 2001 (Ranking in Legal Framework for IT Business: 51).

Key Facts

Population	2,379,900
Rural population (% of total population) 1999	31.00 %
GDP per capita (PPP)	US$6,838
Global Competitiveness Index Ranking, 2001–2002	47
UNDP Human Development Index Ranking, 2001 (adjusted to GITR sample)	39
Main telephone lines per 100 inhabitants	31.19
Telephone faults per 100 main telephone lines	47.17
Internet hosts per 10,000 inhabitants	83.72
Personal computers per 100 inhabitants	8.40
Piracy rate	NA
Percent of PCs connected to Internet	9.44 %
Internet users per host	7.53
Internet users per 100 inhabitants	6.30
Cell phone subscribers per 100 inhabitants	16.86
Average monthly cost for 20 hours of Internet access	US$19.97

RANK

Networked Readiness Index	**39**
Network Use component index	**38**
Enabling Factors component index	**37**
Network Access	**43**
Information Infrastructure	43
Hardware, Software, and Support	42
Network Policy	**44**
Business and Economic Environment	38
ICT Policy	50
Networked Society	**37**
Networked Learning	34
ICT Opportunities	51
Social Capital	26
Networked Economy	**40**
e-Commerce	43
e-Government	38
General Infrastructure	40