
Spatial patterns in foreign trade of Latvian agricultural, fishery and forestry industries

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Abstract

Foreign trade as part of the main economic relationship between a country and the global market, its regions and super-players is a significant research object. Foreign trade might be used not only to describe countries economic potential on international level, but also describe its internal policies, diplomatic relations and overall structure of society. Trade of goods, in particular, signify a creative and productive scope of one's country, thus its necessary to be able to explain the underlying processes and reasons behind trade patterns and decision-making in national economy. It might be an important aspect in understanding nations role in globalizing and ever-changing economic structure, and perhaps minimize the risks and uncertainties, that are yet to come. But before explanation and analysis is taken place, the pattern itself should be identified and the methodology for such an undertaking is quite vast. This research deals with that on an example of particular case, exploring Latvian foreign trade in first one and a half decade of the 21st century. Since in Latvian academic society economic issues are largely dominated by economic scientists, this is an attempt by the geographer to look at special aspects of mentioned ties and relationships. Research is focused around main natural producing sectors of economy such as agriculture, fisheries and forestry.

With the aim of establishing clear ties between Latvia and its major trading partners, the statistics of foreign trade was analysed using frequency analysis and more conventional methods. Frequency analysis is based on Fisher fi-function, where all cases of phenomena occurring in the observed period are noted and then processed, as the result, creating a number that corresponds to a probability of trade interaction occurring between Latvia and its trade partner at some randomly selected point of time. Other methods included are statistical selection and graphical visualization methods for simpler datasets of foreign trade statistic.

The research shows that Latvian major markets, are located in the Baltic Sea region. Both inflows and outflows correlate strongly with direct proximity of trade market, thus it can be said that one's of the most significant trade markets for a nation are its neighbours. In majority of cases that would be true, except for instances, where economic structure and produce of those neighbours are practically the same, which would result in competition. The research proves, however, that in case of Latvia such scenario is invalid, as many goods of the same kind are being actively traded across the borders.

Despite some similarities there are some significant differences between export and import flows. Major import markets are usually countries with bigger internal market, than Latvia's,

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while major export markets are usually spatially closer to Latvia. Export markets have significant East-West orientation. It is being expressed not only through a political viewpoint, where economic activity with eastern neighbours is in decline, while economic activity with western ones is on the rise and saw a significant development after Latvia's accession to European Union. It is also important to note the difference in goods traded, for example, western markets are more probable to require and buy primarily processed goods and raw materials, while eastern ones are mostly buying processed goods, primarily processed goods and rarely raw materials. Import does follow the pattern of export markets in its separation into East and West groups with similar characteristics. Major difference, however, is differentiation of markets, where majority of high quality goods are being imported from a wider variety of markets, in contrast to export, where consolidation was a major pattern. To sum up it can be said that there are traces of regional clasterization in particular goods export or import, as well as, the segregation of markets based on its qualities, other than purely economic. The patterns in both export and import are similar the closer the markets are located to Latvia, identifying the intensity of economic activity as a major factor, but long distance trade is dominated by economic or geographical factors such as location, transport costs and particularly strong demand for certain categories of produce.

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