

LATVIA-SOUTH AFRICA ECONOMIC RELATIONS 1918–1940

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Abstract

The Republic of South Africa was the first country on the continent of Africa to recognise the renewed independence of the Republic of Latvia on 29 August 1991. This paper provides an overview of Latvian-South African economic relations in the interwar period. In the interwar period Latvian and South African economic relations were mainly confined to foreign trade. Latvia's foreign trade in relation to South Africa (then known as the Union of South Africa) was more or less regulated by Latvia's 1923 treaty with Great Britain. Latvia's main imports from South Africa in the interwar period were fruits (including oranges, mandarins, apricots, grapes, pears, etc.), tanning extracts and materials, paint and varnish extracts and materials, raw wool, palm kernels and oil, and furs and hides, whilst Latvia's main exports to South Africa were fish and fish conserves (including "Sprotes"), confectionery and chocolates, timber and timber products, paper and paper products, plywood, and liquors etc. In general, despite a growth in trade in the 1930s, trade and thus economic relations were of marginal significance to both countries in the interwar period.

Keywords: Latvia, South Africa, Interwar, Trade, Import, Export

JEL code: F10, F14, N14, N15, N74, N75

INTRODUCTION

For most Latvians, South Africa was an unknown country. A number of Latvians (mainly Jewish) had emigrated to South Africa around the turn of the 20th century. Some even took part in the Anglo-Boer War (1899–1902) on the Boer side.¹ In the 1930s, Jewish Latvians in Johannesburg formed a Latvian club, popularised Latvia, discussed Latvian affairs (albeit mainly in Yiddish), read Latvian newspapers and celebrated Latvian Independence Day on 18th November.²

South Africa in the interwar period was essentially a dual economy structured along racial lines. A minority white population (20.9% in 1936 as against a majority African population – 68.8% in 1936)³ dominated the South African economy. This was reflected in the income per head of the population.

¹ Krasnais, V., (1938), p. 394.

² Veigners, I. (1993), p. 242.

³ South African Statistics 2000 (2000), Table 1.3.

Although the overall income per head in South Africa was on average in 1936 SA£36, the figure for whites was SA£130 and for Africans SA£10.⁴

Latvia was recognised *de iure* by Western Europe on 26 January 1921. This collective act of recognition, was accepted by Latvia as conferring final and unreserved *de iure* recognition on the part of all the states represented on the Allied Supreme War Council, namely, Belgium, the British Empire (and thus South Africa), France, Italy, and Japan.

Although South Africa did not have direct representation in Latvia (South African affairs were handled by the British representative), Latvia had three honorary consulates in South Africa – Durban (1928–1931), Johannesburg (1928–1946) and Cape Town (1925–1947). The General-consulate of Latvia was in Cape Town and the first general-consul from 1927 to 1928 was Pieter Johannes Zoutendyk, an auctioneer and notary public. From 1932 to 1947, the consul-general was Sydney Mellin Wale, a director in the Schlesinger Group.

Table 1

Selected economic indicators for Latvia and South Africa in the interwar period

	Latvia	South Africa
Population (millions)	2 (1939)	9.6 (1936)
Share of urban population (%)	34.6 (1935)	31.4 (1936)
Share of agriculture in the labour force (%)	67.8 (1935)	33 (1936)
National Income (millions Ls)	1256 (1938)	10670 (1939)*
National Income per capita (Ls)	628 (1938)	1112 (1939)
Share of Agriculture in NI (%)	39.2 (1938)	12.1 (1940)+
Share of Manufacturing in NI (%)	20.5 (1938)	11.6 (1940)+

* Conversion of 1939 South African pounds to US dollars and conversion of 1939 US dollars to Lats

+ Based on GDP

Sources: Clarke, C. (1940); Nkosi, M. (1986); Darbiņš, A. & Vītiņš, V. (1947); South African Statistics 2000 (2000); The 1936 Census of the Union of South Africa (1943); Feinstein, C. H. (2005)

As can be seen from Table 1, despite the large difference in population, Latvia's share of urban population was only slightly more than that of South Africa. The share of agriculture in the labour force was twice that of South Africa⁵, but the National Income per capita was over 8 times less than that of South Africa due in part to the large share of agriculture in Latvia's NI and South Africa's large mining sector (especially gold and diamonds). Latvia's share of manufacturing in NI was nearly double that of South Africa. However, South Africa was (and is) one of the most mineral rich countries in the world, with massive gold, diamond,

⁴ Feinstein, C. H. (2005), p. 71.

⁵ This is for the total population, however, the differences between the white population and the African population was striking – for example, 75% of the African labour force was engaged in agriculture compared to 26% of the white population (see *Industrialisation and Foreign Trade* (1945), p. 26).

coal, iron ore and platinum deposits spread across the country. Latvia, on the other hand, had only gypsum deposits, as well as extensive deposits of peat.⁶ Thus, the share of mining in South Africa's GDP in 1940 was 20.6%.⁷

LATVIAN-SOUTH AFRICAN ECONOMIC RELATIONS 1922–1939

In the interwar years, Latvian and South African economic relations was mainly confined to foreign trade. Some South African and Latvian trade had already been in existence in the early 1920s. However, direct Latvian-South African trade commenced in 1922.

Latvia's foreign trade in the 1920s was based in large measure on a system of commercial and trade treaties. By 1929, Latvia had concluded commercial treaties with all important European states (except for Spain), including its two most important trading partners – Great Britain (22.06.1923) and Germany (28.06.1926). They provided the regulatory framework within which were stated the obligations undertaken by Latvia in its foreign trade relations with its trading partners up to 1931.

Latvia's foreign trade in relation to South Africa was more or less regulated by Latvia's 1923 treaty with Great Britain. Article 26 of the 1923 Treaty of Commerce and Navigation between Great Britain and Latvia states:

“The stipulations of the present Treaty shall not be applicable to India or to any of His Britannic Majesty's self-governing Dominions, Colonies, Possessions, or Protectorates, unless notice is given by His Britannic Majesty's representative at Rīga of the desire of His Britannic Majesty that the said stipulations shall apply to any such territory.

Nevertheless, goods produced or manufactured in India or in any of His Britannic Majesty's self-governing Dominions, Colonies, Possessions, or Protectorates shall enjoy in Latvia complete and unconditional most-favoured-nation treatment so long as goods produced or manufactured in Latvia are accorded in India or such self-governing Dominions, Colonies, Possessions, or Protectorates treatment as favourable as that accorded to goods produced or manufactured in any other foreign country”.

Most Colonies, Possessions and Protectorates had acceded to the Treaty, as well as self-governing Dominions such as Canada by the end of 1927. However, South Africa, which did not accede to the Treaty, after many representations from Latvia, agreed that Latvian goods imported into South Africa would be given more or less most-favoured-nation treatment.⁸

⁶ For a detailed study of the peat industry in Latvia in the interwar period, see Karnups, V. P. (2016).

⁷ Nkosi, M. (1986), p. 88.

⁸ LVVA, 295 f., 1. apr., 348 l., p. 110.

Similarly, Article 1 of the 1934 Commercial Agreement between the Government of Latvia and His Majesty's Government in the United Kingdom, with Protocol allowed for the continuation of previous arrangements under the previous treaty:

"...The articles enumerated in Part II of the First Schedule to this Agreement... shall not on importation into Latvia ... be subjected to duties or charges other or higher than those specified in the Schedule, provided... enjoys most-favoured-nation treatment in Latvia in accordance with Article 26 or Article 27 of the Treaty of Commerce and Navigation between Great Britain and Latvia, signed on the 22nd June, 1923."

LATVIAN-SOUTH AFRICAN TRADE 1922–1939

As noted previously, some Latvian-South African trade had occurred in 1920–21. The value of Latvian imports from and exports to South Africa can be seen in the Figure 1.

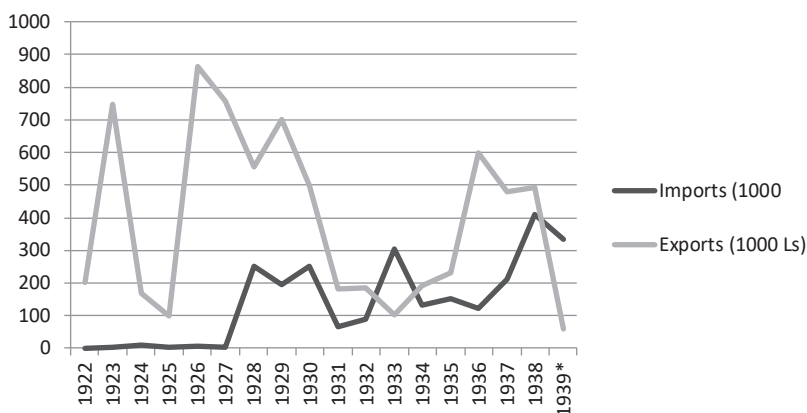


Figure 1. Latvia-South Africa Imports and Exports 1922–1939

* The data for 1939 is for eight months only – to 31 August 1939

Sources: Latvijas Statistiskā gada grāmatas [Latvian Statistical Yearbooks]. 1921–1939; Latvijas ārējā tirdzniecība un tranzīts – 1922–1939. [Latvian Foreign Trade and Transit. 1922–1939.]; Mēneša Biļetens Nr. 10, oktobris 1939 [Monthly Bulletin, No. 10, October 1939]

As Figure 1 shows exports fluctuated substantially in the interwar period, reaching a pre-Depression low in 1925. Nevertheless, they recovered well, reaching their pre-Depression high in 1926 of 864 thousand lats. Exports fell with Great Depression, although they recovered fairly quickly, starting to rise from 1934 and reaching their peak in 1936. Imports, on the other hand, remained very low in the early 1920s, but increased rapidly with a pre-Depression peak in

1930 and a value of 252 thousand lats. Imports also fell with Great Depression, although they recovered fairly quickly, starting to rise from 1932 and reaching their peak in 1938. Generally, exports substantially exceeded imports throughout the interwar period.

LATVIAN EXPORTS TO SOUTH AFRICA

Latvia's main exports to South Africa were Fish and Fish conserves (including "Sprötes"⁹), Timber and timber products, Confectionery and chocolates, Plywood, Liquors etc., and Paper and paper products (See Table 2).

Table 2

Latvia's Main Exports to South Africa (1922–1939)

Year	Fish and Fish conserves (including "Sprötes")		Confectionery and chocolates		Timber and timber products		Plywood		Liquors etc.		Paper and paper products	
	tonnes	Value (1000 Ls)	tonnes	Value (1000Ls)	tonnes	Value (1000 Ls)	tonnes	Value (1000Ls)	litres	Value (1000Ls)	tonnes	Value (1000 Ls)
1922	Less than 1 tonne	Less than 1000 Ls	0	0	2217	197	0	0	206	Less than 1000 Ls	0	0
1923	Less than 1 tonne	Less than 1000 Ls	0	0	6794	746	0	0	0	Less than 1 tonne	0	Less than 1000 Ls
1924	Less than 1 tonne	Less than 1000 Ls	0	0	1437	164	0	0	16	Less than 1000 Ls	6	3
1925	4	6	0	0	642	75	14	4	671	2	11	6
1926	19	44	0	0	2993	482	6	3	0	0	136	81
1927	10	21	0	0	5036	653	5	3	0	0	145	80
1928	18	31	1	3	2862	396	6	3	189	Less than 1000 Ls	216	108
1929	25	44	22	52	2843	497	22	10	148	Less than 1000 Ls	99	48
1930	22	40	4	9	3114	395	3	1	6	Less than 1000 Ls	64	33
1931	20	31	9	15	963	56	14	5	0	0	131	60
1932	11	13	13	20	1180	48	11	3	0	0	112	42
1933	19	20	8	12	658	38	9	2	18	Less than 1000 Ls	73	19
1934	11	11	11	14	1573	107	20	8	0	0	200	41
1935	19	17	33	26	1688	99	226	49	122	Less than 1000 Ls	146	34
1936	22	24	46	49	2370	166	613	158	217	1	578	171
1937	22	46	18	33	708	138	138	76	151	Less than 1000 Ls	393	157
1938	21	45	23	46	1175	142	456	181	72	Less than 1000 Ls	130	59
1939*	7	15	20	34	0	0	0	0	0	0	225	80

* January–August 1939 (with commencement of WWII, Latvia ceased publication of detailed foreign trade statistics)

Sources: Latvijas Statistiskā gada grāmata [Latvian Statistical Yearbooks]. 1921–1939; Latvijas ārējā tirdzniecība un transits – 1922–1939. [Latvian Foreign Trade and Transit. 1922–1939.]; Mēneša Biļetens Nr. 10, oktobris 1939 [Monthly Bulletin, No. 10, October 1939]

⁹ "Šprötes" or sprats are close relatives of anchovies, sardines, and herrings. The Latvian style is to smoke and/or preserve them in oil.

The most important Latvian export to South Africa in the interwar period both in terms of volume and value was timber and timber products. Timber and timber product exports reached an early peak in 1923 and peaked again in 1927. The post-Depression peak in terms of volume and value was in 1936. South Africa was an important market for the Latvian Forestry industry. Plywood exports began in 1925 and increased steadily in 1930s, reaching a peak in 1936. Paper and paper product exports were also a small, but important part of exports throughout the interwar period, reaching a peak in terms of volume and value in 1936.

A small, but consistent export to South Africa was fish and fish conserves (including “Sprotes”, with a pre-Depression peak in 1929 and a post-Depression peak in 1936–1937. Similarly, liquors of all types (including vodka) were a small, but consistent export to South Africa, reaching a pre-Depression peak in 1928 and a post-Depression peak in 1936. Confectionery and chocolates exports were also a small, but consistent export to South Africa, which commenced in 1928 and reach a peak in terms of volume in 1936.

Latvia also exported to South Africa small quantities of berries, halva, mushroom and cucumber conserves, jams and marmalades, bone meal and glues, flax threads, and textile goods.

LATVIAN IMPORTS FROM SOUTH AFRICA

Latvia’s main imports from South Africa were Fruits (including oranges, mandarins, apricots, grapes, pears, etc.), Furs and hides, Tanning extracts and materials, Paint and varnish extracts and materials, Raw wool, and Palm kernels and oil. The amounts and value of Latvia’s main imports imported from South Africa in the interwar period are shown in Table 3.

Imports from South Africa played only a minor role in Latvia’s trade with South Africa. The main import from South Africa in terms of volume and value was tanning extracts and materials. These commenced in 1928 and consistently through to 1939, with a peak in terms of volume and value in 1935. Similarly, paint and varnish extracts and materials were a small, but consistent import from South Africa, reaching a peak in terms of volume and value in 1938. Furs and hides were a small and intermittent import, which commenced in 1922 and reach a peak in terms of volume in 1936 and in terms of value in 1939. Similarly, both raw wool and palm kernels and oil were intermittent imports in the interwar period, reaching peaks in 1933 and 1934 respectively.

Latvia also imported from South Africa small quantities of tobacco, medicinal plants, asbestos, sesame seeds, textiles, and gold.

Table 3

Latvia's Main Imports from South Africa (1922–1939)

Year	Fruits (including oranges, mandarins, apricots, grapes, pears, etc.)		Tanning extracts and materials		Paint and varnish extracts and materials		Raw wool		Palm kernels and oil		Furs and hides	
	tonnes	Value (1000 Ls)	tonnes	Value (1000 Ls)	tonnes	Value (1000 Ls)	tonnes	Value (1000 Ls)	tonnes	Value (1000 Ls)	tonnes	Value (1000 Ls)
1922	0	0	0	0	0	0	0	0	0	0	0	0
1923	0	0	0	0	0	0	0	0	0	0	0	0
1924	0	0	0	0	0	0	0	0	0	0	0	0
1925	0	0	0	0	0	0	0	0	0	0	0	0
1926	0	0	0	0	0	0	0	0	0	0	0	0
1927	0	0	0	0	0	0	0	0	0	0	0	0
1928	2	3	57	9	Less than 1 tonne	Less than 1000 Ls	0	0	202	117	0	0
1929	27	33	242	152	Less than 1 tonne	Less than 1000 Ls	1	0	0	0	0	0
1930	150	152	108	61	Less than 1 tonne	Less than 1000 Ls	1	0	0	0	0	0
1931	59	46	0	0	Less than 1 tonne	Less than 1000 Ls	2	4	5	2	4	8
1932	10	7	68	16	Less than 1 tonne	Less than 1000 Ls	12	41	3	1	0	0
1933	0	0	515	149	Less than 1 tonne	Less than 1000 Ls	39	151	0	0	0	0
1934	0	0	184	47	Less than 1 tonne	Less than 1000 Ls	12	54	227	28	0	0
1935	22	15	402	97	Less than 1 tonne	Less than 1000 Ls	5	16	148	20	0	0
1936	9	6	323	97	Less than 1 tonne	Less than 1000 Ls	2	3	0	0	6	14
1937	3	6	393	174	Less than 1 tonne	Less than 1000 Ls	1	4	20	0	0	0
1938	58	93	171	50	410	217	9	46	0	0	0	3
1939*	0	0	232	116	0	0	Less than 1 tonne	3	0	0	1	134

* January–August 1939 (with commencement of WWII, Latvia ceased publication of detailed foreign trade statistics)

Sources: Latvijas Statistiskā gada grāmata [Latvian Statistical Yearbooks]. 1921–1939; Latvijas ārējā tirdzniecība un transits – 1922–1939. [Latvian Foreign Trade and Transit. 1922–1939.]; Mēneša Biļetens Nr. 10, oktobris 1939 [Monthly Bulletin, No. 10, October 1939]

CONCLUSION

In the interwar years, Latvian and South African economic relations were exclusively confined to foreign trade.

In 1929, when Latvian foreign trade reached its pre-Depression peak, Latvian exports to South Africa made up 0.26% of total Latvian exports, and South African imports made up 0.4% of total Latvian imports. Similarly, in 1937, when Latvian foreign trade reached its post-Depression peak, Latvian imports from South Africa made up 0.09% of total Latvian imports and Latvian exports to South Africa made up 0.18% of total Latvian exports. One suspects that

the figures from the point of view of South Africa would be significantly less. In other words, trade and thus economic relations were of marginal significance to both countries in the interwar period.

It is interesting to note that in 2015, Latvian exports to South Africa totalled 6.9 million EUR or 0.1% of total Latvian exports (mainly wood and articles of wood, machines, mechanisms and electrical equipment, and vehicles). Whilst imports from South Africa totalled 1.0 million EUR or 0.01% of total Latvian imports (mainly food industry products, chemical industry products and plant products). As in the interwar period, Latvia has a positive trade balance with South Africa. Also as in the interwar period there are no Latvian investments in South Africa. Nevertheless, there is some minor South African foreign direct investments in Latvia to a value of 33.12 thousand EUR in 2016.¹⁰

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¹⁰ Data from Latvian Ministry of Foreign Affairs, <https://www.mfa.gov.lv/arpolitika/divpusejas-attiecibas/latvijas-un-dienvidafrikas-republikas-attiecibas#ekonomika> [Accessed 04.07.2020].