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INTERNATIONAL AFFAIRS

LATVIAN FOREIGN AND SECURITY POLICY

YEARBOOK 2019

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The Latvian Foreign and Security Policy Yearbook 2019 aims to contribute to the understanding of Latvia's foreign and security policy decisions and considerations in 2018, as well as assess the opportunities and concerns that await Latvia in 2019. During the past year Latvia saw considerable improvements in its security situation, while simultaneously met with new international and regional challenges. 2019 promises to be a similarly dynamic year full of opportunities and challenges. Latvia will have to make brave and strong choices in its foreign and security policy.

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TABLE OF CONTENTS

FOREWORD

Andris Sprūds 5

ADDRESS BY THE MINISTER OF FOREIGN AFFAIRS

Edgars Rinkēvičs 7

FOREIGN POLICY—THE GUARANTOR OF LATVIAN INDEPENDENCE

Rihards Kols 11

LATVIA IN THE EUROPEAN UNION: A VISION AND “TO DO” LIST FOR THE YEARS TO COME—2019, A YEAR OF CHANGES ON ALL FRONTS

Vita Tērauda 18

LATVIAN FOREIGN POLICY AT 100: FROM ROOTS TO BRANCHES

Ojārs Ēriks Kalniņš 23

THE EU: MUDDLING THROUGH

Lolita Čigāne 31

THE NATIONAL INTERESTS OF LATVIA IN A GEOPOLITICAL AND GEOECONOMIC CONTEXT

Ojārs Skudra 43

SUNSHINE AND THUNDER IN LATVIA’S FOREIGN POLICY

Imants Lieģis 66

THROUGH RESTLESS WINDS: LATVIA IN THE EUROPEAN UNION IN 2018 AND 2019

Vineta Kleinberga 76

LATVIA’S DEFENCE IN 2018. MORE MONEY— MORE OPPORTUNITIES AND CHALLENGES

Māris Andžāns 96

BUILDING DETERRENCE INTERNALLY AND EXTERNALLY: IS LATVIA CAPABLE OF BECOMING DAVID?	
Toms Rostoks	109
LATVIA AND THE US: PRECARIOUS STABILITY?	
Diāna Potjomkina, Justīne Elferte	123
LATVIA AND RUSSIA: PHYSICALLY NEAR, FAR APART IN THOUGHTS	
Andis Kudors	138
LATVIA'S "CHINA POLICY" AND THE ROLE OF THE "16+1"	
Una Aleksandra Bērziņa-Čerenkova	152
POSITIVE DYNAMICS IN CENTRAL ASIA— OPPORTUNITIES FOR LATVIA?	
Gunta Pastore	158
LATVIA AND THE GULF REGION: CHOOSING BETWEEN INTERESTS, OPPORTUNITIES, AND PRINCIPLES?	
Sintija Broka, Everita Nensija Trankale	169
THE THREE SEAS INITIATIVE AND LATVIA: AN ATTEMPT TO SPLIT EUROPE OR TO COMPLEMENT IT?	
Elizabete Vizgunova	181
CHANGES IN THE ENERGY SECTOR: TO BE CONTINUED	
Reinis Āboltiņš	196
THE MOBILISATION AND POLITICISATION OF LATVIAN DIASPORA AND REDEFINING LATVIAN DIASPORA POLICY	
Ilze Garoza	205
LATVIA'S PUBLIC DIPLOMACY— THE BEST "SELFIE" FOR THE NEXT CENTENARY	
Otto Tabuns	219
CONTRIBUTORS	233

FOREWORD

Andris Sprūds, Director of the Latvian Institute of International Affairs, Professor at Riga Stradiņš University

In this year's Latvian Foreign and Security Policy Yearbook, the Latvian Institute of International Affairs continues to examine Latvia's international challenges and choices, to inform society of these, and to issue recommendations for foreign policy shapers and decision-makers. This publication analyses the events and decisions of 2018 and attempts to outline Latvian foreign and security policy scenarios and recommendations for 2019.

The past year has brought several major challenges to the international system. Within the European Union, the Brexit process is underway, the outcomes and consequences of which remain to be seen. Differences between EU member states have also arisen, despite hopes that the wave of populism might slow down after the 2017 elections in Germany and France. The international rhetoric and policy of the president of the US, Donald Trump, add a certain level of unpredictability to the system. At the same time, the US has stuck to its commitments to strengthen security on the eastern flank of NATO. Possibly the most important lesson that can be drawn from the conclusions of the authors and editors of this volume is that none of the current principles of the Euroatlantic alliance are self-evident, and a continuous fight for the fulfilment of those principles is necessary. The ambitions of other great powers, primarily Russia and China, to play a bigger role in regional and international processes are also evident.

The goal of the yearbook is to examine Latvia's view of the changing international environment, as well as of outside threats, security promotion activities, relations with neighbouring states, migration, and major infrastructure projects. Despite the changing nature of the international order, throughout its history Latvia has been characterised by its geographical position at the intersection of great powers—the interests of which Latvia has attempted to address by political and diplomatic means. It has to be pointed out that if this publication were to be compared with an analogous yearbook from another EU or NATO member state, it would become clear that perceptions of threats, friends, and challenges are often quite different across member states. The external and internal challenges that Latvia will have to face in the future will require developing long-term strategies in all nationally significant sectors, as well

as establishing a stable economic, political, and security environment. Only in such an environment it is possible to foster a resilient and cohesive society—a society able to overcome asymmetric attempts to destabilise and divide it. It is with this hope that the team at the Latvian Institute of International Affairs enters the second centenary of Latvia: hope that our country will have the conviction to continue to pursue a proactive, Euroatlantic-centred, and effective foreign and defence policy.

Partnership and cooperation are crucial for the ability to reach a successful outcome. The 2019 yearbook reflects the importance of cooperation—the book has benefited immensely from the desire of our Latvian experts to share their opinions and recommendations. We are grateful for the support of the Saeima—and especially the Foreign Affairs Committee and the European Affairs Committee, for their significant contribution to foreign affairs research and awareness building. The support given by the Saeima has permitted us to prepare this publication in two languages, as well as to organise several regional debates including Saeima representatives, with the goal of informing the general public of different opinions and positions on important foreign affairs issues. The LIIA has a productive mutual cooperation agreement with the Ministry of Foreign Affairs that allows us to form a bridge between policy-makers and think-tanks. Also, the long-standing and generous support provided by the Friedrich Ebert Foundation has been irreplaceable. The foundation has yet again demonstrated its commitment to the promotion of intellectual discussions and the exchange of opinions on both national and international levels, providing indispensable input into an informed discussion between decision-makers, experts, and the wider Latvian society. Lastly, we would like to thank our readers, who are interested in understanding the challenges and perspectives that determine Latvia's ability to implement successful foreign and security policies in today's complex regional and international environment.

Similarly to 2018, the year 2019 will bring many ordeals, difficult decisions, and opportunities. Latvia's centenary is proof of our ability to overcome difficulty and defend our interests internationally. This ability serves as a good foundation as we enter the second centenary of our statehood.

ADDRESS BY THE MINISTER OF FOREIGN AFFAIRS

Edgars Rinkēvičs, Minister of Foreign Affairs of the Republic of Latvia

The year 2018 was special for Latvia and its foreign policy. We were given a chance to celebrate the foundation of the Latvian state, proclaimed on 18 November 1918. This made us look back on the achievements of the Latvian state over the last hundred years, as well as to think about what kind of a future we want to see for our country. Also in 2018, the citizens of Latvia took part in the 13th Saeima elections, thus exercising their right to cast a vote for the further development of Latvia.

The strategic priorities of Latvia's foreign policy will remain unchanged in the 13th Saeima. The main goal of foreign policy is to ensure the implementation of the principles enshrined in the constitution, to take care of the well-being of Latvia's inhabitants, and the external security of the country. We can achieve that best by 1) shaping the European Union (EU) as a powerful union of nation states, with Latvia at the core of EU cooperation; 2) strengthening Euroatlantic ties, based on the NATO alliance formed by the countries of the Washington Treaty; 3) advocating the sustainability and development of the current international system; 4) promoting regional cooperation in accordance with Latvia's interests.

We can see the process of geopolitical change, as the international order is neither unipolar nor bipolar anymore. A new world order with several political and economic power centres is in formation, as the previous world order, created during the 20th century, is too narrow for the fulfilment of their geopolitical interests. As a result of the processes that form a new world order, today's high-tech products are globally available. Improving education, the advancement of science and knowledge, the increasing availability of new technologies and the ability to use those technologies are processes that will even more strongly determine the division of global power in the future. Global warming is another reason behind the shift in current geopolitical paradigms and developments. It results in a decrease in water resources in a geographically wide range of equatorial regions, as can be observed on the African continent, in the Middle East, in the southwestern US, in Latin America, and in Asia.

The year 2019 will grant Latvia a chance to look back on the achievements of the last 15 years, which were spent as an EU and NATO member. At the same time, future trends demonstrate that the coming years will be filled with challenges for the development of the EU and its member states. Moreover, after the 25 May 2019 European Parliament elections a new political cycle shall begin.

For Latvia, the EU is a unique international relations platform providing a sustainable realisation of its economic and security interests, one that has never existed in its history before. In order for the EU to become a stronger geopolitical player, greater political unity and cohesion are necessary. The challenges that the EU is facing now are multifaceted. They arise from the current dynamics of international relations and the internal processes of EU member states. Europe needs to act responsibly regarding its security—both military security and the social security of its citizens alike. The duty of EU states is to be able to defend their interests in any part of the world if those interests are being disregarded.

The main priorities of EU cooperation include the talks (and an ensuing agreement) between the EU and the United Kingdom on its withdrawal from the EU, coming to an agreement on the EU budget for 2021–2027, the search for solutions to challenges caused by migration, and ensuring economic stability, growth, and rule of law—and Latvia continually takes part in the implementation of these priorities.

One of the most crucial priorities for Latvia in the coming year will be standing its ground during the multiannual financial framework 2021–2027 talks. Latvia is critical of the initial European Commission proposals on cohesion and the common agriculture policy, as they do not ensure a levelling out of the socioeconomic standard of living across Europe. In general, Latvia supports the allocation of funding to new priorities and challenges, while at the same time continuing to stand for its major interests within the multiannual financial framework: 1) to prevent a significant cut to the national cohesion envelope; 2) to maintain the current level of funding for the development of rural areas within the common agriculture policy, and to obtain a balanced distribution of direct payments as soon as possible; 3) to secure financing for the Rail Baltica project; 4) to advocate more favourable criteria for centrally managed programmes within the EU, such as Horizon Europe, Digital Europe, the European Defence Fund, the Internal Security Fund, the Asylum, Migration and Integration Fund, and the Integrated Border Management Fund; 5) to maintain a separate European Neighbourhood Instrument (ENI).

Following the initiative proposed by French President Emmanuel Macron, Latvia has successfully conducted discussions on the future of Europe—during these discussions the inhabitants of Latvia could take an active part in the process of shaping of Europe’s future policy, expressing their opinion on the changes that are necessary so that the EU can help fulfil people’s hopes. A summary of the views voiced by Latvia’s inhabitants demonstrates that the opportunities that currently come with membership in the EU are highly appreciated in Latvia. Additionally, Latvians expressed the opinion that EU citizens’ freedoms in the future need to be further strengthened and deepened. The main concern that transpired during these consultations is connected to fears that the EU might disintegrate due to populism or societal apathy. People believe that Europe lacks justice and equality, as well as security. Concerns about whether the EU is capable of finding the right solutions to the challenges of today’s world were also voiced. The

opinions of European citizens will contribute to the formation of a common vision on the future development of the EU, as the heads of states and governments seek an agreement on the priority work areas for the next five years, due to be completed before June 2019.

The Euroatlantic community still is the cornerstone of global stability and a rules-based international order. At the same time, both internal and external threats continue to arise, putting pressure on the current order, including Latvian security. In 2018, EU and NATO relations with Russia continued to worsen as a result of Russia's aggressive and provocative foreign policy, which dates back to the 2008 aggression against Georgia. The conflict in Ukraine is still active, and there has been no progress on the fulfilment of the Minsk protocol. Russia's military aggression in the Kerch Strait—a clear infringement of Ukraine's sovereignty and international rights—has added to the tension. The Euroatlantic space also is faced with challenges fuelled by differences of opinion regarding trade, the climate, and other issues. Latvia's security is steadily and stably rooted in close Euroatlantic cooperation between Europe, the US, and Canada. Practical military support from the US to our region is being maintained and increased—we were once again assured of it on 3 April 2018, during the Presidential Summit in Washington between the US and the Baltic States, and via the Declaration of the Summit. The input of Canada into Latvian and Euroatlantic security needs to be emphasised, including their commitment to extend leadership of the NATO enhanced presence battle group in Latvia until the year 2023. Next year, Latvia along with its allies, will celebrate the 70th anniversary of this mighty alliance.

Along with conventional threats, hybrid threats are beginning to transpire more and more frequently, as various non-military instruments are being utilised for military purposes, including cyber attacks and propaganda. As Latvia strives to improve its cyber safety, it is increasingly interested in active and targeted international cooperation. Latvia supports the meaningful use of existing mechanisms connected to cyber safety and the application of existing international norms and regulations, both in physical and virtual environments. Latvia supports a human rights-based approach to cyber safety.

Global challenges serve as a reason to unite international forces so that the principle of multilateralism can be strengthened. The United Nations (UN) is an instrument of global governance well-suited for this. Still, the UN needs the ability to adapt in order to act in line with the rapidly altering requirements of the 21st century, in particular by giving up obsolete mechanisms and assessing resource feasibility. As an EU member-state, Latvia takes part in shaping EU foreign policy and is interested in the EU becoming a visible leader within the UN. This can be achieved if the EU remains united and is able to come to an agreement on a common UN agenda and associated solutions. In the context of the UN, it is important to ensure that EU member states pursue an active foreign policy as permanent or non-permanent members of the UN Security Council. Because of this, Latvia has begun preparations for the 2025 UN Security Council election of

non-permanent members for the period of 2026–2027. The foreign policy experience and knowledge that Latvia has accumulated is sufficient for attaining this goal.

In 2019, Latvia will chair the Baltic Council of Ministers, promoting the security and prosperity of the Baltic region by focusing on three priority areas: strengthening security, the development of regional connectivity, and the protection of common interests within the EU. On 1 July 2019, on the other hand, Latvia's presidency of the Council of the Baltic Sea States will come to a close. The Northern Europe region defines Latvia's identity and geopolitics. The states of this region are bound by a common outlook on the values that underpin a democratic and open society, as well as joint historical experiences. This serves as the driving force behind the mutual cooperation of the eight Baltic and Nordic states (NB8), and in terms of the promotion of regional security it creates cooperation opportunities with Poland and Germany as well. It is also important to note the continued interest of the United Kingdom in establishing cooperation with the NB8 countries.

Regional cooperation is also important in the context of global warming and climate change. Climate change is creating significant alterations in the regions around to the Baltic Sea—most prominently to the Arctic, and to the permafrost therein. The Arctic Ocean is slowly turning into a region suitable for navigation and transportation, creating a new Northern waterway transport artery, fulfilling the preconditions for the active use of Arctic natural resources. This news is both good and bad at the same time, particularly for the Baltic Sea region and the interests of its states. Threats of the militarisation of the Arctic have increased, directly influencing the national security interests of Latvia and its allies.

Cooperation with the United Kingdom, as well as the US, Ireland, Germany, and other countries, is important for maintaining links with our compatriots abroad. This task is becoming increasingly relevant in the list of priorities of the Ministry of Foreign Affairs. Therefore, the courses of action required to support this priority need to be especially highlighted: 1) strengthening Latvian identity and Latvians' sense of belonging to the country, Latvian language preservation, and culture research and preservation; 2) the targeted involvement of the diaspora in the development of Latvia's national economy, public administration, and science; 3) the promotion of the civic and political participation of the diaspora; 4) support for return migration. On 1 November 2018, the Saeima supported the adoption of the Diaspora Law in the final reading. The implementation of the objectives and targets set out in the new law will be a priority for the Ministry of Foreign Affairs in the coming years.

The year 2018 has been especially dynamic from the viewpoint of the implementation of foreign and security policy, and ongoing work in this area must be continued in order for us to be able to stand up for the processes that guarantee the further development of Latvia as an independent, free, democratic, and secure country, as well as the growth of prosperity for its inhabitants.

FOREIGN POLICY—THE GUARANTOR OF LATVIAN INDEPENDENCE

Rihards Kols, Chairman of the Foreign Affairs Committee of the Saeima

Traditionally, each year assessments of Latvian foreign policy—and, seemingly, that of other countries as well—begins with a variation of the phrase “it has been a turbulent year”. Indeed, it is difficult to remember a time when geopolitical developments were seen as calm, tensionless, and uncontroversial. Under such circumstances it is always useful to remember the main goal of foreign policy—to ensure the sustainability of independence. In the face of winds created by external turbulence, a country must remain stable, stand strong, guard its values, and keep defending its interests and its independence.

The fact that we have safely made it to the centenary of our country is a tremendous achievement, the result of a grand, joint effort, an integral part of which has been made possible thanks to the safeguarding of Latvia’s interests and security by our diplomats in both the 20th and early-21st centuries.

As Latvia enters its second centenary, it is clear that our biggest foreign policy challenge will be addressing changes in the international order, as these changes have accelerated during the recent years. The priorities of our foreign policy shall remain unchanged—we will continue to advocate respect towards international law and human rights on all levels, as well as defend and represent our national interests through legitimate international organisations and regional cooperation formats. The list of challenges, uncertainties, and risks in contemporary international politics is long: international instability, Russia’s aggressive foreign policy, the unclear development scenarios of the European Union and the future of the bloc, the process of the United Kingdom’s departure from the European Union, nuclear threats, arms races, hybrid threats, cyber threats, climate change and its consequences for international stability and security, international terrorism and organised crime, as well as shocks to the global economy.

In these complicated times, when various forces threaten the democratic world, the task of politicians and diplomats in the context of foreign policy remains unchanged: to protect and maintain Latvian independence, to continue to strengthen it and to further develop our country, to nurture our culture and traditions, to protect our identity, and to stand for the values enshrined in our constitution—the Satversme.

LATVIA IN THE EUROPEAN UNION

During recent years, Latvia has become one of the fastest growing economies of the Eurozone and even of the Organisation for Economic Cooperation and Development (OECD). We have successfully used the opportunities granted to us by the EU to overcome the economic crisis, and we are continuing to promote our economic growth. In the meantime, the EU has experienced several shocks and has found itself at a crossroads again. The departure process of the United Kingdom has not settled questions on the future of the EU. We are still struggling under the pressure of migration, and in numerous locations growing radicalisation and Euroscepticism can be observed. Democratic societies suffer from legitimacy problems, which are connected to low levels of trust in political powers and democratic institutions. These challenges are continuously testing the ability of European powers to agree on a common vision of the future and a unified approach towards problem-solving.

When Latvia voted “yes” on the referendum to join the EU in 2003, we voted for a unified European project, for the principles of equality and justice. In 2017, President of the European Commission Jean-Claude Juncker put forward five development scenarios for the future of the EU, one of which was a “multispeed” Europe with a “core Europe” in its centre. This scenario corresponds with neither Latvia’s interests nor to those of the EU. The mythical European “core” is like the Loch Ness Monster—it seems to appear from time to time, but nobody has really seen it, and nobody seems to really believe in it, either. The “multispeed” Europe model that has been supported by several EU founding states and some Latvian senior officials, which establishes a system consisting of this mythical “core” and its periphery, would only serve to widen the gap between member states and further alienate EU citizens from the European project. By formally establishing “cores” and “peripheries”, we would marginalise a large number of member states and their citizens, we would risk weakening the position of the EU in the globalised world, and we would create a conflict with the basic principles of the EU. Furthermore, such fundamental changes would require serious modifications to the existing EU agreements. Such modifications would be subject to a common decision made by all EU member states, not just an abstract core, the composition and privileges of which are unknown to others.

It is clear that most likely the EU will not develop along one of the scenarios that have been put forward, but will instead follow a compromise established by means of discussions. The future of Europe also lies within the hands of the next European Parliament and Commission, to be elected in 2019. These elections will serve as an important point of reference, as the outlook of the EU’s citizens, including those of Latvia, on the future of the EU will become clearer. Because ultimately it is people, not administrative territories, that form the European Union. Voter turnout will play a very

important role in these elections, as the results will serve as an indicator of citizens'—and outside powers'—perceptions of the legitimacy of the EU's democratic institutions and the political trust that they receive.

Latvia's primary foreign policy task is to continue to stand for our interests. Latvia needs to promote compliance with the existing treaties, and we ourselves must also remember that no country within the EU has more rights and privileges just because it was among the founding members (or for any other reason). As a political entity, the EU is either united—equal, fair, and just—or it simply cannot exist. It is in Latvia's interest to continue the existing format of European integration—to further cooperation with different countries in specified policy fields in various geographic locations. Keeping in mind that the interests of EU member states will never be and cannot be homogenous, with the help of such blocs we have the chance to promote the issues important for Latvia, e.g. opposition to the Nord Stream 2 project.

An important issue will be reaching an agreement on a fair multi-year EU budget for the 2021–2027 period. The departure of the United Kingdom should not be used as an excuse to reduce spending and revise financing for different programmes, as this could lead to a decrease in the financing of the Cohesion Policy. The single market needs to be strengthened and its creation should be completed, thus ensuring the removal of all unilateral barriers. Also, the Single Bank Resolution Mechanism creation process needs to be completed to be able to ensure that the EU financial system operates better.

It is unequivocally clear that the coming years will bring a discussion on Permanent Structured Cooperation (PESCO) in security and defence policy. More precisely, in the context of this permanent framework, Latvia will have to advocate for meaningful cooperation in defence, while at the same time arguing that this format cannot overlap with the basic functions of the North Atlantic Treaty Organisation and that no additional alliance should be formed.

It is also expected that discussions on the cooperation and capacity building of the member states' law enforcement agencies in countering organised crime—human trafficking, cross-border financial crime, terrorism financing—on the EU level will be unavoidable. The cooperation activities between the EU member states' intelligence services carried out to date have not yielded the results that are needed—sadly, too many times we have experienced cases where an inability or unwillingness to share information obtained during intelligence operations has harmed a member state and its entire society. The capacity of the European Union Agency for Law Enforcement Cooperation (EUROPOL) needs to be strengthened as well.

It is during the coming years that crucial decisions regarding the future of both Latvia and the EU as a whole will need to be made. Latvia believed in the European project long before it joined, and today, as we celebrate the 15 year anniversary of our accession to the bloc, we are even more strongly convinced not only of the necessity of the EU and

its positive contribution to the world but also of our shared ability to overcome all of its challenges. This political crisis is neither the first nor the last that the EU will have to face, and we are sure that the EU could emerge from it stronger and possibly larger—as long as we can find a way to handle it properly. Doing so will require a pragmatic outlook on the reality of the EU today, an openness to “new faces” (new member states), and hearing out what our citizens have to say.

LATVIA AND BREXIT

The 2016 referendum on Great Britain’s continued membership in the EU severely impacted the EU and global financial markets. The shock waves that followed the decision can still be felt in the context of the difficult Brexit negotiations. It is understandable—the importance of Great Britain to the EU cannot be overestimated, even though it was not one of the founding members of the union. Great Britain has been a member of the European Economic Community since 1973, and its strong and independent opinions have been integrated into the workings of the EU.

Even though the citizens of Great Britain have decided to leave the EU, the United Kingdom still is and will remain a trustworthy ally for Latvia and an important partner for the EU. Even though Great Britain’s withdrawal from the EU is still undesirable, the process has already begun, and it is in Latvia’s interest for relations between Great Britain and the EU to remain close and constructive after Brexit. The agreement that is to be reached between both sides will be just and will ensure the rights of Latvian and European citizens in the United Kingdom, as well as the rights of Britons in the EU.

GLOBAL SECURITY CHALLENGES

Looking at the global context, today’s external policy challenges include: Iran’s ambitions for hegemony in the Middle East, China’s strengthening position, Russia’s nihilism, Europe’s fragmentation (and, in a way, populism), Syria’s civil war, transnational terrorism and cyber threats. All these mark a very challenging time for contemporary foreign policy.

Russia is still on a confrontational course, preferring destructive action to cooperation and ignoring the sovereignty of countries and internationally recognised borders. Everything points to the conclusion that Russia will continue to pursue this political course—therefore, Latvia needs to advocate the necessity to further strengthen the collective defence functions of NATO, in line with a policy of deterrence. Also, we must

strongly insist on the enforcement of sanctions against Russia until Russia returns to upholding international laws and diplomatic principles. The ability to impartially reflect reality will be important for Latvia as it seeks to demonstrate that the Kremlin currently cannot be viewed as a geopolitical partner and that our common primary task is to ensure the maximum level of economic independence from Russia, especially in areas where the EU is the most vulnerable, such as the energy sector.

NATO will need to continue to respond to the threats created by Russia's hybrid warfare. In Russia's hybrid warfare, emphasis is placed upon asymmetric and non-traditional military capacities, and to date this has seriously impeded NATO's capacity to counter destabilisation, information attacks, cyber-attacks, disinformation, propaganda, and psychological operations. Such hybrid warfare will continue to cause security challenges not just for the Baltic States, which are positioned "on the frontline", but for all NATO members. In the context of NATO, Latvia will need to convince its allies of the necessity to implement the theoretical results of the research conducted at the NATO StratCom Centre of Excellence in Latvia and the NATO Cyber Defence Centre of Excellence in Estonia, by producing practical and concrete suggestions, action plans, and clearly formulated strategies. For decades, NATO has primarily been focusing on so-called "physical might", pushing informational and research areas to the background. Hybrid warfare has now become the norm and information is used as a powerful destabilisation tool—NATO must understand that and take action. We must have the capacity to turn our knowledge into practical action, resulting, possibly, in the creation of a new NATO institution, or at least a change of approach. NATO needs to shift its focus from "reaction" to "planning and foresight", creating a new centre for strategic prognosis.

Cyber crime also poses a significant threat. Today, cyber-attacks have the capacity not just to destroy critical infrastructure, but also to undermine confidence in institutions and basic principles of democracy. After experiencing the targeted, aggressive, and effective manipulation of elections and of the civil society of democratic countries by outside powers in recent years, the necessity for internationally recognised cyber space regulation is more pressing than ever before. Latvia could be among the countries that call for concrete, precise, and internationally applicable norms in the area of cyber security, helping to avoid a situation where some countries keep launching tactical attacks to probe the limits of cyber space, as such actions are a danger to the global community as a whole.

INTERNATIONAL SPACE

In today's rapidly changing security environment, regional cooperation will continue to rise to a new level of importance. Latvia's future is unimaginable without all three Baltic States. Our common history—the gaining of independence, World War II, the period of occupation, the restoration of independence, the movement towards EU and NATO

accession, a common path to integration in international organisations—demonstrates that incredible power lies in our cooperation. It is important to deepen future cooperation among the Baltic States, looking for new, innovative, and efficient formats.

Also, the Nordic-Baltic (NB8) format is increasingly proving itself to be one of the most successful cooperation formats, and Latvia will need to continue to intensively represent and promote its interests therein—the decisions taken within the NB8 are known to influence decision making on the EU and NATO levels, so we cannot underestimate this format in the future. In addition to West–East cooperation, North–South cooperation is bound to increase as well. Therefore, the Three Seas (Baltic, Black, and Adriatic) initiative holds particular promise in terms of future importance.

The events that have taken place in recent years have made us seriously reassess the role of the United Nations—too often we have witnessed the paralysation of the UN Security Council and the manipulation of international justice. Our task is to promote on the international agenda the possibility to reform the UN Security Council by revising its work methods and principles, especially emphasising openness, responsibility, and the transparency of processes. Keeping in mind that the standing members of the UN Security Council hold a tremendous responsibility for safeguarding peace in the world, none of the standing members should be allowed to abuse their veto rights, thus bypassing the principles of the UN Charter. Latvia needs to be more active in using its representation at the UN to actualise issues of international law and human rights.

TRANSATLANTIC COOPERATION

The United States of America has always been a close ally of Latvia, and for the last 25 years the US has been implementing a consistent policy of support towards the Baltic States. We must strengthen this strategic partnership in the fields of security policy and the economy.

It is in Latvia's interest to promote maximum integration between the EU and transatlantic trade spaces, by eliminating barriers to a free flow of goods, services, and investments. The current political climate in the US indicates that there is still a chance to renew talks on the Transatlantic Trade and Investment Partnership (TTIP) agreement between the EU and the US.

Latvia needs to continue to strongly uphold its support for such an agreement and will have to work on renewing talks concerning this issue in the futures.

Even though the current US administration has created an environment of strategic instability in global politics in recent years, changing its relationship with allies and international institutions, both the US Congress and the authors of the US foreign

policy have had the ability to credibly express their support for a close transatlantic partnership. Latvia for its part must be able to adjust to the current principles of US foreign policy and cooperation so that it can strengthen its interests both in the field of economic cooperation as well as in the context of NATO.

IN LIEU OF A CONCLUSION

We are as big as we want ourselves to be. Latvia can be strong and assertive in the international space, and our interests can be represented on the highest levels. We are a free country, and we must not follow a path of unconditional obedience. We can express our own opinion.

Latvian foreign policy needs to be adjusted according to changes in the world. Since the restoration of independence, we have had a relatively easy time with the definition of our foreign policy. However, as the international situation changes, foreign policy reference points need to change as well. The complicated international situation requires a widened role for foreign policy and a search for new vectors and new cooperation forms for Latvia—e.g., cooperation with countries with whom we share common interests. The most important foreign policy task for a country is to represent the interests of its inhabitants and its national positions—and it must do so strictly and actively. Too often have we remained passive, taken on international responsibility, forgetting our national interests by putting them second to diplomatic neutrality. Without a doubt, there are areas in which Latvia must put in effort to improve its reputation, but polishing one's reputation must not turn into unconditional obedience and “going with the flow”. It must be understood that we as a country will always be between a rock and a hard place; therefore, the decisions that we make need to be motivated by our interest and not by a fear of some other party's reaction. At the same time, it is important not to lose sight of the big picture—being aware of whether we as a country want to be a part of the democratic world or not. That, in my opinion, is the most important thing.

LATVIA IN THE EUROPEAN UNION: A VISION AND “TO DO” LIST FOR THE YEARS TO COME—2019, A YEAR OF CHANGES ON ALL FRONTS

Vita Tērauda, Chairperson of the European Affairs
Committee of the Saeima

The year 2019 promises changes in Europe—we will elect a new European Parliament and will welcome a new president of the European Commission. We begin the year in a union of 28 countries, but when we finish it only 27 countries will remain. We elected a new Saeima at the end of 2018, but as we enter 2019 we are still waiting to see what kind of government and policies this Saeima has to offer. We are bearing witness to the rise of populism in many European countries and to the challenging of European values by several governments. Globally, as well, we will be carried by the tides of change. For Latvia, it will be highly important to strengthen transatlantic security links and European resilience against various challenges.

EUROPEAN PARLIAMENTARY ELECTION

In May 2019 we will elect a new European Parliament together—it promises to be a very different one both in terms of numbers as well as ideologies. As the United Kingdom leaves the EU, the total number of assembly seats will decrease, but Latvia will keep its eight seats. Prior to the elections in May, national elections will already have been concluded in Sweden, Luxembourg, Finland, Estonia, Belgium, and Denmark, and those results can have a potential impact on the European level as well. The return to rhetoric about the sovereignty of nation-states, the victory march of populism, anti-European and eurosceptic attitudes, as well as the anti-migration rhetoric of some parties are phenomena that can be observed in several EU member states. A political restructuring will happen, and only time will tell if the numerically smallest political groups of the European Parliament today, e.g. Europe of Freedom and Direct Democracy (EFDD) or Europe of Nations and Freedom (ENF), will obtain more seats and the ability to influence the EP agenda.

Latvia needs to ensure that ongoing projects and initiatives continue to receive the support of the new EP and are fulfilled. Latvia's interests must be taken into account when the future of Europe is being shaped, be it regarding the EU's multiannual budget, the security policy, improvements to Europe's border management, sustainable solutions for migration issues, or keeping a decent level of financing for the agricultural and cohesion policies.

BREXIT AND LATVIA'S READINESS FOR IT

At the end of March, the United Kingdom is set to leave the EU. We do not know yet if this leave is going to happen in a regulated way according to an agreement between the EU and the United Kingdom, or without such an agreement. Even though the European Council has endorsed the withdrawal agreement and approved a political declaration on EU-UK relations, the Parliament of the United Kingdom was not able to approve the same declaration in 2018.

Latvia has to be ready for both scenarios: 1) an arranged withdrawal based on a deal, or 2) an unarranged withdrawal if a deal is not reached. Not until the end of March 2019 will we be able to see which scenario comes to pass. Regardless of the scenario, big changes await for cooperation between the European Union (including Latvia) and the UK, as the model of relations will change.

The European Affairs Committee of the Saeima will spend the first months of 2019 overseeing Latvia's preparations for these changes. Currently, work is underway on both the EU level and the Latvian national level to ensure the readiness of institutions, inhabitants, and businesses for the changes that will be brought about by Brexit. In some sectors, readiness measures fall within the responsibility of Latvia's respective ministries. Latvia needs to be aware of how ready it is for the moment that Great Britain leaves the European family. Even if we do not know how exactly it will take place, we must do everything we can so that the day after Brexit we are clear on the next steps.

For Latvia, one of the most substantial aspects of the Brexit process is ensuring the rights of EU citizens in the UK. The biggest share of Latvia's diaspora resides in Great Britain. It is important for Latvia that its nationals do not lose the ability to live, work, and study in the UK after Brexit. The United Kingdom is and will remain one of Latvia's most important international partners, with close cooperation in security, defence, foreign policy, trade, culture, education, and other aspects.

THE EU'S MULTIANNUAL FINANCIAL FRAMEWORK, INCLUDING COHESION POLICY

The new political setting in Europe means that extra effort will be required to pass a multiannual financial framework (2021–2027) that corresponds to Latvia's interests to the fullest extent and that can be implemented in a timely manner without delays. For Latvia, it is crucial to develop and strengthen common EU infrastructure, in support of true European integration, as well as to obtain maximum support for the country's economic development, ultimately to reach the European average.

A fragmentation of European high-speed railway lines must be avoided, allowing for full integration of Finland and the Baltic States into the common EU transport network. This development will not only boost the economic capacity of the North Sea–Baltic Sea region, but will also strengthen the military mobility of the EU in general. The European Affairs Committee will closely follow the century's biggest high-speed railway project, Rail Baltica, making sure that the necessary funds are allocated from within the multiannual financial framework and that construction is completed. Rail Baltica will allow Latvia to become an integral part of Europe not just politically, but practically as well. Is it a cornerstone that strengthens the idea of a shared European space—not just in words, but in deeds as well.

The Cohesion Policy of the European Union has helped ensure Latvia's annual 7.3% GDP growth since its accession to the bloc, purposefully bringing Latvia closer to the EU average GDP level. However, the country has not achieved the EU average yet. Therefore, Latvia will continue to insist that the amount of funding allocated to the Cohesion Policy during the next planning period remains at the initial level proposed by the European Commission (4.3 billion euros). The effect of depopulation on the national economy poses a particular challenge for balanced economic growth in Latvia—these development risks also need to be taken into account during the drafting of the Cohesion Policy for the next planning period.

In spring 2019, within the European Semester process the European Affairs Committee of the Saeima will become acquainted with the European Commission assessment of Latvia's economic and social policies, thus ensuring parliamentary oversight of the process. This will give MPs enough time to probe the potential decisions that Latvia will face to ensure a balanced 2020 budget. The goal of the European Semester process is to strengthen coordination across the EU while important budget decisions are still underway, decreasing the risk of making populist decisions in European countries at the expense of a state budget deficit. The European Affairs Committee of the Saeima will use the European Semester as an opportunity to gain an outside perspective in a constructive manner.

GLOBAL CHALLENGES

Global political unrest is increasing the resolve of Latvia and the European Union as a whole to foster strong transatlantic ties. In parallel, without duplicating tasks and functions, European security and defence need to be strengthened, keeping in mind the stability and security situation of the EU's neighbour states.

The EU must devote even more attention to “hybrid war” threats in Europe—including developing practical cooperation mechanisms for the assessment, prevention, and overcoming of such threats, as well as resilience building. Strategic communication needs to be strengthened within the EU by enlarging the EU External Action Service East StratCom Task Force, which primarily operates to counter Russia's disinformation campaigns. These undertakings are especially important during a European Parliament election year.

THE FUTURE OF EUROPE

Over the course of the last year, citizens' dialogues on the future of Europe took place across Europe. In Latvia, people highly appreciated the opportunities brought to them by being in the European Union, highlighting EU citizens' freedoms and expressing the opinion that they need to be further strengthened in the future. However, Latvia's inhabitants are also wary about the future of Europe—over its possible collapse because of populism or societal apathy, over the lack of justice in Europe, and over the question of whether the European Union will be able to find the right solutions to counter the challenges of today's world. Indeed, the rapid development of technology is challenging for economic growth, information spaces, and security. Climate change seems unavoidable, and the current global approach to climate change-related problem-solving is insufficient.

The best way to eliminate the concerns of Latvian inhabitants is by strengthening Latvia as a European Union member state and strengthening Latvia's voice within the European Union. Whether this is a question of local economic development challenges, challenges to safeguarding the European information space and security, or global challenges brought by climate change—Latvia will be able to counter these challenges best by standing alongside its European allies.

CONCLUSION

The European Affairs Committee of the Saeima has been given a significant mandate to approve Latvian national positions prior to review at European Council meetings, thus deciding on issues important for Latvia and influencing the future development of those issues. The European Affairs Committee will actively pursue this opportunity to influence the future so that each challenge can be provided with a powerful answer in line with Latvia's interests.

LATVIAN FOREIGN POLICY AT 100: FROM ROOTS TO BRANCHES

Ojārs Ēriks Kalniņš,
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13th Saeima

Latvia is a state of mind that sprouted from a collective consciousness 100 years ago, but its roots as a nation go deep and far into the past.

Like a living organism, it has been nurtured by its environment, nourished by its fellow life forms, challenged by nature, and constantly transformed by the forces around it.

Everything that makes a nation feel like a nation is here and has been for thousands of years. That which emerged in 1918 was a new Tree of State on top of a vast and deep root system of traditions, cultures, attitudes, interconnections, and experiences.

Over the last 100 years it has reached for the sun, been battered by storms, grown strong and proud and nearly toppled. It has stretched its branches and deepened its roots and survived every internal and external threat to its existence.

In the beginning of the 20th century the Latvian state and its foreign policy emerged from democratic roots, firmly planted in European soil. Arrested in its development by 50 years of Soviet occupation and mismanagement, it has grown firm and confident once again in the 28 years since the restoration of independence in 1991.

THE BALTIC AND BEYOND

The nature and course of Latvian foreign policy in the 21st century takes nourishment from its distinctly Northern European cultural and political environment. It is a Baltic Sea state in every sense of the phrase.

At the same time, it has branched out globally through membership in the United Nations, the European Union, NATO, the OECD and countless other multinational organisations. Even this is a product of our democratic roots, as our nascent nation once joined the ill-fated League of Nations. It was our first commitment to multilateralism, and while that attempt at world order failed to prevent a war, its intentions were good.

Active and strategic membership in multinational organisations has been a key element of Latvian foreign policy since it rejoined the global community 28 years ago. Multinational cooperation is not only essential to Latvia's security, it is a requirement for global survival.

If security and prosperity are the main goals of any foreign policy, then the preservation of the present global structure of rules-based international governance is a must. It is self-evident that every multinational organisation we belong to aches for reform and has ample room for improvement. Our national ability to safeguard our population's security and prosperity depends on our mastery of these multilateral organs and their inner dynamics. Change must come, but Latvia needs to strengthen its foreign policy resources in order to effectuate the kind of change that serves both global and homegrown interests.

THE POWER OF INFLUENCE

While states the size of Latvia don't wield much power, they can exhibit considerable influence. For example, Latvia's keen understanding of information warfare enabled it to take a leading role in the development of the "NATO Centre of Excellence for Strategic Communications". This was immediately noticed by the EU, and during our EU presidency in 2015 we successfully pressed for the establishment of the EU's External Action Service's "East StratCom Task Force".

Today, the StratCom Centre in Riga has drawn expertise from around the world, including non-NATO countries, and sits on the leading edge of new developments in countering global disinformation, cyber weaponisation, and all the "fake news" that floods our social media daily. Foreign policy is based on influence, and influence is what every country, organisation, movement, or social group seeks to exert. For a country like Latvia, understanding the complex forces and subtle intricacies of international influence is essential. By doing it well in Riga, we help NATO and the world.

It was also Latvia's EU Presidency that put Central Asia on the EU's priority list, where it remains today. Latvia has established trade, transit, and cultural ties with countries such as Kazakhstan, Uzbekistan, Kyrgyzstan and Tajikistan and is helping them expand those ties with other EU countries. Latvia's embassies and NGOs in these countries serve as a constructive strategic link between Central Asia and Europe and have boosted people-to-people cultural contacts as well as business.

Latvia's influence within the EU's entire Neighbourhood Policy, particularly the Eastern Partnership initiative (EaP), far outweighs our size and continues to grow. Here again, by promoting democracy, development, and security in our extended global

neighbourhood, we are strengthening those same factors in Latvia itself. For us, this is a prudent policy of self-interest well worth investing in.

Countries like Ukraine, Georgia, and Moldova all share a common historical legacy with Latvia, and today share a common interest in developing stable, secure, democratic states that are integrated into a broader European community. Their advance toward these goals has been hampered by aggression from the Russian Federation and the presence of Russian troops on their soil. In addition, their sovereign territory has been seized and forcibly occupied. These violations of international law have a political impact far beyond the territories of these countries.

The Russian problem must be addressed multilaterally, but Latvia can promote real local development of the economy and civil society in each of the EaP countries through bilateral contacts and EU programmes. We have done so effectively for many years and continue to urge our EU partners to do the same. Engagement at all levels from many countries benefits everyone.

Latvia's active people-to-people policies in all the EaP countries, including Belarus, Armenia, and Azerbaijan, are both principled and pragmatic. It's in our national interests to see these countries thrive and develop. They are natural trading partners, regional stakeholders, and a rich cultural and intellectual resource we can all benefit from. Our geographic proximity and decades-long familiarity with one another enables Latvian diplomats, politicians, and experts to take a proactive role in promoting the EaP within the EU, and we have done so consistently since joining the EU in 2004.

EUROPEAN AT ITS CORE

While one branch of Latvian foreign policy is focussed on our eastern neighbours, other branches of our diplomacy need to reach further south. We live in a broad forest of nations where a fire on one end can instantly spread to the other side.

Our support of a united, secure and prosperous European Union requires an understanding of the security threats facing all 28 EU members. Uncontrolled mass migration, military conflicts, international terrorism, climate change, and social unrest in the EU's southern neighbourhood are problems that spread far beyond the EU's Mediterranean states. Unlike Las Vegas, what happens in Italy and Greece doesn't stay in Italy or Greece.

If we expect support from all EU member states in countering Russian security threats in the northeast, the same solidarity in action and purpose must apply to the south. Support for the UN Compact on Migration is another way that Latvia can lend

moral support towards finding multinational solutions for the causes and effects of mass migration. Like climate change, uncontrolled migration is a global problem that demands a global solution. EU cooperation with the UN and other international bodies is essential if there is any hope for finding a solution.

The same principle applies to the new technological threats of cyber and hybrid warfare. These are European problems because they are global problems, and the best defence is a collective one. Working together prevents us from being torn apart.

As an EU state, Latvia continues to make productive use of its unique regional and historical relationships. It is a Baltic State in a Nordic-Baltic region that is dynamically interlocked through NATO, the EU, and other Baltic Sea region organisations. These entities share common interests in terms of energy security and environmental protection, as well as a joint commitment to furthering the security interests of the Baltic Sea, North Sea and Arctic Ocean regions.

A HUB OF INTERLOCKING REGIONS

Here again regional engagement can go beyond formats such as the well-established Nordic Baltic 8. In 2011, the UK joined NB8 leaders in what would become The Northern Future Forum, a format that continues to this day. In recent years, UK engagement with its Nordic-Baltic neighbours has been mirrored by interest from politicians in Ireland and the Netherlands. What some call a New Hanseatic League now spans the sprawling geopolitical territory from Iceland to Finland, and this offers Latvia a wide arrange of new prospects for political, economic, security, and energy cooperation.

The Euroatlantic alliance that brings the United States and Canada into close cooperation with Europe is facilitated by NATO and fostered by the EU. Despite recent rhetorical challenges to the unity of NATO, US security commitments to Europe and especially the Baltic Sea region have never been stronger. Canada's leading role in NATO's Enhanced Forward Presence Battle Group in Latvia has opened up a vast new field of opportunities for Latvian-Canadian ties in business, education, science, and tourism.

PARLIAMENTARY POLLINATION

Any Tree of State relies on a variety of branches to expand its interconnections with the outside world. In Latvia, parliamentary diplomacy reaches out to the places where governments can't in order to further expand international cooperation. The Saeima not only oversees the activities and policies of the Foreign Ministry, it supplements and enacts them. Or so it should, if parliament and government policies are closely aligned.

Over the years, Latvia's MP's have made productive use of interparliamentary bodies such as the NATO Parliamentary Assembly, the OSCE, PACE, the Baltic Assembly and others. Through these organisations, Latvian MP's have taken leadership roles in various committees and governing bodies, helping guide and shape organisational policies that further Latvia's national interests. They also enable contact between individual MP's in the various member states, which can be useful in bilateral formats.

In addition to assemblies, parliamentary speakers and foreign affairs chairs meet with their European and international counterparts on a fairly regular basis. Latvia's ability to host many of these events only adds to its influence since it enables us to shape the programmes and introduce international colleagues to our country.

If the Latvian state is rooted in parliamentary democracy, its foreign policy reach and influence is most effectively spread through coordinated, principled, and proactive parliamentary diplomacy.

A NATURAL TRADER

Latvia's deep, far-reaching roots throughout the Baltic Sea region were established by centuries of trade that extended far beyond the region itself. We can thank the Nordic Vikings, Teutonic Crusaders, and multinational Hanseatic traders for making Riga one of the most convenient, busiest, and most strategically located port cities on the Baltic Sea coast. Riga is international by default, and along with Latvia's equally accessible port cities of Liepaja and Ventspils, this has provided Latvia with a natural platform for combining the interests of foreign trade and foreign policy. The two go hand in hand.

This history of trade and its built-in geographic and cultural advantages has facilitated the growth of Latvia's multiple interconnections with the world since the restoration of independence in 1991. Exports have increased from decade to decade, achieving 11% growth in 2017. As was expected when we joined the EU, 71% of the total volume of Latvia's exports go to these common market countries.

And yet Latvia's growing export market continues to branch out across the globe—it extends today from China and India in the east, through Uzbekistan and Kazakhstan

in Central Asia, and Algeria, Egypt, and Israel in the Mediterranean. Trade with Turkey has historical roots going back to the days when Baltic Vikings stopped in Riga on their way to the Bosphorus and Constantinople a millennium ago. Thanks to EU trade agreements, the Latvian economy benefits from investment and other commercial ties with countries like Canada, Japan, and Korea. New sprouts of business opportunities are also opening in the Persian Gulf and Africa, while South America, for the moment, remains a distant but promising hope.

Trade ties with the Far East, Central Asia, and the Middle East have fostered deeper interconnections in global transit and logistics. Here again, Riga and Latvia's other port cities have always been central to the transportation flows that connect the major world economies. It's only natural that the transit sector has become one of Latvia's strongest industrial sectors. A lot of the world's business, cargo and capital moves through Latvia's ports. It always has.

International trade and transit have always been a driving force in the development of the Latvian nation, including its economy, politics, and culture. Latvian foreign policy makers were wise to recognize this and have successfully tailored policy to make use of all the geopolitical tools available to promote Latvia's interests.

AN ORGANIC EUROPEAN UNION

Latvia is committed to the shared vision and common action offered by its organic ties to the European Union. Both individual and joint security depends upon the state and on social resilience promoted by EU membership. Driven by principled pragmatism, Latvia has always believed that an integrated approach to conflict resolution is the only way to go. The EU offers many new opportunities for defence cooperation that can strengthen and supplement the collective defence offered by NATO membership. Here again, interweaving interests and challenges can be best addressed through enhanced, integrated, and mutually beneficial cooperation between the EU and NATO.

All of the EU's social and economic goals—ranging from greater competitiveness and a vital digital sector, to jobs, energy security, and environmental protection—can only be achieved when member states pool their resources and discover the advantages of integration. This must be done while always keeping in mind that the union was designed to further the interests of sovereign, independent nation states. The EU must remain democratic, transparent, flexible, and resilient. It can be greater than the sum of its parts, but it must always respect the identity and integrity of its member states.

CITIZEN SPORES

Like a biological spore, the scattering of Latvia's indigenous population to other countries can benefit its foreign and domestic policies. Latvia's ability to extend its presence around the globe has been enhanced by a dynamic, systematic, and forward-thinking diaspora policy. Over 300,000 individuals with roots in Latvia now live abroad, in almost all the countries in the United Nations. While the sizeable emigration of residents that began when Latvia joined the EU in 2004 has slowed, it continues to have an undesirable impact on Latvia's economy and social stability. Both the causes and effects of emigration must be addressed. But if managed properly, it also can be turned to our advantage.

From a foreign policy point of view, Latvia has always had two goals regarding the diaspora: encourage re-emigration where possible, and provide support to those who live abroad and wish to maintain civic, cultural, and economic ties with the homeland. This policy was strengthened and codified in the Diaspora Law of 2017, when concrete policies were set in place to promote both goals.

If embassies represent the international branches of state, the diaspora serves as a further extension of people-to-people ties between Latvia and the world. Organisations such as the World Federation of Free Latvians, the European Latvian Association and the American Latvian Association have long worked with the Latvian government and society to promote Latvian interests abroad. A new group of recently returned emigres called "With Global Experience in Latvia" has proven to be especially promising in promoting the government's goals. Local Latvian community groups at municipal, regional and state levels supplement the work of embassies to establish trade ties, promote investment, encourage cultural exchange, and foster cooperation in the fields of science, education and research.

Latvia's diaspora has served as an essential international resource of knowledge, experience, and contacts. Working together with Latvia's diplomatic missions, the diaspora can further the goals of the state and its citizens. It is an important asset for a forward-looking Latvian foreign policy.

THE FOREST AND THE TREES

The naturalist Peter Wohlleben describes a forest as a social network where individual trees are interconnected by their roots and branches in vast systems that support one another, provide mutual safeguards against threats, and form a common community. The Latvian state relies for its survival and prosperity on its mutually beneficial relationships with other states in the vast Westphalian network we know as the modern

international order. The state system, like any ecosystem, can be fragile and subject to forces that seek to undermine it.

In the 21st century, global climate change is both physical and political, real and metaphorical. It may be mankind's greatest 21st century challenge, and it can only be addressed through cooperation, coordination, and multilateral commitments like the Paris Climate Accords. The same applies to all other security challenges that proliferate in an inexorably globalising world society.

As it marks its 100th year, Latvia knows that its future depends on the health, well-being, and prosperity of the political ecosystem that helped create it. The survival of our planet depends on our ability to see both the forest and the trees.

THE EU: MUDDLING THROUGH

Lolita Čigāne, Chairperson of the European Affairs
Committee of the 12th Saeima

A researcher of communism and our region, historian and Princeton University professor Stephen Kotkin, when answering the question on his assessment of the future of the European Union during his Isaiah Berlin Memorial Day lecture in Riga (which has become a major annual intellectual event), stated that he as a New Yorker sees that in a surprising and positive way, despite strong forces of disintegration the EU continues to “muddle through”.¹

This is a common view among outside observers. However, under the surface of this observation lies the truth about continuing integration—if it doesn’t widen, it deepens, and vice versa. Nothing stands still within the EU, and, indeed, if it did then it is possible that the forces of disintegration would prevail. The integration of the EU is ever ongoing, because the EU has ambitious politicians and because the harsh realities of life require it, but primarily because deeper integration in some areas is meaningful, self-evident, and logical.

The United Kingdom’s society voted to leave the EU during a consultative referendum in 2016, and the country has not been able to handle this decision—this has brought its internal politics to the verge of collapse, because the withdrawal is illogical, not self-evident, and not meaningful. The challenge of leaving the EU after years of policy integration is just as logical as calling upon someone to chop off a bigger or smaller part of their own body.

This paper takes a closer look on three 2018 EU integration initiatives—the establishment of Permanent Structured Cooperation (PESCO) in the area of defence, the increase of the capacity and mandate of the European Border and Coast Guard Agency (Frontex), and the necessity to establish more unified EU-level regulation for the prevention of money laundering and the circulation of illegally obtained funds within the EU. Each of these areas is different, each has its own reasons and pretexts for integration, and each of the member states has their own objections against delegating decision-making to the EU—and yet, in each case the integration is “logical”, because the identified issues are best countered jointly, whether one likes it or not.

PESCO: DID WE JOIN IT OR DID WE FALL IN LOVE WITH IT?

The beginnings of today's EU are directly related to ultimately unsuccessful attempts to establish the so-called "European Defence Community" as early as 1952. France's proposal at the time had to do with its urge to lessen the role of the US in Europe, among other factors, which serves as a general illustration of the complicated relationship between France and the US. The establishment of PESCO is already stipulated in Articles 42.6 and 46 of the Lisbon Treaty, setting the criteria for cooperation within Protocol 10. Still, since the treaty came into force in 2009 there has been no real progress in this direction. It was only in the year 2016, when the results of the Brexit referendum came in, that France and Germany came up with a joint proposal to establish PESCO. This development can be considered the seed of a new European Defence Community.

During an age in which a US president rejects Euroatlanticism and multilateralism in international relations, as well as under circumstances of increasing geopolitical tension in Europe and the perception that the North Atlantic Treaty Organisation (NATO) has some members that could become hard to predict in the future, such as the increasingly authoritarian Turkey, the EU's desire to strengthen its defence capabilities is understandable. The topic of so-called European "strategic autonomy" in one way or another has been discussed by French politicians, among others, since the early 1990s; this concept, however, remains vague and dependant on a level of understanding between the speaker and the given audience. It is interesting to note that US President Trump, who has relentlessly encouraged the EU countries to invest in their defence, reacted disproportionately harshly to the nuanced message expressed in an interview given by French President Macron on Europe's "strategic autonomy",² stating that "President Macron of France has just suggested that Europe build its own military in order to protect itself from the US, China and Russia. Very insulting, but perhaps Europe should first pay its fair share of NATO, which the US subsidizes greatly!"³ After Great Britain eventually leaves the EU, many countries that Trump had criticised for insufficient defence funding will face a situation whereby 80% of the total NATO financing will be originating from non-EU member states,⁴ even though out of 29 NATO alliance members 22 are from the EU. Therefore, 80% of the NATO budget is contributed by the 7 countries that are outside the EU.

When the president of the European Commission (EC), Jean-Claude Juncker, in 2014 mentioned the need to create a European army, many saw this as the rash act of an eccentric politician. Still, in the post-Brexit referendum atmosphere, and especially after Donald Trump was elected as the president of the US, PESCO has become a vital project that attests to Europe's resolve in the area of defence integration.

As usual in the EU, oftentimes grand ideas promoting integration are given technical names, and possibly are presented in a technical form, because the end result is the consequence of a wide compromise, and the fatigue that follows lengthy discussions

stands in the way of enjoying the fruits of the achievement. As the ECFR (European Council on Foreign Relations), an influential think-tank, ironically noted after the establishment of PESCO: if one were to ask German society “what is PESCO?”, the answer most probably would be “a gorilla”, this being the name of a popular and cute inhabitant of the Berlin Zoo in the 1990s.⁵

Given that PESCO is a political project as well, perceived by the promoting countries—Germany and France—as a development stage on the way towards an EU defence community, the current format of cooperation is formulated in a manner that is quite technical, even boring. Within the framework of PESCO, shared projects are scheduled for realisation to promote the development of the EU’s military capacity. The fulfilment of PESCO projects will serve as one of the means to reaching common goals and obligations. PESCO will result in the creation of various additional instruments, such as national implementation plans and a mechanism for the fulfilment of binding commitments. A separate PESCO management model has also been established using existing formats: member-state expert working groups, ambassador-level meetings, etc. Most probably, the citizens of the European Union to whom the EU has been trying to make itself more accessible are currently overcome with yawning. The ECFR think-tank even took things one step further and called PESCO an “impotent gorilla”, stressing that, not unlike with other EU integration projects, the outcome is far from ideal.

And yet, as always, the devil is in the details. Indeed, PESCO is a voluntary cooperation framework with political significance—the main difference from previous cooperation formats is that it is legally binding. So, if a PESCO country, an EU member state, were not to comply with requirements surrounding assessment, coordination, commitment fulfilment, and project participation, it could be excluded from the cooperation format per a qualified majority vote.

According to the initial French intentions, PESCO was designed to be a closer format of military cooperation between a small group of states, which would basically ensure the capability of the EU to react to “outside” crises without having to always look for the support of the militarily much stronger US. Still, it was Germany that insisted that PESCO needs to be inclusive, adding the key dimension of countries’ internal preparedness to counter threats—a dimension that’s crucial for Latvia. This allowed some defence experts to criticise it as vague, unclear, and providing plenty of opportunities to be blocked along the way. Such blocking is expected from Poland, for example, which has always considered itself a “special friend” of the US in Europe. One of the potential blockers—Great Britain—is not a member of the process, and is seen as having a “third-country” status in the future. A report from the Parliament of the United Kingdom states that: “the UK will have no voting rights over its [PESCO] governance or veto over its future strategic direction.”⁶

It should be mentioned that Latvia was also not thrilled over the additional EU defence initiatives at first. Having just managed to raise defence spending to 2% of GDP,

having provided the conditions and infrastructure for a visible increase of NATO forces presence in our country, and having just become accustomed to the idea that the 2% of GDP for defence will have to be spent responsibly—leaving the “fat years” practice of investing in gym halls behind⁷—the makers of Latvia’s defence policy found themselves in a field where suddenly more budget spending is being requested, and reports on defence plans and capacities have legally binding requirements. The initial assessment of Latvia’s position was that “we do not have visible strategic capacity that we could additionally provide, and by raising our contribution to the EU we are putting the existing NATO contributions at risk”⁸. The Ministry of Defence also pointed out the need for additional administrative resources—namely, more employees to handle EU-related questions at the ministry.

Today, PESCO has already existed for a year, and it’s possible to look at the achievements that were made during this year. According to an assessment from Latvian defence experts, for Latvia—a country that does not hold vast enough resources to take part in various debate and discussion formats—what PESCO is doing is complementing NATO functions and under no circumstances replicating them. From Latvia’s viewpoint, a notable advantage of PESCO is that it is a framework based on concrete projects. Another 17 projects were adopted by the framework’s defence ministers during the European Foreign Affairs Council meeting of November 2018.⁹

In one of the adopted projects—military mobility, i.e. the capacity to cooperatively and swiftly move military equipment and personnel between EU member states—the complementarity between NATO and the EU is self-evident, necessary, and requires further increase. NATO began working on its military mobility plan after the Wales summit in 2014, but it is the EU that can work on, and is already working on, joint standards for the dual (civil and military) application of infrastructure via regulations and directives that are binding for member states, as well as EU finance mechanisms such as the CEF (Connecting Europe Facility). Currently, military mobility throughout EU member states has both legal limitations (there is a legal framework that limits the movements of military units) and physical limitations (uncrossable bridges, tunnels, incompatible airfields and ports, etc.).

The best example of mutual complementarity is the Rail Baltica project—which is still moving forward, albeit not smoothly. This project will potentially ensure a European standard rail gauge for a high-speed rail corridor from Tallinn to Vilnius, and even (in the further future) from Helsinki to Warsaw, which will be suitable for the transportation of both civil and military cargo. The Saeima already introduced modifications to the laws in 2017, with the aim of preparing its “legal homework” for the completion of the “military Schengen Zone”. EU military mobility is necessary to ensure the fulfilment of the EU’s own “Solidarity clause”.

Moving beyond from their initial caution, Latvia today has identified the opportunity to take part in two more PESCO projects—in one of which as the leading partner along

with Estonia.¹⁰ At the same time, it is in Latvia's interest to monitor how PESCO and the related Defence Fund will influence the development of the military industry. Latvia's capacities are limited in this area—we mostly have small and medium sized enterprises, capable of producing particular, specific equipment or gadgets, and hence it is a matter of concern in Latvia that the defence industry giants from the big European countries (especially if they are specifically supported by the Defence Fund via PESCO) could sweep away niche military equipment producers that have begun to develop in Latvia. Therefore, the Ministry of Defence has decided that Latvia's PESCO membership should not get in the way of the realisation of supply security, including through the development of small and medium sized enterprises in the defence production sector.¹¹ Currently, the ministry is closely following the development of PESCO projects, taking advantage of all available participation opportunities. It must be recognised that Latvia's entrepreneurs give a very positive evaluation to Latvia's accession to the Security Fund.¹²

THE MAGIC 10,000 BORDER GUARDS

If the previous policy of the EU was related to, among other things, creating a so-called “military Schengen Zone”, then the current one involves the strengthening of the European Border and Coast Guard Agency. This is related to the necessity to further ensure the operation of the actual Schengen Zone—the free flow of persons over EU state borders.

Sadly, the 2015 migration crisis in Europe gave EU member states a reason to break the Schengen Zone circuit by temporarily introducing border controls. The Schengen Zone dilemma became evident—it cannot exist if there are flaws in the protection of external borders, which is the responsibility of specific member states. Therefore, the already existent Frontex was significantly strengthened in 2016. It was renamed the European Border and Coast Guard Agency (Frontex), and a mechanism was devised that allows the EU to interfere if a member state encounters problems with the protection of its borders, but was not ready to request EU support and would not on its own react to the problems of border protection identified by the agency. Although this mechanism has been established, it has not been applied in practice yet.

In 2016, Frontex's role in repatriation issues has also been considerably strengthened, because the unsatisfactory implementation of repatriation drew special attention in the aftermath of the migration crisis. It was established that in 2016 and 2017, out of all asylum seekers rejected by Germany (those that obtained neither refugee status nor so-called “alternative status”), 88% actually stayed in the country.¹³ This situation, of course, served as a magnet for other seekers of such opportunities. After a considerable

increase in its mandate in 2016, as a result of Frontex activities almost 15,000 persons were returned to their countries of origin. Hence, observers of this process concluded that in 2016 Frontex was promoted from “the tea lady” to the “chief executive officer”.¹⁴

Taking all of these achievements into account, it was especially surprising to hear EC President Juncker announce a further strengthening of Frontex in his annual speech—this would entail an “army of border guards”, 10,000 men and women strong, that would be formed before 2020 via specific human resource contributions from member states.¹⁵ Juncker’s announcement and the parallel legislative proposal of the EC was shocking for member states—nothing of this sort had been expected. The reason behind this initiative being announced so soon after the significant 2016 Frontex reforms was unclear. The principles of establishing the expected member state contributions were unclear as well—why would Latvia’s provisional contribution, even though we guard the external border of the EU, be comparable to the contribution of, say, Belgium? Also, where did Finland’s significant contribution come from, regardless of the fact that it is already guarding a 1340 kilometre-long EU external border with Russia? Juncker also expressed the desire to establish a fully equipped agency, to avoid dependency on member states’ voluntary contributions of personnel and equipment.

At first having caused a storm of incomprehension and indignation, EC President Juncker did something specific: he made the member states discuss HOW to further increase joint border-guarding capacities rather than IF it needs to be done. During the October 2018 Interparliamentary Conference on EU Common Foreign and Security Policy (CFSP) in Vienna, the Frontex deputy executive director pointed out that 10,000 is just a “magic” number, that does not imply that an “army” of Frontex border guards needs to be precisely that big—nonetheless, it became clear that the further strengthening of Frontex is something the member states will have to deal with.

In terms of the widening of the Frontex mandate, member states manifestly fall into several groups. The line is drawn according to whether that particular country needs to protect the external border of the EU or not. Germany and France always act as supporters of the widened mandate, as they directly suffer from badly protected external borders and gaps in crossing point checks, since the people who cross the external border this way enter the Schengen Zone, allowing them to move freely, and both countries are magnets for immigrants. The countries with external EU borders, including Latvia, are more cautious, however—contributions of human resources are especially important in our case. Our State Border Guard treats Latvia’s duty to guard the external border of the EU (292 kilometres with the Russian Federation and 171 kilometres with Belarus) with great responsibility, providing highly qualified specialists for this job. Therefore, there is a concern within Latvia’s internal affairs sector that a joint EU Frontex agency would become a pull factor for “the best of the best”, leaving our own borders more vulnerable.

Meanwhile, Greece, Italy, Spain, Austria, and Hungary believe that further delegation of border protection powers to the EU might reduce their sovereignty.¹⁶ For exactly these reasons, the 2016 European Commission proposal on Frontex's right of intervention when a member state manifestly cannot manage border control, but avoids turning to the EU for help (such a situation arose in practice, e.g., in Greece during the migration crisis of 2015), was significantly softened, stating that such an intervention is only possible with a European Council mandate, which, of course, also includes the member state itself. The 2018 European Commission proposal suggests again excluding this step.

As the wheel of further integration has already been set in motion by an initially dramatic proposal, the interior ministers of the member states came to the agreement that cooperation between Frontex and "third countries" needs to be strengthened, not only by allowing it to operate in the countries that have a direct border with the EU, but also by ensuring the strengthening and widening of Frontex involvement in repatriation, which includes allowing Frontex to operate on its own initiative in matters concerning repatriation.¹⁷

There are still no decisions concerning the "magic 10,000"; however, it is already known that Frontex will require additional personnel, as 1,700 border guard experts have already been dispatched to various missions, even though the member states had only put in a request for 1,500. Currently it is clear that it is a question of when, as well as a question of how—how numerous, and how well equipped, will the new European Union border guard "army" be?¹⁸

MONEY LAUNDERING: THE UNWANTED INTEGRATION

Money laundering, dirty money flows, and the legalisation of illegally obtained funds are notions that speak to the reasons that the Latvian finance system, following yet another scandal in the banking sector, again and again becomes the centre of attention of national and international media, undermining Latvia's reputation and hurting its economy. This is an area where Latvia could use "more Europe", because it would make it possible to step up the fight against the corrupted interests of money launderers and their influence on the Latvian finance and banking policy.

Unfortunately, the EU is reluctant to delegate its power in this area. Such reluctance to take responsibility over this tangled area can also be observed in the attitude held by the European Central Bank, which after the creation of the Banking Union (a union comprised of all 19 countries of the Eurozone) comparatively strictly monitors the financial health of banks. The area of illegal practices, i.e. money laundering, is left to the discretion of member states. After several countries in the Eurozone, especially Latvia and Estonia, in 2018 became the centre of attention of Europe and the whole

world when it was revealed that banks had a money laundering business model, this area experienced some progress as well. The Latvian Ministry of Finance, however, still characterises this progress as timid and insufficiently ambitious.¹⁹

The reluctance of member states to entrust this area to the EU also has to do with considerations of subsidiarity, i.e. the need for policy issues to be resolved at the lowest suitable level of governance. The “normal” functioning of banks, financial circuits, crediting, saving, and investment is part of a common economic and financial policy, that, by introducing the common currency—the euro—is obviously held at the EU level. However, the “black” or “non-normal” laundering of financial resources and the establishment of shell companies or finance schemes for the swift transfer of illegally obtained funds is the domain of crime, i.e. the domain of the Ministry of Interior, so member states are much more careful in delegating their powers. A strict and meaningful assessment of whether a bank systematically takes part in money laundering can only be carried out by accessing detailed information on specific transactions—often control authorities only find out about money laundering thanks to whistle-blowers. This falls into the domain of the interior, of investigation, and the member states would prefer retain responsibility over it. For example, discussions on establishing the European Public Prosecutor’s Office, the task of which would entail fighting against the fraudulent use of EU funds, as provided in the Treaty on the Functioning of the European Union, were indeed tough, and initially only 20 member states decided to join in.

Secondly, the big member states already possess sufficient capacities. For example, when money laundering suspicions arose in the German Deutsche Bank, around 170 officials descended upon the offices of the bank to conduct searches and confiscate documents.²⁰ The EU member states that have strong control authorities find it hard to comprehend Latvia’s problems—the inability of Latvia to oversee the banking sector up until new, powerful leadership was appointed in the 2018 post-crisis situation can be exemplified by the formalism and resemblance of the supervisory authority (then under the direction of the Office of the Prosecutor General) to a “statistical bureau”. However, the dramatic events of 2018 involving under-supervised banks from several EU member states have given another push to the concept of including the element of anti-money laundering into the instruments available for the (prudential) supervision of the financial health of EU banks. The most prominent of such scandalous cases is related to the third biggest bank in our country—ABLV. Even though we are normally “under the radar”, the Financial Times—a journal of both high influence and quality—published four articles dedicated to the drama in the Latvian financial sector in one day alone in February 2018. The reasons behind this included both the fact that the president of the Bank of Latvia, Ilmārs Rimšēvičs, was detained under suspicion of corruption, as well as the fact that the ABLV case accentuated substantial problems in bank oversight on the EU level in general.

Even though the total value of ABLV is significantly lower than the 30-billion ECB direct supervision threshold, it was still under direct supervision as the third biggest bank by the amount of assets of Latvia as a Eurozone member (even if it only ranked seventh by credit portfolio). Still, the identification that “something is wrong” with this bank required the intervention of a third party—a proposal by the US Treasury to prohibit the opening and maintaining of an ABLV correspondent account in the US, as it concluded that ABLV is conducting money laundering as a business model. After the US FinCen report of 23 February 2018,²¹ the ECB decided that ABLV was beyond saving. The licence of ABLV was revoked on 12 July 2018. So, being a member-state of the Eurozone and having a bank directly supervised by the ECB, Latvia found itself face-to-face with the US Treasury’s mighty investigator of financial crimes (FinCen), as the case involved a bank that was “important” for the Eurozone. The situation was further hindered by the fact that the president of the Bank of Latvia, Ilmārs Rimšēvičs, who is *ex-officio* the director of the European Central Bank, had been detained and could not further carry out his official duties due to the nature of the coercive measure. Rimšēvičs did not resign over the suspicions regarding his reputation—therefore, making a decision on Latvia’s participation in the ECB Governing Council took some time.²²

The case of the Estonian branch of the Danish Danske Bank drew additional attention to the shortcomings in EU money laundering supervision. As the massive money laundering taking place at the Estonian branch was discovered, a question arose—what should be done with the Estonian Danske, which is under the supervision of the Danish authority, when Denmark itself is not a Eurozone country and not a member of the Banking Union? The main difference between ABLV and Danske is that in the ABLV case an indication of money laundering came from a third party, whereas in the Danske case suspicious operations were uncovered (albeit tardily) by the local, Estonian overseeing authority.

This case also unveils a further dilemma that is yet to be solved. Currently, about 20% of holdings in the Latvian banking sector are of so-called non-resident money—5% originating from CIS countries, and 15% from the EU (the EU depositors are also considered non-resident according to the ECB methodology). Although the EU firmly maintains that operations of EU origin in the banks of other EU member states should not be limited, the US continues to point out that a 20% non-resident sector is too big for Latvia, keeping in mind that Latvia is a small country with limited oversight capacity. The US suggests that the non-resident amount be decreased to 5%, as this amount would correspond to the capacity of the Latvian authorities to control the processes. At the same time, Latvia cannot block EU member states depositors’ access to its banks.

At the end of 2018, the European Commission reacted to this necessity-driven call for more strict EU-level supervision of banks, pertaining not only to financial health, but also to illegal practices, i.e. money laundering, by suggesting actions to achieve a closer

cooperation between the authorities monitoring the “health” of banks and money laundering, with the anticipated signing of a cooperation memoranda in early 2019. The goal of this is to integrate the aspect of money laundering into considerations surrounding issuing licences, as well as to provide grounds for the revoking of licences in cases of severe breaches of anti-money laundering rules. The proposal also entails an improvement of the supervisory framework and the exchange of information between the competent authorities and anti-money laundering supervisors. Moreover, a strengthening of the performance of the European Banking Authority (EBA) has been suggested. According to an EP analysis, European Banking Authority staff involved in anti-money laundering has been recently reinforced from one to two persons (!).²³ The advantage of EBA centralised supervision is that it covers all EU member states—the ECB, for example, only deals with supervision of the Eurozone (causing issues in the case of the Danish Danske bank in Estonia).

Nonetheless, Latvia, having endured a year of suffering in 2018 in the banking sector, and understanding that it may lack the resolve to win all battles against money laundering, is willing to start a discussion on the establishment of an EU-level Financial Intelligence Unit, because the anti-money laundering domain is wider than the supervision of the finance sector. It encompasses not only the finance sector, but also a series of questions of legal protections that are currently being addressed at the national level.²⁴

CONCLUSION

International observers often speak of the “non-unity” of the united Europe, disintegration tendencies, differences between member states, et.al., forgetting that the motto of the EU is “united in diversity”. The truth is, the process of EU integration is continuous, logical, and can even be referred to as self-driven. It was like this in the year 2018 as well. From this point of view, it is understandable that Great Britain did not want an “ever tighter union”—it did not have the conviction that this principle would have been implemented in its case. Great Britain has pulled the brakes on itself. In 2018, the European Union ascertained that at this point, luckily, the brakes have only been pulled with regards to one single member state, because having seen the damage this step had caused to such an important and influential country, it would seem that no one else would currently be tempted to replicate it. Therefore, the EU is muddling through. We, Latvia, supported some of the EU integration policies of 2018, some we met with scepticism, and others we wished to have more of, but in all the cases we have acted as full members of the process. Let us continue along this path.

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THE NATIONAL INTERESTS OF LATVIA IN A GEOPOLITICAL AND GEOECONOMIC CONTEXT

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THE SOVEREIGN NATIONAL INTERESTS OF LATVIA

In the *Annual Report of the Minister of Foreign Affairs on the accomplishments and further work with respect to national foreign policy and the European Union Ministry of Foreign Affairs of the Republic of Latvia (2017)* prepared by the Ministry of Foreign Affairs of the Republic of Latvia, signed by Minister Edgars Rinkēvičš, and presented to the parliament, the national interests of Latvia are addressed in connection to the “Europe of the future”. In the conclusion of the report, it is pointed out that the ability of the European Union (EU) to “concentrate on the strategic priorities of the 27 member countries while maintaining unity and the understanding of shared interests and values” is “coherent with the national interests of Latvia”.¹ The end of the report stresses that “the priorities of the foreign policy of Latvia are directed towards the strengthening of its national interests—the safety and the wellbeing of its citizens”. That is why “in its foreign policy, Latvia will retain unchangeable that which serves the national interests of Latvia”.²

To explain foreign policy and the process of international affairs in connection to the national interests of Latvia, the report uses language such as “the global order based on values and international rights”, “the world order after World War II and the Cold War”, “the Western system”, “the existing [in places “lasting”] international order”, “the economic world order”, and “the global and European architecture of safety after World War II”.³ In relation to Latvia’s place in a “united, free and secure Europe” Latvia’s task is that it “must be in the core of the European Union, instead of its periphery”, thus working towards attaining the goal of “convergence or decreasing the inequality between the member states of the European Union”.⁴

Similar ideas, demonstrating a succession, are expressed in the *Annual Report of the Minister of Foreign Affairs on the accomplishments and further work with respect to national foreign policy and the European Union Ministry of Foreign Affairs of the Republic of Latvia (2018)*. To guarantee the wellbeing and external security of the inhabitants of Latvia, the EU must constitute a strong union of nation-states with Latvia in the core of EU cooperation, taking a stand for the maintenance and development of the current international system. Based on a geopolitical approach, it does state that there is a shift

in the core of economic power in the world taking place, that a new world order is taking shape with many political and economic power centres, and that their geopolitical interests are in opposition to the current world order created in the 20th century. With an increase in the role of power in geopolitics, the national interests of Latvia are facing new challenges, and this is why Latvia needs to be in the core of EU integration; also, this will lessen the substantial socioeconomic inequality that still exists between EU member states. The 2021–2027 EU budget project created by the European Commission doesn't guarantee a levelling of socioeconomic life standards across member states, even though there is a valid argument that this is not achievable in such a short time span and with the united market of the EU being fragmented.

This is a good time to consider a few ideas from the book *The Turning Point in World Politics* by Sigmar Gabriel, the former Vice-Chancellor of the Federal Republic of Germany. An EU that becomes economically weaker, loses its competitiveness or breaks because of the euro “won't play any role in the world of the 21st century.”⁵ The reality is that even today in Europe there are “different speeds”, which can also be called “different levels of integration”, as can be seen in connection to the countries that create the “union of the euro currency.”⁶ While judging the differences between the EU states, it is important to keep in mind that, firstly, the expansion of the EU “especially to the East” was a world-class political decision, although the basis of the decision was “not on economic reasoning, but was geopolitical.”⁷ Secondly, the economically weaker and less competitive countries of the eurozone, including Latvia, at the moment have three “instruments for currency and financial politics”: “inner devaluation” in the form of decreasing salaries, social benefits and state expenses; “migration” or “partial emigration to economically more attractive neighbouring countries”; and “the transfer of money from other member states to support economically weaker ones”.⁸ Diverse levels of integration will also manifest in safety and defence policies. The true problem is not that integration is “multi-speed” but that it is “multi-track”—with the different speeds countries are travelling at, they're not trying to accomplish the same goals and so are heading in different directions.⁹

This is why we should seriously consider the ideas generated by Stratfor, an intelligence platform from the United States of America (US), which stated that in 2019 there will be a “battle for institutions” in the EU, because of several factors: the European Parliament (EP) elections, which will take place from 23–26 May; the multiannual financial framework (MFF), which covers the years 2021–2027, will be approved; the European Commission (EC) will start working with a new president in early October; a new president of the European Central Bank (ECB) will take over on 1 November; and a new president of the EU Council will begin work on 1 December. According to EC commissioner Günther Oettinger, the EP elections in May 2019 will “decide on the direction” of the further evolution of the EU, because in “many member states there are parties that openly sympathise with their countries leaving the European Union, and [they] are gaining wide support because of that.”¹⁰ This is at least partially applicable

to the parliamentary elections in Poland in November 2019. Within the context of the relationship between Russia, the EU, and the North Atlantic Treaty Organization (NATO), the 2019 presidential and parliamentary elections in Ukraine (scheduled on 31 March) must also be mentioned, as Moscow will use all its resources to steer the results in its favour.

The problem of the EP elections has been more directly articulated by Stefan Lehne, Visiting Scholar at Carnegie Europe in Brussels, who points out that “populist and nationalist forces are preparing a major offensive to overturn European politics [...] by breaking the traditional dominance of the pro-European grand coalition of the center-right and center-left”.¹¹ In another more widespread publication, which addresses problems with EU reforms, Lehne emphasises that the “the current reform narrative has a fundamentally defensive and conservative undertone”, whereby the conversation is around “core elements of the debate” such as “consolidating the eurozone, containing illegal migration, and strengthening the EU’s political and military defenses against external threats”.¹² Explaining the crisis of the EU and the causes of the currency union problems due to the non-existence of “an accompanying political and fiscal union”, Helen Thompson, Professor of Political Economy at the University at Cambridge, is categorical in her conclusions made in late 2018 that “since the EU cannot move either decisively toward a closer union or decisively away from it, any attempt to resolve its fundamental contradictions will only end up rupturing it”.¹³

The official political programmes of the political parties and political unions in Latvia, which were published before the 13th Parliamentary elections, did not indicate that there was any discussion at all in Latvia about the EU, and also didn’t show whether there would be any consensus among the parties within the coalition formed by Māris Kučinskis with regards to questions about EU reforms. From the viewpoint of Latvia’s national interests, discussions around the MFF are important, as is the fact that “in the absence of a treaty reform that allows greater differentiation, it appears possible—likely even—that more ambitious member states will choose to pursue certain objectives together outside of the EU framework”.¹⁴ That was indirectly implied by the Meseberg Declaration, signed on 19 June 2018 by German Chancellor Angela Merkel and French President Emmanuel Macron, which was developed with the goal “to set the framework for a reform program” that does not affect the Treaty of Lisbon but overall is in sync with “Macron’s two-speed Europe”.¹⁵ The ambitious goals of France and Germany were evident in the points included in the declaration, which strengthen the bilateral relationship by 1) finalising a new “Elysée Treaty” by the end of 2018, 2) strengthening efforts to create a “EU Security Council”, 3) introducing “the Main Ground Combat System (MGCS) and the Future Combat Aerial System (FCAS)”, 4) introducing “a genuine European border police” and “a European Asylum Office harmonizing asylum practices in Member States”, 5) “developing the emergence of a shared strategic culture” (an indirect reference to the formally existing EU Global Strategy), 6) to create “a strong currency union” by developing an European Stability Mechanism (ESM),

including the “need to change the intergovernmental Treaty of the ESM” and the Bank Union, the offer to create “a Eurozone budget within the framework of the European Union starting in 2021”, reform EU institutions, and to “put in place transnational lists for European elections as of 2024”.¹⁶ It’s a road map to a “faster” Europe within the EU, even though there’s in fact little hope that a new Elysée Treaty will be signed and that in the near future new political leaders won’t arise in France and Germany with a different understanding of the strategic cultural convergence process for EU member states.

Macron’s vision is of an EU structural model that would resemble concentric circles, and this it has influenced the content of the language used in the Meseberg consensus. This idea is partially connected to the results of the survey published in May 2017, comprising 28 EU national governments and think tank experts, about current EU country coalitions or political centres, which are very different in their level of institutionalisation.¹⁷ The survey data showed that the dominant position was held by the “Big Six” (The United Kingdom [leaving the EU], Poland, Spain, Italy, France and Germany) and the “Six Founders” (Germany, France, Italy, The Netherlands, Luxembourg and Belgium); meanwhile, equal between themselves but less influential than the first two coalitions, there is the “Rich Seven” (Austria, Denmark, Sweden, Finland, The Netherlands, Luxembourg and Belgium) and the “Southern Seven” (Spain, France, Italy, Malta, Portugal, Greece and Cyprus), while the “Visegrad Four” (Poland, The Czech Republic, Hungary and Slovakia) has the least potential for influence. North of that group there are the three Baltic States, and South there is Slovenia, Croatia, Bulgaria and Romania—according to the report, all of these countries, in addition to Ireland, don’t fit into any coalition.¹⁸

Researchers at the Stiftung Wissenschaft und Politik (SWP—the German Institute for International and Security Affairs) Kai-Olaf Lang and Nikolai von Ondarza also believe that groupings of EU member countries organised functionally and regionally have “clearly gained a (bigger) impact in defining politics”, and that that can advance fragmentation and obscurity, as well as strengthen inter-governmental procedures and create a counterweight to Germany; they also serve as an addition to the regular functioning of the EU by setting agendas, levelling out (different) interests and serving as bridges to diplomacy.¹⁹ The authors have coined the term “minilateralism” to designate these groups, which is problematic when applied to the eurozone (19 countries) and the “Three Sea” (or “Trimarium”) initiative, which includes the Baltic States and the Visegrad group (Poland, Slovakia, The Czech Republic, Hungary), as well as Bulgaria, Croatia, Austria, Romania and Slovenia. The Baltic States make up one separate group of a total of 14 groups of countries such as the eurozone, the “Nordic-Baltic Eight” (with six EU member states and Norway and Iceland) and the Trimarium initiative. According to Lang and Ondarza, the main causes of minilateralism (or networking) are connected to the expansion of the EU, the “re-nationalisation and the consolidation of the inter-government decision process” due to the “multiple crisis within the EU”, as well as the more implicit desire in recent years to “create a

counterweight to the power mechanics of the EU or the eurozone.”²⁰ The creation of the New Hanseatic League in 2018—consisting both of countries from the eurozone such as Estonia, Finland, Ireland, Latvia, Lithuania, and The Netherlands, as well as those outside of the eurozone such as Denmark and Sweden—is definitely an indicator of that. Both authors warningly conclude that German diplomacy must pay more attention to the “inner diplomacy of Europe”, taking into account the moves made by president Donald Trump and the “notable influence” of Brexit in terms of formation of national groupings after its realisation.

Vasile Rotaru from the National University of Political Studies and Public Administration in Bucharest, in his article “Dividing the EU?”, points to suspicions among “old” EU members that the “increasing US attention towards Eastern regional initiatives may seek to weaken Europe and to reduce the EU’s influence in global politics.”²¹ Remarking that “the conservative patriotism of Warsaw and the nationalist populism of Budapest contradict the core democratic principles of the EU”, Rotaru concludes that regional initiatives “bring more coherence among the newer EU members which will strengthen the Eastern dimension of the European Neighbourhood Policy” because from the beginning those “initiatives have involved the entire Eastern flank of the EU with Poland and Romania as regional leaders”—on top of that, it is important to consider that “all East-Central European countries oppose the idea of multi-speed or concentric circles, promoted by the ‘old’ EU members, as they could perpetuate divisions and undermine solidarity among EU members.”²²

Of course, in the foreseeable future, it is also important to consider the type of Strategic Agenda for the years up to 2024 that EU national and government leaders will agree upon in their special summit in May 2019 in the Romanian city of Sibiu, and the way the implementation of this document could be influenced by the re-election of US president Donald Trump in 2020, in spite of his “conservative revolution”, unilateralism and course of inter-country diplomatic transactions.

THE MODERN WORLD ORDER AND ITS ALTERNATIVES

A true “ninth wave” in the academic and expert communities surrounding international rule was caused by the article “The Myth of the Liberal Order” by Graham Allison, Professor of Government at the Harvard Kennedy School, in which, vulgarising explanations of the liberal world order, he concluded that “the reigning consensus makes three core claims: first, that the liberal order has been the principal cause of the so-called long peace among great powers for the past seven decades. Second, that constructing this order has been the main driver of US engagement in the world over that period. And third, that US President Donald Trump is the primary threat to the

liberal order—and thus to world peace”.²³ Following the basic postulate of realist theory, Allison, who all things considered precisely describes only one aspect of the post-war order, declared that “the ‘long peace’ was the not the result of a liberal order but the by-product of the dangerous balance of power between the Soviet Union and the United States during the four and a half decades of the Cold War and then of a brief period of US dominance. US engagement in the world has been driven not by the desire to advance liberalism abroad or to build an international order but by the need to do what was necessary to preserve liberal democracy at home. And although Trump is undermining key elements of the current order, he is far from the biggest threat to global stability”.²⁴

In response to Allison, American scientists Alina Polyakova from The Brookings Institution’s Center on the United States and Europe, and Benjamin Haddad from The Hudson Institute, point out that “Trump also reportedly asked the French President Emmanuel Macron to leave the EU in order to get a better bilateral trade deal with the United States” and concluded that in the relationship between the US and Western Europe, there’s a “new reality: Europe, divided internally, is losing agency on the world stage, and the Trump administration, acting as a predator more than as a partner, is tempted to exploit this weakness. As great powers compete for influence across the globe, Europe, like Middle East or Latin America, will become another battleground.”²⁵

An ambitious research project titled “Building a Sustainable International Order. A RAND Project to Explore US Strategy in a Changing World” has also been carried out by the Rand Corporation, an independent, non-profit, US-based public interest research organisation. The results of this consider the complex US foreign policy orientation for an extensive time period, up until 2050, and are only subordinately attributable to the EU and NATO as well.

In the main summary of the results of the research work, titled “Summary of the Building a Sustainable International Order Project” and prepared by the RAND Corporation’s Senior Political Scientist Michael J. Mazarr, it is stated that “the overall study concluded that the post-war order has boosted the effectiveness of other instruments of US statecraft, such as diplomacy and military strength, and has helped to advance specific US interests in identifiable and sometimes measurable ways. In short, a strong international order is strongly beneficial for the United States”, while simultaneously deducing that “the US predominance so characteristic of the post-war order must give way to a more truly multilateral order, one that takes seriously the sometimes-differing perspectives of other major power”.²⁶ It must be added here that the US president Donald Trump in principle— in terms of both content and terminology— doesn’t use the term “multilateral”, as he is a convinced unilateralist.

The “international order” as understood within the RAND research paper is “the body of rules, norms, and institutions that govern relations among the key players in the international environment”; this can also be taken as the “institutional order”,²⁷ the

functioning of which is provided by “a critical mass of the like-minded states that form the centre of gravity in international politics”.²⁸ Explaining the diagram “Components of the Postwar International Order”, it points out that the guiding coalition of the international order is made up of 45 countries, of which 30 are first tier, while the Baltic States and 12 others are second tier as they are “less integrated but still deeply engaged in order.”²⁹

Notably, Russia, China, and Iran are not on the list of countries in the leading coalition, and are seen as revisionist states³⁰ in relation to the international order, because “China and Russia are openly challenging the pattern of US predominance”, and they are doing so in conditions where the “long-term economic stagnation and globalization’s persistent assault on national cultures has sparked intense populist and nationalist reactions against the order’s basic neoliberal economic model”.³¹ The fate of the neoliberal economic model is very important because “the international economic order has been the engine of the broader geopolitical and security order”.³² But the world is changing and “the world on which the order is built is becoming less US and Western-centric”, because “the dominant actor in determining the future of the order apart from United States, will be China”.³³

Relying on historical experience and theory, we can assume that the current global order could be contested by “four broad models of international order”: a global constitutional order; a coalition against revisionism; a concert of great powers; and/or a coalition of democracies, while “the most promising option is likely to be some combination of them”.³⁴ Even though an emphasis is placed on cooperation between the US and its NATO allies—alongside Japan, South Korea, and Australia—it is also stressed that “a coalition of democracies need not be the exclusive emphasis of any new order”,³⁵ because “if the hope for cooperation with non-democracies fades, and if illiberal states begin to form counter-alliances and orders, the United States will be able to fall back on the shared interests and values, and tight collaboration, it had been cultivating with global democracies”.³⁶ The role of the EU within all of these global processes of change is sceptically perceived because “the European Union appears to be in near-permanent crisis”³⁷—even though, in terms of the EU, the African Union and ASEAN, there is a need to support these “regional organisations” with investments and diplomacy. Meanwhile, it has been concluded that “if the economic order is not refreshed and revalidated, the broader geopolitical and security order could be in mortal danger”.³⁸

The efforts of president Donald Trump to establish a good relationship with Vladimir Putin, the autocratic president of Russia, could be grounded on the consideration that “the dominant analytical question facing the architects of a future order is the nature of Russia’s and China’s ambitions and whether the United States can build a meaningful order with them, or it will ultimately end up needing to build an order in opposition to them”.³⁹ By creating a “divided order” with China and Russia, the hope is to achieve “an

essential objective in managing these relationships: sidestepping territorial and sphere-of-influence claims by these two states”.⁴⁰

There are two main conclusions made by the RAND researchers: firstly, that “leading a revised, more complex and more fractious multilateral order continues to represent the grand strategy that would best serve US national interests”; secondly, “if the United States wants to continue to lead globally, a functioning international order is indispensable. Without the benefits and legitimacy conferred by such an order, vibrant US leadership would become financially and strategically unaffordable”.⁴¹

The political and business elites of Germany, France, Italy, Great Britain, Spain, and Poland have to deal with all of the same problems, concerning which, as the American researchers Mira Rapp-Hooper, Senior Research Scholar at Yale Law School, and Rebecca Friedman Lissner, Research Fellow at Perry World House in the University of Pennsylvania’s Global Policy Research Center, have pointed out when describing the politics of Donald Trump: “Trump’s policies are merely a modern projection of old impulses, most notably the deep unilateralism of the Jacksonian school of foreign policy. Trump’s contemporary version, however, rests on populist and nativist impulses activated in part by socioeconomic dislocation that will only intensify. Automation and the changing nature of work, inequality, political and media polarization, and demographic changes are likely to intersect with an increasingly turbulent international environment, making it more difficult to still articulate a coherent foreign policy built around age-old liberal values and institutions”.⁴²

Both writers agree on the position taken by RAND researchers that within the new strategic environment “the old liberal order built on unrivaled US power will no doubt prove obsolete and untenable”, and that is why “a new vision for US strategy must assess threats and advantages at home and abroad and adapt the institutions that have been the foundation of American power”.⁴³ The basis for the optimistic presumption that this could happen is made on the grounds that “for the next several decades, the United States will still remain the world’s most powerful state in military, economic, and diplomatic terms. No other country will have the same capacity to shape international order, even as Washington will wield its authority on fundamentally different terms”.⁴⁴

A radically different view of the world, much closer to the administrative course taken by the Trump administration, is illustrated by Stephen Kotkin (Professor in History and International Affairs at Princeton University and Senior Fellow at Stanford’s Hoover Institution), an advocate of the realist school of thought, who points out that “now as ever, great power politics will drive events, and international rivalries will be decided by the relative capacities of the competitors—their material and human capital and their ability to govern themselves and their foreign affairs effectively. That means the course of the coming century will largely be determined by how China and the United States manage their power resources and their relationship”.⁴⁵ This is why “the

various multinational bodies and processes of the postwar system are actually best understood not as some fundamentally new chimera called ‘the liberal International Order’ but as mechanisms for organizing and extending the United States’ vast new sphere of influence”.⁴⁶

An opposite view of the world to the one presented by RAND and the liberal school of thought, this one covering the period up to 2040, is offered by experts from the US corporation Geopolitical Futures (GPF), an excellent representative of the geopolitical tradition, lead by the American political scientist George Friedman, in their publication “The Road to 2040”.⁴⁷

The authors are convinced that there will be relative stability in Western hemisphere countries, while the biggest changes and shocks are to be expected in Eurasia (Europe and Asia). The US “has an overriding interest in ensuring Russia cannot move westward into the European Peninsula”, which is not as difficult as it was in the case of the USSR, because “Russia’s population is 144 million people. The combined population of the countries that could confront Russia—the Baltic states, Poland, Slovakia, Hungary, Romania and Bulgaria—is about 86 million”, which is why “the US believes support in terms of supplies, training and some presence, such as air power and some limited ground forces, is sufficient”⁴⁸ while “whatever the attractions of international trade, the US in particular does not require trade to sustain itself. Given that it is the only global power and [...] Eurasia is in disarray, the US is likely to remain the only global hegemon for centuries to come”.⁴⁹

George Friedman established his personal view in the publication “The Trump Doctrine”, which begins with an explanation that “a doctrine is how president is forced to operate foreign policy in the reality in which he finds himself. Sometimes, presidents proclaim their own foreign policy doctrines. Other times, observers see a coherent pattern in a president’s foreign policy and outline the doctrine for him. In both cases, doctrines ought to be seen not as strokes of genius or decisions made at the will of the president but as actions imposed on him and dictated by reality”.⁵⁰

The Trump doctrine “could be summed up as a policy to defuse situations that might require military actions and instead engage in an offensive economic policy, while disregarding opinions from abroad in the broadest sense”.⁵¹ Basically, Friedman sees the terms “doctrine” and “strategy” to be synonyms, because “a doctrine doesn’t have to work to be a doctrine. A president doesn’t have to be aware of the consistency and logic of his position. His policies may be driven by a strategy, but the need for that strategy derives from reality [...] Since the world is coherent, the actions in due course take on a coherence as well. It is from this reality that a doctrine emerges. In Trump’s case, that doctrine involves reducing military risks, using economics as a lever and ignoring the opinions of foreign governments and the global public. The president can only react to the situation he’s presented with and from there his doctrine is established”.⁵²

Friedman has a regular column in *Cicero Online*—the online version of *Cicero*, a German magazine on political culture—in which, alongside with *Cicero* editor-in-chief Alexander Marguier’s afterword introducing the author, “The Trump Doctrine” appeared as the first publication; what’s more, all the texts in the column appear in their original version, that is, in English.⁵³

Friedman’s GPF analysis predicts that the EU will face two fundamental institutional shortcomings—firstly, the “European states did not want to surrender any fundamental part of their national sovereignty to the European Union” and that is why “in the end, the European Union was not an integrated political entity”;⁵⁴ secondly, “the creation of a free trade zone [...] has led to some significant challenges in the union” because “in a free trade zone with very different members, some are able, for structural and cultural reasons, to take advantage of its benefits much sooner than others. This leads to massive inequality in the system, which has political consequences”.⁵⁵

At the moment are no politically influential defenders or leaders for a liberal international order. This suggests that, even within an analysis of the foreign policy of Latvia, use could be made of the world order theory proposed by German international relations researcher Ulrich Menzel, which is based on the idea of a hegemony of superpowers or cycles of imperial power that follow one another from the 10th century until approximately 2035, each of which faces a competitive challenge or challenges. According to Menzel’s conception, we are now living in the second hegemonic power cycle of the US, which occurs in from 1990 until approximately 2035 (with a question mark), and the role of the challenger will be taken up by China.⁵⁶

Richard Haass, President of the Council on Foreign Relations, has pointed out that “orders tend to expire in a prolonged deterioration rather than a sudden collapse” and that “the old order is never coming back and that efforts to resurrect it will be in vain”, concluding that “the United States cannot effectively promote order abroad if it is divided at home, distracted by domestic problems, and lacking in resources”.⁵⁷ Haass believes that “the major alternatives to a modernized world order supported by the United States”, even if they are less likely and/or unattractive, could be diverse: first, an order lead by China, which would be “an illiberal one, characterized by authoritarian domestic political systems and statist economies that place a premium on maintaining domestic stability”; second, “a new democratic, rules-based order fashioned and led by medium powers in Europe and Asia, as well as Canada”, which is an attractive concept but “would simply lack the military capacity and domestic political will to get very far”; third, “a more likely alternative is a world with little order—a world of deeper disarray” in which “protectionism, nationalism, and populism would gain, and democracy would lose”.⁵⁸ The collapse of order, with the US unable to modernise the world because it can’t “get its own house in order”, could put in motion tendencies that lead to catastrophe. However, Haass concludes in an upbeat manner: “the good news is that it is far from inevitable that world will eventually arrive at a catastrophe, the bad news is that it is far from certain that it will not”.⁵⁹

THE GRAND STRATEGY AND OTHER STRATEGIC PERSPECTIVES

The framework and context for any strategy discussions in Europe is the heavily opinionated discussion happening in the US in terms of whether it is or isn't necessary to review its strategic orientations under the influence of the Trump administration's international politics. Two books have been written by experts that take a relatively neutral position to the strategies—both as a reference point and as an explanation at the same time. There is *On Grand Strategy* by John Lewis Gaddis—a Pulitzer prize winner and very well received in the international expert and academic communities.⁶⁰ To answer the self-imposed question of “what is a grand strategy meant to prevent?”, Gaddis defines the term “as the alignment of potentially unlimited aspirations with necessarily limited capabilities. If you seek ends beyond your means, then sooner or later you'll have to scale back your ends to fit your means. Expanding means may attain more ends, but not all because ends can be infinite and means can never be. Whatever balance you strike, there'll be a link between what's real and what's imagined: between your current location and your intended destination. You won't have strategy until you've connected these dots—dissimilar though they are—within the situation in which you're operating”, the book says, adding that “it's wrong to say, then that states have grand strategies but that people don't. Alignments are necessary across time, space, and scale”.⁶¹ In “Isaiah”, the last chapter of the book (a reference to Isaiah Berlin), Gaddis mentions the “coexistence of contradictions in time or space”, referencing “Berlin's claim that not all praiseworthy things are simultaneously possible. And that learning to live within that condition—let's call it history—requires adaptation to incompatibles. That's where grand strategy helps. [...] Proportionality comes from what grand strategy is: the alignment of potentially infinite aspirations with necessarily limited capabilities. And fairness? I'd say from bending the alignment toward freedom”.⁶²

Hal Brands, the Henry A. Kissinger Distinguished Professor of Global Affairs at the Johns Hopkins University School of Advanced International Studies, has analysed the ways in which the US is dealing with existing opposition and the abilities and proportional problems related to those attempts, as defined by Gaddis in his book, during the Trump presidency.⁶³ Brands defines the term “grand strategy” as “the intellectual framework that connects means to ends, ideas to action, at the highest level of national affairs; it is a country's guiding conception of where it wants to go and how it seeks to get there”.⁶⁴ Brands also describes the situation surrounding the US in its relationship to Russia and China, saying that: “Great-power competition has returned, as Russia and China test the contours of an order that they never fully accepted, and that they now have greater capacity—economical, military, or both—to challenge. Moscow and Beijing are seeking to assert primacy within their own regions, probing the distant peripheries of the US alliance system, and developing military capabilities that severely threaten America's ability to project power and uphold its

security commitments in Eastern Europe and the Western Pacific. China's anti-ship ballistic missiles and its coercion of its neighbors, like Russia's hybrid-warfare activities and its anti-access/area-denial (A2/AD) capabilities, represent growing challenges to US military superiority in key areas of Eurasia, and to the benign regional orders Washington has sought to maintain".⁶⁵ These challenges also have a distinct ideological component, because "Russia, China, and other authoritarian regimes have meanwhile reentered the global ideological competition in significant ways, touting the virtues of centralized control and 'state capitalism', and pushing back against Western concepts of political liberalism and human rights".⁶⁶ The US strategic response to this must include a "greater defense specialization and sharing of resources within NATO, pushing Asian and Eastern European allies to adopt more cost-effective defense strategies based on A2/AD capabilities, and fostering greater multilateral ties among allies"⁶⁷ while considering the fact that "US strategy has arguably been most successful when it has focused on the core tasks of preserving the basic stability and well-being of the international system and creating broad conditions in which political and economic liberalism can advance" because "these are tasks for which American power is best suited, and [...] they are likely to pose the most crucial challenges in the years to come".⁶⁸

US leaders will need "to remind Americans that their country's leadership has not been a matter of charity; it has helped produce an international order that is exceptional in its stability, liberalism, and benefits for the United States".⁶⁹ But against such advice, "Trump emphasized a return to nationalism and sovereignty as indispensable bulwarks against the depredations of a hostile world, in sharp contrast to the allegedly pernicious internationalism and openness of America's postwar project".⁷⁰ Trump's world view, according to Brands, is founded on two premises: "First, that US alliances are bad deals because Washington bears the costs and risks while allies reap the benefits; and second, that America should therefore take a more transactional, ad hoc approach to relationships even with its closest friends".⁷¹ If these beliefs are realized in the form of "a more transactional geopolitics", it may not only "unnerve and enervate the strategic community of democracies", but furthermore result in a situation where "frontline allies and partners may begin to doubt the strength of American commitment; accordingly, they may begin considering geopolitical backup plans or even exploring greater accommodation with the countries—namely Russia and China—that threaten them".⁷² If the US "pursues policies rooted in the idea that international relations are a Hobbesian struggle for unilateral advantage", it will fuel doubt in regards to the longevity of US ties, as was seen at moments during the process of forming a Latvian cabinet after the 13th parliamentary elections, but also "it will corrode its reputation as a comparatively benign superpower and take on the image of more selfish, even dangerous hegemon".⁷³ Understandably, the US "policy may never have been particularly altruistic or self-effacing", but unlike many other superpowers, it has been able "to attain the higher self-interest of fostering an environment in which the well-being of so many others contributes to the well-being of America itself"; that is exactly

why “in the age of Trump” it is possible to observe a distancing of the US from some key ideas and policies that have persisted over time, and this will most likely lead to the American superpower appearing more ordinary and it being far less successful in advancing US interests.⁷⁴

In their 2019 prognosis, experts from Stratfor used quite straightforward language to describe the problems facing the US and its allies. Some examples include: “The United States will escalate its strategic offensive against China; failing arms control pacts will accelerate an arms race among the United States, Russia and China; the Baltic countries will seek to keep close ties with NATO and the United States to prevent a potential Russian aggression; Russia will physically bolster its military footprint in the former Soviet periphery through 2019; Russia will seek to expand its ties and involvement around the world to peel back Western hegemony and challenge the US-led world order” and “the rapid development of disruptive weapons technology combined with the steady deterioration of arms control pacts will accelerate the high-stakes arms race among the United States, Russia and China”.⁷⁵

Reinhard Meier-Walser, the head of the Politics and Current Affairs academy in the Hanns-Seidel-Stiftung and editor-in-chief of the *Politische Studien* journal, in a brochure titled *The Changes in NATO Functions and Relevance* that was addressed to members of the strategic community, concludes that “within the alliance, a united and close position with a view on immediate challenges is hard to accomplish”, and because of a “crisis of belief” discussed in media, it is possible to deny this fact only by creating “shared, tightly bound and promising strategies and instruments”.⁷⁶ Meier-Walser offers a five key points regarding a “new strategic direction for NATO”: 1) the role of NATO in the South, mainly in the MENA region, is part of the strategic tasks spectrum and must be an anchor in the “next strategic conception”, taking into account that the instruments available on the Eastern flank—the “NATO Response Force” (NRF) and the “Very High Readiness Joint Task Force” (VJTF)—which “are only partially suited”;⁷⁷ 2) the quality of Euroatlantic safety cooperation and the future profile of NATO, taking into account the goal set in the Wales Summit to reach a spending level of 2% of GDP; 3) the coordination of a Euroatlantic (NATO) and European (EU) safety policy, even though in terms of an adequate pooling and sharing of defence policy resources a “common stand on nationally sovereign rights” is still forthcoming;⁷⁸ 4) regarding the relationship with Russia there’s a double strategy of “withholding and dialogue”, as the alliance is trying to avoid a “Cold War 2.0”, but it is necessary to systematically return to the question of “what role in the next NATO strategy should be taken by nuclear weapons”;⁷⁹ and 5) due to deep and multi-layered changes to the state of international defence, “NATO needs a new strategic conception” within which—in the context of new challenges—the alliance would “formulate its strategic goals” and “define the adequate instruments” needed to accomplish them.⁸⁰ Meier-Walser admits that taking into account the “numerous differences, cracks and breaking points within the 29 NATO member states”, fundamental discussions around strategy in “areas of

sensitive national security” might only aggravate those countries. But regardless of the complex state of international safety and difficulties in reaching unity and consensus within the alliance, it would be desirable to begin the “process to create a new strategic document” so that it could be approved when celebrating the 70-year anniversary of the existence of NATO in April 2019 in Washington.⁸¹

In relation to the third point above, it must be mentioned that Stewart Patrick, the James H. Binger Senior Fellow in Global Governance and director of the International Institutions and Global Governance Program at the Council on Foreign Relations, has published a monograph titled *The Sovereignty Wars. Reconciling America with the World*, in which he explains the problem of sovereignty, mostly in terms of US foreign policy, by using the triangle of sovereignty, which includes authority (“refers to the state’s exclusive and legitimate right to make rules”) and influence (“refers to the state’s effective capacity to advance its interests”).⁸² Patrick isn’t a believer in Trump’s unilateralism, nationalism or a “war of sovereignty”, as “to shape its own fate, the United States will more often need to consider ‘sovereignty bargains’, voluntarily delegating some autonomy—but only rarely authority—to gain increased influence over outside forces, advance its national interests, and shape its fate as a nation”.⁸³

THE SUSTAINING COSTS AND MILITARY POLITICAL AIMS OF THE EUROATLANTIC ALLIANCE

In the declaration from NATO heads of state and government at the Brussels Summit on 11–12 July 2018, the main guidelines for the safety and defence policy of the North Atlantic alliance were confirmed, in line with the conclusion that the alliance “faces a dangerous, unpredictable, and fluid security environment, with enduring challenges and threats from all strategic directions; from state and non-state actors; from military forces; and from terrorist, cyber, and hybrid attacks”.⁸⁴ The alliance is committed to its goal to “fulfill effectively all three core tasks as set out in the Strategic Concept: collective defence, crisis management, and operative security. NATO is a defensive Alliance. NATO’s greatest responsibility is to protect and defend our territory and our populations against attack. Any attack against one Ally will be regarded as an attack against us all, as set out in Article 5 of the Washington Treaty”.⁸⁵ In the declaration, the only concrete element that applies in the foreseeable future for NATO is connected to “the Defence Investment Pledge agreed at the 2014 Wales Summit”, and that element indicated that “all Allies have started to increase the amount they spend on defence in real terms and some two-thirds of Allies have national plans in place to spend 2% of their Gross Domestic Product on defence by 2024. More than half of Allies are spending more than 20% of their defence expenditures on major equipment, including related research and development, and, according to their national plans, 24 Allies

will meet the 20% guideline by 2024”.⁸⁶ Representing US Secretary of State Michael Pompeo, Spokesperson for the US Department of State Heather Nauert provided a reminder of the increase in defence expenditure in an energetic fashion before the assembly of NATO member state foreign ministers in Brussels in early December 2018⁸⁷; this was done also by Pompeo himself in his speech “Restoring the Role of the Nation-State in the Liberal International Order” at the German Marshall Fund assembly in Brussels on 4 December 2018, where he stressed that “our mission is to reassert our sovereignty, reform the liberal International order, and we want our friends to help us and to exert their sovereignty as well. We aspire to make the International order serve our citizens—not to control them. America intends to lead—now and always”.⁸⁸

The Stratfor 2019 forecast states that “The rapid development of disruptive weapons technology combined with the steady deterioration of arms control pacts will accelerate the high-stakes arms race among the United States, Russia and China. Washington’s likely imminent withdrawal from the Intermediate-Range Nuclear Forces Treaty and a shakier negotiation over the New Strategic Arms Reduction Treaty will deepen divisions in Europe as Western powers try to avoid getting caught in an arms buildup while states on the front lines with Russia, like Poland, the Baltic states and potentially Romania, volunteer to host US military assets. At the same time, the United States will be freeing itself to build up a formidable arsenal to challenge China, all while Beijing strategically avoids entering such arms pacts and continues apace with its own buildup in the Western Pacific”.⁸⁹

Describing the US situation, as well the relationship that other NATO member states have with Russia, researchers at Stratfor chose quite a diplomatic language for their 2019 prognosis, implying that in terms of potential negotiations between the US and Russia: “The US decision to withdraw from the Intermediate-Range Nuclear Forces Treaty (INF)⁹⁰ will intensify ongoing military buildups by the United States and Russia throughout 2019, particularly in the European borderlands. Poland, Romania and the Baltic states will be the most willing to host additional US assets, though it will be at least another year before the United States deploys intermediate-range missiles in the region. For its part, Russia will add to its military presence and assets in Kaliningrad, western Russia, Crimea and the Black Sea. Negotiations between Washington and the Polish government about building a permanent U.S. military base in the country will move forward, though construction will not likely begin in 2019”.⁹¹ It must be added that the Stratfor 2019 forecast, in reference to the Arms Control Association and the Swedish SIPRI institute, mentions that China holds 2,000 land-based intermediate-range missiles, while “Russia is estimated to field less than a dozen”.⁹²

It is worth looking at two concrete points in connection to NATO—firstly, the defence expenditure of countries in the alliance, especially for the Baltic States; secondly, the discussion on the so-called strategic autonomy of Europe, which doesn’t exist in reality

if it is referring to the potential usage of EU countries' economic and military means for clearly defined strategic goals.

One starting point could be the conclusions made by Eliot A. Cohen and Robert E. Osgood Professor of Strategic Studies at Johns Hopkins University's School of Advanced International Studies, with regards to president Trump's foreign policy: "There is an idea behind Trump's foreign policy ('America first') but not a concept of geopolitics—a plan or set of priorities based on calculation and reflection. Under his leadership, the United States has picked fights not only with China and Russia, but also with allies such as Canada, Mexico, and the EU. His hopes of denuclearizing North Korea and resolving the Israeli-Palestinian conflict strike most observers as quixotic. His policy seems driven by sporadic fits of belligerence or enthusiasm, unrelated to any coherent set of objectives or methods for achieving them. Yet on many questions of substance, the Trump administration, erratic though it is, has kept U.S. foreign policy more or less intact".⁹³ As for the other starting point, it is useful to look at the last paragraphs of Leiden University lecturer Lukas Milevski's book *The West's East*, where he points out that the level of threat the Baltic States face, which is connected to Russia's capabilities, is assessed as "high, much higher than the defensive potential of Baltic and NATO forces currently in the Baltic states" and that this is why NATO "is the prime military guardian in Europe of the current status, which so favors the West", without losing sight of the fact that "however unthinkable, NATO should be prepared for adverse outcomes to its current policies. It should be prepared to wage full-fledged war".⁹⁴

A couple of days before the NATO Brussels Summit, the unparalleled London-based strategical sciences centre The International Institute for Strategic Studies (IISS) published a report by Lucie Béraud-Sudreau and Nick Childs, researchers at the institute, titled *The US and its NATO Allies: Costs and Value*, which clearly shows that Latvia's portion of total NATO defence expenditure is 0.059%, while Estonia and Lithuania have 0.063% and 0.095% respectively. To be fair, it should be added that 20 NATO members didn't reach 1%, including Turkey after the situation in May 2018. According to IISS data, in 2017 US defence expenditure was 602.78 billion US dollars and direct US costs in relation to the safety of Europe reached 30.7 billion dollars, while the defence expenditure of NATO's European members reached 239.08 billion dollars.⁹⁵ A similar "panoramic view" of NATO member states and their geo-economic and defence potential was also provided by the voluminous press release "Defence Expenditure of NATO Countries (2011–2018)", published by the NATO public diplomacy department a day before the Brussels Summit. Looking at the GDP per capita in 2018, the prognosis is that Latvia and Hungary share seventh and eighth place on the low-income end at 16,400 US dollars, while the average NATO indicator is 41,600 dollars. The situation is similar when calculating defence expenditure per person—328 dollars in Latvia, 345 dollars in Lithuania, 422 dollars in Estonia, with a NATO average of 997 dollars (as per the 2018 prognosis).⁹⁶

These few numbers are enough to make it clear that EU and NATO member states have different views on the question of strategic autonomy in Europe. A month before the NATO Brussels Summit, Dr. Barbara Kunz, a research fellow at the French Institute of International Relations Study Committee on Franco-German Relations, wrote that “when it comes to European strategic autonomy, there clearly is a certain discomfort in Berlin to embrace the notion anchored—but not defined—in the 2016 EU Global Strategy”. Kunz adds that “the reality is that France has a plan, but Germany only knows what it does not want”.⁹⁷ Even if EU countries could agree on a “joint wording describing European strategic autonomy”, Kunz points out that the phrasing could be seen as an “(implicit) definition of a level of ambition for the Common Security and Defense Policy—a definition of EU strategic autonomy”.⁹⁸ It must be added that according to representative survey data published on 18 November 2018 by the Opinion Tech company Civey (Berlin), 39.6% of the 17,783 people who participated in the survey supported “by all means” the creation of a “united European army” and 28.5% of the survey participants were more likely to “probably” support it.⁹⁹

Even after the NATO Brussels Summit in July 2018, a wider publication on the question of strategic autonomy was provided by Margriet Drent, a Senior Research Fellow at the Clingendael Institute who specializes in the EU Common Security and Defence Policy and the EU as a security actor. The authors discussed the fact that “there are some misgivings in the United States about the exact meaning of ‘European strategic autonomy’” and that “in Europe it is not clear what strategic autonomy means”, especially in conditions where there is an “increasing uncertainty among EU and European NATO-members about the solidity of the American security guarantees”—but the question remains: if Europe was forced “to go it alone’ what would that take, both in terms of conventional and nuclear capabilities”?¹⁰⁰ Drent’s main conclusion is that European countries must resolve this dilemma because “they have to simultaneously invest in their strategic autonomy and in keeping the United States committed to their security”.¹⁰¹ She also admits that “only France seems to know exactly what is meant by strategic autonomy. Whether France is also transparent about what European strategic autonomy means is less evident”; but on the other hand, a Europe that is “fully autonomous in its security and defence is perhaps also not very strategic”, because “having such a powerful ally as the United States in your corner is strategically almost always the best choice”.¹⁰² Tellingly, a shortened version of the article was republished by the Clingendael Institute on 11 October 2018.

German Minister of Foreign Affairs Heiko Maas (social democrats) in his article “Making Plans for a New World Order”, published in August 2018 in the German newspaper *Handelsblatt*, attracting the attention of many diplomats and experts, used the term “the idea of balanced partnership”, with an important note that “it is important to build a European security and defence union step by step—as part of trans-Atlantic security and as a separate European Project for the future”.¹⁰³ But, as was evident in the

election results of the federal lands, the intense discussions around migration policy between the leaders of the CDU and CSU parties, as well as the change of leadership within the CDU, where the leadership position of Angela Merkel was taken by a person close to her directly and indirectly—the general secretary of the party Annegret Kramp-Karrenbauer—a stormy 2019 is expected in Germany, both in domestic and foreign politics.

CONCLUSIONS

The main problems facing foreign policy makers of the Republic of Latvia in 2019 most likely will be connected to the creation of a politically stable and durable cabinet that corresponds to the political culture of Latvia, and would be regarded as a multi-party cabinet. This won't be an easy task, and the success or failure of it will have a significant impact on the attempts of the prime minister and foreign minister to achieve the goals set out in the declaration of cabinet.

It is also most likely that in the field of EU politics it will take a lot of effort and energy for Latvia to participate in the political and diplomatic competition around the main EU political institutions, especially in the struggle for representation within the European Parliament. It would bring unpleasant rather than pleasant surprises if—on Latvia's scale—the relatively small political parties are not able to reach agreements on creating pre-election blocks, and as a result this would lead to the social democratic party Harmony (Saskaņa) being best represented in the EP. Latvia's representation in the ECB and EC will be just as important, as well as its part in the EU Council, which will become clear, hopefully, for a longer period of time along with the formation of the cabinet.

The development of the US's and NATO's relationship with Russia will be very important for Latvia, but it seems that it won't be very constructive, as it is expected that Russian activity will only heighten in order to meddle with both the elections in Ukraine as well as (both directly and indirectly) the explosive Middle East. Latvia should strive to promote deterrence and the preservation of dialogue, using all possible means to prevent a "Cold War 2.0", because this would cause additional tension in the Baltic sea region.

Latvia, as an EU and NATO member state, politically and diplomatically should promote conversations about a new agreement on medium-yield nuclear weapons that will likely form—this will be a very difficult task, because it is completely clear that without the participation of China in such an agreement, any accord between the US and Russia will have only regional significance.

The medium-yield nuclear weapons issue correlates with a NATO agenda problem involving the alliance's new strategy, which most likely won't be resolved in time for NATO's 70th anniversary in April 2019 in Washington. That question is directly related to the practice of EU strategic autonomy in the fields of foreign relations, safety and defence policy. Formats such as the NB8/NB6, The New Hanseatic League and others should be used so that the discussion about EU strategic autonomy takes a clearly structured and goal-oriented approach.

Within the field of bilateral relations, the priority should be the relationship with the US, as in terms of strategy and security it is the most important partner for Latvia, and ideally work on this partnership would take place in close conversation with Lithuania and Estonia. After that, in terms of importance, the second most important ally will definitely be Great Britain, no matter how "Brexit" ends, because the United Kingdom is an important partner in absolutely every field and because there is a large diaspora from Latvia living there.

Very important, perhaps even on an existentially significant level, will be all questions tied to the potential reforms to the eurozone and the EU long-term budget for the 2021–2027 period. There will be a "sovereign battle" in these fields, and, of course, unilateralism is important in practical and results-oriented terms, without advancing fragmentation within the EU, which would most likely just promote the rise of populist politics on both the left and the right, including in the EP.

These and other problem areas and questions can be effectively dealt with in the national interests of Latvia if it becomes possible to create a stable and functioning cabinet. Only then, with the support of parliament, it is possible to take care of the wellbeing and security of the citizens of Latvia.

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SUNSHINE AND THUNDER IN LATVIA'S FOREIGN POLICY

Imants Lieģis, Ambassador of Latvia to France

The song “The Sun, Thunder, Daugava” is one of the most popular choral works performed in Latvia. Using words written by Latvia’s most famous poet Rainis in 1916, it alludes to the sun, thunder and the river Daugava protecting the people and holding the key to their safety. This song, composed 30 years ago, played a significant role in the “Singing Revolution” that led to regaining freedom in 1991.

With composer Mārtiņš Brauns at the keyboards, another emotional performance of this piece was given at the Song and Dance Festival in July 2018, uniting the people of Latvia in celebration of the centenary year. It was a powerful expression of solidarity. Three months later, this cohesion will be tested by Parliamentary elections on 6 October. Latvian voters will then have their say on whether the forecast for 2019 will be thunder or sunshine.

Reviewing Latvia’s foreign policy in 2018 prior to elections in October, and suggesting recommendations for 2019, is therefore no easy task. The year 2018 could still witness unexpected surprises that fall outside such a review. Indeed, during the foreign policy debates in Latvia’s parliament in January 2018, Foreign Minister Rinkēvičs referred to international relations as being like a circus with unpredictable consequences.¹

In handling this circus, there is also a distinct possibility that stability and predictability will prevail in Latvia—this would be a positive outcome, especially when considering how elections in other European countries have panned out in the last few years. Parties addressing the popular concerns of the voters govern in Italy, Austria and Hungary, to mention just some examples. This reflects the inability of more main stream parties to address the real concerns of the electorate.

An additional unknown is who will be holding the key to Latvia’s Foreign Ministry in 2019. Personality, contacts, and language skills all play crucial roles in the task of foreign ministers. Edgars Rinkēvičs has so far been Latvia’s longest-serving foreign minister, with a sound reputation both within and outside of Latvia’s borders. The electorate will decide whether his bid to continue in the job will be successful, given that his party, Vienotība, is no longer the main party within the government. A change of minister will not *a priori* mean a change of direction. A change in foreign policy would be a highly unlikely outcome given the constraints of the existing

international order and the steady path that has been taken by Latvia's foreign policy since 1991.

Bearing in mind that defence and security issues continue to form the foundations of Latvia's foreign policy, this paper will look at some of the crucial defence and security developments that took place during 2018. The centenary celebrations offered additional opportunities throughout the year. They deserve to be mentioned. Last but not least, ongoing negative developments relating to the rule of law in the banking sector regrettably impacted the country's reputation. Because of the implications for foreign policy, these issues will also be addressed.

NATO'S "CIRCUS" SUMMIT AND OTHER EVENTS

In many ways, most NATO summits have a "circus" element. There are elephants in (and sometimes out of) the room. Clowns pull tricks out of their hats. There is lots of excitement and hard work before the final show begins. Despite the caricatures that abounded in describing the July 2018 Summit in Brussels and the ensuing bilateral meeting between presidents Trump and Putin in Helsinki, the results of the Summit indicated that disasters were avoided. That is why it is worth remembering some of the positive outcomes.

A pre-Summit meeting of top NATO and EU officials on 10 July already provided good news. Given past difficulties in relations between these two institutions, whose headquarters lie just a few kilometres from one another in Brussels, Latvia's continuing support for better relations was rewarded. At the meeting between Juncker, Tusk and Stoltenberg, a joint EU-NATO declaration was signed.² The fact that a particular focus was put on military mobility was important. The Netherlands have been pushing for this initiative within the EU. For Latvia and the Baltic region this has practical consequences relating to the re-enforcement of troops and equipment in the event of an attack. Ensuring that bridges are in good order and that borders will not hamper movement are examples of issues that need to be addressed.

Prior to the NATO Summit a lot of concerns were expressed about how President Trump would behave. The precedent of the G7 Summit in Canada a few weeks earlier loomed large. Parallels were drawn between the post-G7 Summit meeting between Trump and North Korean leader Kim Jong-un, and the planned post-NATO Summit meeting between Trump and Putin. Would President Trump leave NATO and tear up the agreed declaration? Would he tell Putin that he agreed with the Russian president's analysis that US and NATO exercises on NATO territory bordering Russia were provocative? After all, at his meeting in Singapore with the North Korean

leader, Trump pulled a surprise out of his hat by announcing a cancellation of joint US-South Korean military exercises and agreeing with Kim Jong-un that they were provocative.

In the end, these concerns proved groundless. The *Financial Times* published some pertinent remarks from Latvia's Foreign Minister Rinkēvičs about the Trump-Putin Helsinki meeting, describing it as a "publicity event. We don't see any substantive decisions that we should be worried about. US officials told me [...] that concerns that Mr Trump could offer to suspend US involvement in military exercises in the Baltics [...] was not discussed."³

Moreover, at the NATO Summit President Trump was consistent and predictable in placing defence expenditure at the top of his agenda. The shock and awe tactic of discussing a 4% of GDP contribution towards member states' defence budgets was seemingly well-managed by Secretary General Jens Stoltenberg, who succeeded in avoiding excessive damage to the Alliance whilst maintaining unity. At the end of the day, the sharpened focus on defence spending is producing results. Stoltenberg pointed out at the start of the Summit that "after decades where Allies were cutting defence budgets by hundreds of billions of dollars and euros we are seeing now that they are adding billions of euros to their defence budgets".⁴

He also mentioned that European Allies and Canada have pledged a further 266 billion USD to their defence budgets by 2024.

It seems that the Summit Declaration text was, unusually, fully agreed at the ambassadorial level before the Summit meeting—a tactic used to avoid the risk of the document being torn up afterwards by a dissatisfied US president.⁵

After the Summit circus had left town, Latvia could view the results with a combination of relief and satisfaction. Ringmaster Trump was able to announce success to his home audience, whilst all other participants were relieved that this particular multilateral organisation remained intact. Latvia could point to the fact that regional security had been further bolstered and that the two-track policy (dialogue and defence) in relations with Russia was endorsed. Given the events of the last year, it was probably not surprising that the heads of state and government agreed on some blunt wording about Russia in their declaration. They reaffirmed the strong condemnation of Russia's destructive behaviour over the last few years, with updated references to this year's attack on the United Kingdom using a military-grade nerve agent.⁶ This latter issue was revisited bilaterally by the United States some weeks later, with the introduction of additional sanctions and a confirmation that the attack was carried out by Russia.

The Summit took decisions to improve NATO's readiness and ability to act. Latvia's offer to set up a Multinational Divisional Headquarters at the military base in Ādaži, some 20 kilometres from the capital Rīga, was accepted. This HQ will improve NATO's capabilities in defence planning and enhance the performance of practical defence

tasks in the region. It will be an integral part of NATO's force structure, allowing easier command of troops stationed in the Baltic States. The NATO Readiness Initiative (paragraph 14 of the Summit Declaration) will in turn improve the rapid response capability by providing "an additional 30 major naval combatants, 30 heavy or medium manoeuvre battalions, and 30 kinetic air squadrons, with enabling forces, at 30 days' readiness or less". This proposal was launched earlier in the year by then-US Defence Secretary Jim Mattis.

The implementation of the Summit decisions will need to be monitored, especially in light of Baltic concerns about air and naval defence and Russia pursuing "anti-access/area denial", whereby NATO's air access could be blocked off. On the topic of air defence, a positive gesture from the USA was made when President Trump signed the law for a 716 billion USD defence budget for 2019. The law reportedly states that the American political and military leadership should "explore transitioning the Baltic Air Policing mission of NATO to a Baltic air defence mission". Such a transition would mean allowing NATO countries' fighter jets based in the Baltics to carry out combat tasks in case of a crisis.⁷

With the Euroatlantic link becoming strained over the last couple of years, Latvia can at least be pleased that Canada has stepped forward as a staunch upholder of that link. Canadian troops have led the enhanced NATO presence in Latvia since 2017. Prime Minister Trudeau paid a visit to Latvia on his way to the NATO Summit in Brussels and committed to the ongoing engagement of Canada's troops and its leading military role in Latvia for a further four years beyond 2019. This steadfast expression of solidarity by our Euroatlantic NATO ally was highly appreciated in Latvia.

Canada's ongoing engagement, positive results from the NATO Summit and advances in EU-NATO relations all illustrate the fact that Latvia's foreign and defence policy fared well during 2018.

UNTAMED LATVIAN SOULS AS A TOOL IN CULTURAL DIPLOMACY

Although this is not a particularly objective evaluation in view of my responsibilities as Latvia's Ambassador to France, one of the year's highlights in Latvian cultural diplomacy abroad was probably the exhibition of Baltic symbolism art at the Orsay Museum in Paris from 9 April to 15 July. The title of the exhibition was "Untamed souls. Symbolism in the Baltic countries" (*Âmes sauvages. Le symbolisme dans les pays baltes*). It illustrated the close links between culture and foreign affairs. Without this exhibition, there would not have been a meeting between the three Baltic presidents and president Macron in Paris on 9 April.

The timing itself was symbolic. Only a week or so earlier, the three presidents, in the context of centenary celebrations, had met President Trump in Washington. This allowed Presidents Grybauskaitė, Kaljulaid and Vējonis to use their joint working lunch with the French president to, amongst other things, discuss their recent trip to the USA not long before President Macron himself went on a state visit to Washington.

Macron, during his keynote speech on Europe at the Sorbonne in September 2017, said that “Solidarity and culture are the cement that will bind us together and keep us from fearing the progress of the precursors”.⁸

The Orsay Museum exhibition was a clear expression of French cultural solidarity, highlighting how Baltic culture was an integral part of European cultural space in the period leading up to and beyond the establishment of the nations over a century ago (in the case of Lithuania, this was the re-establishment of their nation state [IL]).

The exhibition attracted almost a quarter of a million visitors, inspired an excellent documentary film shown on the European TV Channel *Arte* and involved the museum showcasing a wide range of culture from Estonia, Latvia and Lithuania, including a week-long Baltic Festival.

Latvia’s centenary celebrations were marked by hundreds of events, both in Latvia and worldwide. Cooperation between the ministries of culture and foreign affairs over the course of the year appears to have been exemplary, allowing embassies to make full use of the country’s cultural richness and diversity. The culmination of the events in Latvia itself was the Song and Dance Festival in July, which prompted foreign guests and dignitaries to visit Rīga, with the most prominent being OECD Secretary General Angel Gurría.

In 2018 Latvia made full use of the centenary year to promote cultural diplomacy. Regrettably, some large cultural projects were supported by dirty money passing through Latvia. These links were exposed when Latvia’s centenary celebrations were partially overshadowed in February by two serious incidents affecting Latvia’s banking sector: a scathing US government report about money laundering by one of Latvia’s biggest banks, and the arrest of Latvia’s National Bank president on suspicion of corruption. Though apparently unrelated, both incidents occurred within a few days of each other.

BANKING SHENANIGANS

The dramatic arrest of Latvia's National Bank Governor Ilmārs Rimšēvičs on suspicion of corruption (seeking and accepting bribes of at least 100,000 euros) in mid-February sent shockwaves through Latvia and beyond. He was later formally accused of receiving 250,000 euros in 2013 and a paid fishing trip to Russia's Far East in 2010 in exchange for helping a Latvian bank, Trasta Komerbanka, with its regulator problems.⁹ He is one of 19 members of the governing council of the European Central Bank (ECB), which makes sensitive decisions about monetary policy. His participation in those meetings has been suspended, although that decision is being legally challenged. Claiming innocence and denying the accusations, Rimšēvičs has refused to resign from his position as head of Latvia's National Bank, despite calls from both the prime minister and Latvia's parliament (Saeima) to do so. His bail conditions state that he should not turn up to work.

A few days prior to the arrest of Rimšēvičs, the US Treasury published a report on Latvia's third largest bank, ABLV, stating that it had "institutionalised money-laundering", breached US sanctions against North Korea, and bribed Latvian officials to achieve these goals. The bank subsequently went into voluntary liquidation and the ECB revoked its licence on 11 July.

These allegations were made against a banking sector which tried to clean up malpractice in the run up to joining the OECD in 2016, but which seemingly still held too many non-resident deposits and continued to operate offshore accounts under a plethora of shell companies. Inevitably, aspersions were cast on the ability of Latvia's financial regulators to enforce anti-money-laundering rules. Following the publication of the US Treasury report, Marshall Billingslea, Assistant Secretary for Terrorist Financing at the US Treasury, has made a few visits to Latvia. It is worth reflecting on some of his comments about Latvia: "It has a banking sector that has a history of exploitation by organized crime, by foreign governments that are hostile to NATO and outright corruption in society [...] it is fundamentally a national security issue. It's a security issue for Latvia itself as we see hostile actors penetrating Latvia via the banking sector. The endemic corruption gnaws away at the heart of the public sector and it's fundamentally a NATO security issue as well, if it's affecting not just Latvia but its neighbors and possibly the United States as well."¹⁰

The fact that Latvian Prime Minister Kučinskis decided to brief his EU colleagues about these developments at the European Council meeting on 23 February is also an indicator of the serious and immediate foreign policy implications that these events had for Latvia. By the end of May, *Reuters* had published stark comments from both the minister of foreign affairs and the minister of finance about Russian funds funnelled through Latvian banks being used as a tool of hybrid warfare.

“Foreign affairs minister Edgars Rinkevics told *Reuters* that [...] money in Latvian banks [...] may have been used for political manipulation. ‘There is also the connection to [...] hybrid warfare that money being transferred or kept in (the) Latvian financial system can be used to undermine [...] the political systems of other countries,’ Rinkevics said. [...] Latvia’s finance minister, Dana Reizniece-Ozola, confirmed that the government had launched such an investigation after receiving credible information from ‘our strategic partners’, referring to the United States. ‘This is the issue topical [...] for the whole of Europe especially if it comes true that money has been used for manipulating election results in several European countries,’ Reizniece-Ozola told *Reuters*.”¹¹

The good news is that Latvia has made speedy decisions over the course of the past year to deal with these problems. Parliament reduced the number of successive terms that Latvia’s National Bank governor can serve and successfully appointed a new talented bank specialist (Mārtiņš Kazaks) to their board. Likewise, a new head for Latvia’s anti-money laundering bureau, Ilze Znotiņa was appointed. She seems to have a solid and sound reputation. Legislation was passed amending the Law on the Prevention of Money Laundering and Terrorism Financing, so that banks will henceforth be banned from dealing with shell companies. By early May, the number had already fallen from 40% to 24% of companies that banks dealt with. Non-resident deposits in banks are also decreasing. By mid-March they were down to 34%, compared to 2015 when they represented just over a half of the total deposits in Latvia. In March, Finance Minister Reizniece-Ozola and the main regulator, Pēteris Putniņš, were reported to have told the *Financial Times* that “deposits from foreigners [...] would be slashed [...] to just 5 per cent within the next 6 months”.¹²

Proactive measures of external communication about the transformation of Latvia’s financial sector were also launched by the government in August.¹³ Latvia welcomed the Council of Europe report that Moneyval issued on 23 August.¹⁴ Moreover in a wide ranging pre-election interview, Prime Minister Kučinskis said that “Control over financial flows in Latvia has to be established during the next year so as to convince all the international monitoring institutions that any dirty money that appears in Latvia will be forfeited and that the process will be controlled” [author’s translation].¹⁵

Since February, Latvia has demonstrated a clear willingness to cooperate with the US Treasury Department and has shown progress in taking steps to tackle high-level corruption. The slow and turgid legal system, however, does not have a good record regarding the speed of prosecution and sentencing in corruption cases.

NURTURING FOREIGN POLICY IN 2019

The risk of a post-electoral scenario of radical change or disruption to Latvia's foreign policy is probably small. It should be avoided, especially in light of the current uncertainties and instability in international relations. It will be crucial for Latvia to continue to pursue a solid and predictable foreign policy course without drastic alterations.

Endeavours should be made in cooperation with Estonia and Lithuania to build on the successful contacts established at the Baltic presidential level in 2018 with presidents Trump and Macron. The window of opportunity will be short, because Lithuania and Latvia will hold presidential elections in May and June 2019, respectively.

President Vējonis's role will be of particular importance if a new foreign minister appears in the next government. His positive rapport with President Trump should be utilised to the utmost at the 70th Anniversary Summit of NATO in 2019.

Latvia's parliament should amend the constitution so that the election of a new president moves from a secret ballot to an open vote. It is time that Latvia's public and international partners know how parliamentarians voted for Latvia's president.

Commitments to spending 2% of GDP on defence should be upheld. Serious consideration should be given by the new Parliament to continuing the upward spiral of defence expenditure.

The year has been unusual in terms of the extent to which top Latvian politicians have acknowledged how internal disorder impacts foreign policy. Countering corruption should become a national security policy priority, given the stern warnings from two senior government officials and a top US official about Latvia creating security threats that impact NATO and other European partner democracies. The advice of the renowned journalist Anne Applebaum should be heeded: "The Western mainstream [...] should [...] unite around the real issues that are actually distorting our politics and our economy: political corruption, money laundering, and the tax havens and shell companies that allow a few people to remove a lot of money from our countries and to hide it".¹⁶

Speedy advances should be made in pursuing the corruption charges against the Latvia's National Bank governor. His successor should be appointed in an open, international competition to maximise the possibility of finding a candidate of integrity with impeccable credentials. Estonia's approach should be copied in this respect. Latvian politicians should also recall that the UK's Bank of England governor is Canadian.

There should be a strong, speedy and stringent continuation of the banking and financial sector clean up. Sufficient human and financial resources should be allocated for this. The recommendations of the *Moneyval* report should be actively pursued, as

should the promise to reduce non-resident deposits to 5%. Laundered money should not find its way into the financing of cultural projects supported by the government.

Latvia should proceed with a foreign policy in 2019 that reflects the steady, endless and continuous flow of the country's major river, the Daugava. Latvia's place in international relations should be carefully nurtured. In this way, the words of Latvia's poet about the Daugava being the "nurturer of our wounds" ("Sāpju aukle") is a solid guide to our future direction.

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THROUGH RESTLESS WINDS: LATVIA IN THE EUROPEAN UNION IN 2018 AND 2019

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The European Union may be catching the wind in its sails,¹ but the ship is navigating through troubled waters. In his annual state of the union speech in September 2018, President of the European Commission Jean-Claude Juncker was not afraid to point out that the world is now “more volatile than ever”.² Indeed, 2018 can be characterized as a year of growth, yet the atmosphere is a little heated. The programme of economic assistance for Greece has been concluded, symbolically marking a decade since the financial crisis, and the EU is experiencing stable economic growth, as GDP rose by 2.3%³ and unemployment decreased by 6.7%⁴, hitting a record low since 2000. Support for the EU membership is the highest in the post-crisis period—67% of the population believe that their country has profited from EU membership,⁵ and more than half of Europeans (58%) feel optimistic about the future of the EU.⁶ However, there are several processes both within and outside of EU that create unrest. In the course of difficult negotiations, an agreement on the withdrawal of Great Britain from the EU and a declaration on future relations between the United Kingdom and the EU was reached—still, the outlook for the deal passing through the UK Parliament does not seem good. At the EU level, the migration issue is being addressed in an unwieldy manner, which is contributing to rising support for far-right parties in national elections. The desire of radical and populist parties to be represented at the European level is becoming more pronounced as the EP elections of 2019 are approaching. Tension in international affairs is being maintained by the president of the United States (US), who is waging a wide-scale trade war and pulling out of international agreements.

For Latvia, the year 2018 has been favourable. The national economy has grown at twice the rate of the EU average—up by 4.5% compared to 2017⁷—and unemployment is lower than the EU average at 6.4%.⁸ Public satisfaction with life has increased⁹ and the support for the EU has grown—52% of inhabitants believe that EU membership is good, 70% that the country has benefited from EU membership, and 62% are optimistic about their future.¹⁰ Latvia fully takes part in EU decision making, thus fulfilling its resolution to be at the core of the EU instead of the periphery.¹¹ Latvia closely cooperates with its European and Euroatlantic partners to guarantee state security— allied troops have been deployed to Latvia, and the largest-yet military games have

taken place, testing Latvia's defence capacity. It is no little matter that only 100 years after the founding of the state, Latvia is an independent, stable, and growing country, and a full member of the international system. Freedom is a self-evident value for Latvia's younger generation. Rights such as freedom of speech, freedom of movement, and freedom to develop are not being questioned. Latvia is being heard, and the country itself determines which path it takes.

Indeed, Latvia has never been as well off as it is today.¹² Nonetheless, global processes leave little room for complacency. The history of Latvia demonstrates well enough how fragile peace can be, and how crucial it is to have trustworthy allies, the support of the population for policies pursued by the political elite, and democratic institutions at critical moments. Therefore, a unified, stable, and strong EU is and will continue to be in Latvia's interest. In this article, I shall touch upon several developments in 2018 that will continue to influence the EU's resilience and global role in 2019 and beyond. First of all, there is the withdrawal of Great Britain from the European Union. Secondly, there is the coming to power of far-right parties and populist forces in a number of EU member states, and the EP election of 2019. Third, there are the EU Multiannual Financial Framework negotiations and further attempts at financial integration. Finally, there is the growing necessity—enhanced by the activities of US President Donald Trump—to strengthen the foreign policy and security of the EU. In conclusion, I shall outline several recommendations for further action.

ONE FOOT ON THE BOAT

The year 2018 was marked by internal contradictions regarding the conditions of the withdrawal from the EU, the so-called Brexit, within the British government and society. In July, the government of Great Britain supported a vision proposed Prime Minister Theresa May¹³ that stipulated that close relations with the EU should be maintained by establishing a free trade area for industrial and agricultural products, as well as by avoiding the establishment of a hard border between Ireland and Northern Ireland. At the same time, it also proposed a renewal of restrictions on the movement of workers, services, and capital, as well as autonomy for the UK regarding the signing of international agreements while keeping membership in the EU Customs Union. Supporters of the hard approach within May's own Conservative Party—including the previous Secretary of State for Exiting the European Union David Davis, who resigned in July, and the Secretary of State for Foreign and Commonwealth Affairs Boris Johnson—have criticised such excessive closeness with the EU, appealing to the fact that the will of the citizens, as expressed during the referendum, to completely break ties with the EU was not ensured. Meanwhile, representatives of the moderate approach—such as the opposition Labour Party and a number of civil society representatives,

including businesspeople, judges, and Irish activists—have called for a second referendum on the final Brexit deal, expressing their concerns over the negative impact the withdrawal could have on future development.¹⁴

Talks on the withdrawal of Great Britain in 2018 were tough indeed, ultimately reaching an impasse during the second half of the year over the border between Ireland and Northern Ireland, as well as over the involvement of Great Britain in the common market and customs union following the end of the transitional period. The major objections from Great Britain had to do with its territorial and economic integrity regarding the Irish backstop,¹⁵ whereas the EU objected to proposals that would grant Great Britain privileged access to the common market and membership in the customs union while being outside the jurisdiction of EU courts, and took a stance against attempts to only adopt individual elements of the common market—namely, the free flow of goods.¹⁶

After countless rounds of negotiations, in November 2018 a deal on the withdrawal conditions was reached between Great Britain and the EU, including the protection of the rights of 4 million EU citizens residing in the UK and British citizens residing in the EU, details about Great Britain's financial obligations in the amount of 44 billion euros, and allowing a transitional period until 31 December 31 2020 during which Great Britain would continue to operate within the EU common market and customs union.¹⁷ The deal stipulated that the issue of the Northern Ireland border will be addressed within a future trade agreement between the EU and Great Britain, including the possibility to extend the transitional period for one or two years. If a solution acceptable for all parties cannot be reached, the backstop solution will come into force, which stipulates that all of Great Britain, including Northern Ireland, remains in the EU customs union until an alternative solution without a hard border between Ireland and Northern Ireland is found. The EU heads of state and government approved the withdrawal agreement and the political declaration, resolving last-minute differences with Spain over the Gibraltar issue.¹⁸ Nonetheless, the fate of the deal remains unclear, as it still has to be passed in the British and the European parliaments. A number of ministers have left the British government in protest of the deal, including the Secretary of State for Exiting the European Union Dominic Raab; on top of this, the Labour Party, the Northern Ireland Unionist Party, and the Eurosceptic wing of the Conservative Party have all promised to vote against the deal.¹⁹ Critics are opposed to the UK lingering in the EU customs union post-Brexit without any real ability to influence it, and they stress the threat that this position would cause to the signing of international bilateral trade agreements. They also worry about the Northern Ireland backstop and its possible influence on the territorial integrity of Great Britain.²⁰ Moreover, a petition signed by over one million citizens demanding a new “Brexit” referendum has been handed to the British government.²¹

As she did not see a possibility for the deal to pass, May moved the Parliament vote to January 2019. This decision was followed by a no-confidence vote in mid-December in

May's leadership of the Conservative Party, which she survived with 200 MPs voting for her to stay in office and 117 voting against.²²

Latvia wants to ensure close cooperation between the EU and Great Britain in the future in areas such as trade, the economy, internal affairs, and the judiciary, as well as in matters regarding defence, security, and external affairs, while simultaneously respecting the integrity of the EU common market and the autonomy of EU decision-making.²³ Latvia has indicated that defending Latvian nationals residing in the UK is the most important issue in Brexit talks,²⁴ and therefore the deal that was reached can be evaluated positively. Hypothetically, the best scenario both for Latvia and the EU would be Great Britain remaining in the European Union. The possibility of this scenario was mentioned in relation to the recent EU court ruling stating that Great Britain may unilaterally withdraw its exit application.²⁵ It could also come to pass as a result of a second referendum, keeping in mind the vast support among the population. In reality, the more plausible scenario is a no-deal Brexit, which both the EU²⁶ and Latvia²⁷ have begun seriously preparing for. This can unequivocally be seen as the worst possible scenario, because it will lead to Great Britain leaving the EU without specific arrangements or a transitional period,²⁸ causing a number of uncertainties and complications on both ends. If this scenario comes to pass, Great Britain would become a "third country" as soon as 2019, and relevant provisions would be applied to it as such, including a reintroduced border, customs, and phytosanitary control, leading to long lines and delays at borders, in airports, and at ports. Custom tariffs would be introduced (e.g., 2.6% on industrial products, 10% on cars, over 35% on dairy products);²⁹ disruptions in supply chains would break out since new agreements would need to be signed and tariffs would be set according to the WTO rules; and British businesses would need certification in order to operate in individual EU member states. The legal status and rights of EU citizens in Great Britain would also remain unclear, whereas the UK citizens in EU would become third-country nationals and be subjected to the entry and residence conditions of the EU and its individual member states. The uncertainty regarding the border between Northern Ireland and Ireland would continue, since in the case of no-deal Brexit there would be no legal basis even for the controversial backstop solution.³⁰

From an economic and security perspective, this scenario benefits no one. The International Monetary Fund has issued a warning regarding the economic recession in Great Britain;³¹ the First Minister of Scotland has returned to the issue of Scottish independence;³² and eurosceptic powers within Ireland have become more active and founded the "Irexit Freedom" political movement, advocating Ireland's withdrawal from the EU and the unification of Ireland.³³ Widespread protests have already arisen in 2018,³⁴ and a no deal situation would only increase this trend. For the EU, from its side, such a scenario occurring only a few months before the EP elections could raise the chances of national-populist and eurosceptic forces gaining more seats in the EP.

Barring the least-discussed scenario of a second referendum or the unilateral withdrawal of the Brexit application, it must be assumed that as of 30 March 2019 Great Britain will no longer be an EU member state, even if it continues to abide by EU rules during a transition period. Latvia will feel this in the EU decision-making process, as Great Britain has always been a strong ally for Latvia in matters regarding the EU common market, as well as security and the role of the North Atlantic Treaty Organisation (NATO) in EU defence and the EU's strong stance against Russia. A shift in the power balance of EU decision-making can be expected, as the opinion of Great Britain often served as an alternative to the politics of Germany and/or France. On a positive note, a less-noticed fact in the process of the withdrawal of Great Britain is that there are still a number of countries that support European values and wish to join the EU. During the June 2018 meeting of EU European affairs ministers, the decision was made to begin accession negotiations with the Former Yugoslav Republic of Macedonia (hereinafter "Macedonia") and Albania.³⁵ These talks are to begin in 2019 if both countries make progress in the fight against corruption and reform their judiciaries. Additionally, Macedonia needs to add to its legislation the deal reached with Greece on its new name—the Republic of Northern Macedonia.³⁶

UNITED IN DIVERSITY?

The victory march of right- and left-wing populists in EU national elections continued throughout 2018, increasing the proportion of eurosceptic and anti-immigration forces in the governments of the EU member states. In presidential elections in January, Czech voters elected the right-wing pro-Russian populist Milos Zeman for a second term.³⁷ As a result of the March parliamentary elections in Italy, the rightist "Lega Nord" and the leftist populist "Five Star Movement" formed a ruling coalition led by Prime Minister Giuseppe Conte.³⁸ In April, during the parliamentary election in Hungary, the party of Prime Minister Viktor Orban, Fidesz, and its partner, the Christian Democratic People's Party, obtained two thirds of the seats in the parliament and Viktor Orban, known for his xenophobic rhetoric, became the prime minister again—for the fourth time.³⁹ In June, the centre-right "Slovenian Democratic Party" led by Janez Jansa, the once-prime minister of Slovenia and a strong supporter of Orban, won the Slovenian parliamentary election;⁴⁰ however, after unsuccessful government formation talks, a minority government was formed in Slovenia, led by the head of the eurosceptic party, Marjan Sarec.⁴¹ In the September Swedish parliamentary elections, the far-right and anti-immigration Swedish Democrats gained the highest level of support from the voters to date—17.6%—resulting in a stalemate of government formation negotiations, as none of the traditional parties are ready to cooperate with the Swedish Democrats,⁴² while neither the social democrats nor the moderates have the absolute majority needed to form a government.

In October, the citizens of Latvia went to the ballot boxes as well. Leaving the largest position parties of the 12th Saeima—Unity (currently “New Unity”) and the Union of Greens and Farmers—in the minority, just behind the winner of the election—the Harmony party, traditionally representing Latvia’s Russian electorate—three new centrist forces have entered the 13th Saeima, namely the New Conservative Party, the KPV LV political party, and Attīstībai/PAR!.⁴³ Against the backdrop of the above-mentioned EU member states’ elections, the election results in Latvia seem comparatively optimistic. The new players represent conservative and liberal values, and none of them has questioned the Euroatlantic course. Nonetheless, there was no lack of populism, both during the election campaign and during the government formation. Even though the 2019 course for Latvia’s EU decision-making can be expected to remain largely the same, several tendencies towards “Visegradisation”⁴⁴ in decisions made by the new Saeima, such as not joining the UN Global Compact for Safe, Orderly and Regular Migration, are a cause for caution.⁴⁵

In general, the results of the EU national elections show several trends within the EU. These trends are important in the context of the 2019 EP election, as well as in the context of the future of the EU as a whole—a topic to be discussed by EU leaders at the 9 May 2019 Sibiu Summit, in the country currently holding the EU presidency, Romania. The first trend is that the popularity of right-wing populism in EU member states is on the rise. In the recent years, rightist nationalist parties have come to power in Hungary, Poland, Italy, Slovenia, and Austria, and have received a significant number of votes in France, Germany, the Netherlands, and Sweden; the early stages of this process can also be observed in Latvia. Secondly, citizens vote for people that do not belong to the political elite. One can agree with Steve Richards that the mainstream parties in power have exhausted themselves, as they can offer neither a new ideological platform nor practical solutions to the changes brought by globalisation;⁴⁶ these parties have become identical in the solutions they offer, and by implementing reforms *per se* have lost the confidence of voters that the parties are hearing them. As a result, citizens vote for parties and charismatic leaders that offer simple solutions to complex problems; for the most part, these are new forces previously not associated with the political elite or bureaucracy, offering fresh ideas and promising to represent the common man and gain back control over processes. Third, migration is still an important topic, and a relevant one. Although migration flows have decreased since 2015, with 145,000 people having asked for asylum in EU member states (a similar number to 2014⁴⁷), the migration issue still served as a catalyst for a rise in tendencies of nationalist sentiment, euroscepticism, and protectionism. The migration issue dominated the election campaign agendas in the Czech Republic, Hungary, Italy, and Sweden; it led to severe contradictions within the German ruling coalition; it provoked an Italian government standoff over banning migrant vessels from entering Italian ports; and it dominates the rhetoric of Central European states, especially Hungary. German Chancellor Angela Merkel has said that this issue will “decide the fate of the EU”.⁴⁸ Some 38% of the EU population still view migration as the biggest EU problem (in Latvia it’s 47%), and 68%

believe that it requires a solution at the European level.⁴⁹ Fourth, voters are ready to support candidates and parties that undermine democracy. At the EU level, sanction procedures are underway against democratically elected governments in Poland and Hungary—the EP has called on member states to take a stand against Hungary for posing a threat to EU values and the rule of law, triggering the Article 7 of the EU Treaty procedures. This could lead to Hungary losing its European Council voting rights; the European Commission has launched a similar procedure against Poland.⁵⁰ Pulling their voting rights is unlikely, as it would require a unanimous decision in the European Council, so the step taken by the EU institutions is symbolic—still, it is worth dwelling on voters’ perceptions of democracy as a value in itself. Edward Luce states that it is the generation that grew up after the fall of the Berlin Wall that has lost faith in democracy—one in six people of all ages in America and Europe now believe it would be a good or a very good thing for the “army to rule” (one in sixteen in the mid-1990s). Similar responses occur when people are asked if they would support a “strong leader who doesn’t have to bother with parliament and elections”.⁵¹ This tendency is worth reflecting upon, keeping in mind that the change of democratic regimes in Western Europe in the 1930s happened to a large extent due to the public’s choice of leaders who were ready to ignore the basic principles of the democratic system.

In general, it is clear that far-right and left populism criticising the current order is not the exception during election campaigns anymore; if anything, it is the norm that needs to be reckoned with during the elections in 2019. The EP elections are the first in line, scheduled to take place on 23-26 May 2019. The citizens of the EU will elect 705 MPs instead of the previous 751⁵² (this decrease is due to the withdrawal of the United Kingdom from the EU). The number of MEPs from Latvia shall remain unchanged—as previously, 8 MEPs will have to be elected. After the EP elections, changes await other EU institutions as well. A new president of the European Commission will be chosen and will form a new European Commission, later to be approved by the European Parliament and the European Council. The vice president of the Commission also serves as the High Representative for Foreign Affairs and Security Policy, so the current EU high representative in this area, Federica Mogherini, will be replaced. Mogherini has already stated that she will not be seeking reappointment.⁵³ The leaders of EU member states will also need to appoint a new president of the European Council, as the term of office for current President Donald Tusk expires at the end of 2019.

Pre-election discussions are heated already. Up until now, the European People’s Party and the Party of European Socialists have been in the lead—they have created alliances and shared top posts. But polls show that a large share of Europeans have a positive view of the freshly established parties and political alliances that criticise the current political order—half of the population do not see them as a threat to democracy; 53% agree that new political forces could be better at solving the current problems than the traditional parties in power; and 56% believe that they could make a real difference.⁵⁴ Still, for those that do not wish to vote for traditional parties, the choice is quite limited. Aside from the

pre-election platform of traditional parties, two competing ideological platforms regarding the future development of Europe are forming⁵⁵—more Europe, closer cooperation, and deeper integration is being advocated by the pro-European French President Emmanuel Macron, whereas the deputy prime minister and minister of the interior of Italy, the leader of the Lega Nord Matteo Salvini, and Hungarian Prime Minister Viktor Orbán stand for more member-state control, a return of EU competences to national governments, and national identity. The leader of the French National Rally (previously named National Front) Marine Le Pen has already voiced her intent to form an alliance with Salvini with the aim of strengthening the eurosceptic forces.⁵⁶ To unite the players that share contempt for the current elite, the head of the US presidential election campaign, Steve Bannon has entered the elections race by creating a fund in Brussels in support of such political forces.⁵⁷ French President Macron, from his side, by the end of the year intends to bring together a wide-reaching pro-European coalition that could face the eurosceptic, national-populist forces at the European Parliament elections by promoting pan-European, progressive politics.⁵⁸ A wish to run alongside Macron in the elections has been voiced by the leader of what is currently the fourth largest political group of the European Parliament, the Alliance of Liberals and Democrats for Europe (ALDE) head Guy Verhofstadt, an active supporter of deeper integration and the idea of a United States of Europe.⁵⁹

Keeping in mind the popularity of the far-right, far-left, and newly established parties in national elections, as well as the fact that the number of challenges has not lessened, it can be anticipated that the representation of such forces in the European Parliament will only increase. Although they will probably not secure an absolute majority in the European Parliament, nonetheless these forces will have to be reckoned with when the new president of the European Commission and the Commission itself is appointed, as well as during discussions on the future of the EU and on the EU budget for the next planning period, as well as in other issues that require co-decision. The situation will also have to be considered within the political groups of the European Parliament (for example, the party of Orbán during the current term is a member of the European People's Party group). It is highly unlikely that these developments would lead to a collapse of the EU—regardless of its considerable growth, the European Parliament is still not the strongest EU institution. Still, a certain impasse could arise if the eurosceptic and populist forces were to unite.

The year 2019 will also bring a number of national elections, the outcomes of which can influence the balance of forces within EU institutions—most importantly in the Council of the EU, where the member states are represented. Under the current circumstances, Orbán and Salvini are more or less single players, but if the governments of other EU member states take a far-right turn, the decision-making of the Council of the EU could be impacted. Subsequently, the outcomes of parliamentary elections in Estonia, Finland, Belgium, Denmark, Greece, Portugal, and Poland, and of the presidential elections in Latvia, Lithuania, Slovakia, Romania, and Croatia, will have significant influence on the future direction of the EU. Governmental positions at the EU level could also be influenced by the regional elections in Northern Ireland and Spain.

EN MARCHE, EUROPE!

As the European economy found itself in a favourable position, in 2018 member states could turn to the implementation of structural reforms and the search for long-term solutions without the pressure to urgently resolve crisis situations. In 2018, efforts towards closer integration in monetary matters continued with the aim to complete the establishment of the Banking Union, thus solidifying the framework for ensuring the stability of the euro and the banking sector. The ideas of the French president on a separate eurozone budget and a so-called finance minister to supervise it, as well as on the modification of the European Stability Mechanism into a European Monetary Fund, did not generate much enthusiasm. Still, even though it was not in the initial version, Macron succeeded in securing the support of Merkel for closer monetary integration within the eurozone; in June, both leaders presented common proposals in the so-called Meseberg Declaration,⁶⁰ which was discussed during the June session of the European Council. A number of countries have criticised Macron's proposals,⁶¹ including Latvia, calling for fiscally conservative politics on the EU level and maintaining a cautious attitude towards the idea of establishing a eurozone budget and a common "finance minister". The finance ministers of these countries have pointed out that the deepening of the monetary union should only take place if there is added value—the transfer of competences just because it would be "nice to do" is unnecessary.⁶² Also, it is unclear where the funds for a eurozone budget would be derived from—the majority of member states are opposed to an EU-level tax that could serve as the potential source. Therefore, a decision on the European monetary union reforms and the strengthening of the European Stability Mechanism, including a support mechanism of around 60 billion euro for the Single Resolution Fund for the restructuring of bankrupt banks, has been postponed.⁶³

The EU Multiannual Financial Framework will have an undeniable influence on the future development of the EU and the implementation of its priorities. On 2 May 2018, the European Commission published its 2021-2027 budget proposal.⁶⁴ The budget amount proposed by the Commission is 1,279 billion euros over a seven-year period,⁶⁵ marking an increase from the current 1% of GDP to 1.1%, while at the same time decreasing funding for cohesion by 7% and for the common agricultural policy by 5%.⁶⁶ However, funding for science, research, and the digital sphere has been increased 1.5 times over (to 102.6 billion euro), the budget for migration and border control has more than doubled (to 34.9 billion euro), and funds for security and defence have nearly doubled (to 27.5 billion euro), including a 22-fold increase for the Defence Fund, the goal of which is to strengthen military production and research. In addition to the contributions of member states, the Commission intends to create new sources for the EU budget (or "own resources") that would compose about 12% of the new EU budget. This income would be formed from a common consolidated corporate tax base that will potentially be implemented, as well as from a tax on plastic and the trading of emission quotas. Member states will also need to evaluate the Commission's proposal to tie access to funding to democratic values and rule of law in member states, which could be applicable to Hungary and Poland.

Being aware of the risk of EP radicalisation after the elections, the president of the European Commission, Jean-Claude Juncker, has called for an agreement on a budget during the current parliamentary term of the EP.⁶⁷ These talks are expected to be heated. The parliament has criticised the budget for its insufficient total amount, suggesting the budget be raised to 1.3% of GDP. Also, insufficient funding for agriculture, cohesion, research, SMEs, youth employment, security, migration, and external relations has caused criticism.⁶⁸ Latvia has strongly objected to the decrease in agricultural and cohesion funding, pointing out that the main goal of the EU budget needs to be the levelling out of living standards across the bloc. Therefore, Latvia has called for retaining the current level of funding for the cohesion policy at a minimum, as Latvia is still behind the average living standard of the EU with 67% of GDP per capita in 2017. Moreover, Latvia advocates for more equal direct payments to its farmers, as Latvian farmers only receive 56% of the average amount of EU agricultural financing.⁶⁹ Latvia has welcomed the European Commission's proposal to increase financing for research and innovation, as well as the Connecting Europe Facility, within which Latvia finds support for the "Rail Baltica" project especially significant. Also, Latvia has pointed out that the new challenges the EU is facing, including migration, internal and external security, and climate, require support as well.⁷⁰

It can be expected that one of the main questions during these talks will be the total amount of the budget, as the withdrawal of Great Britain from the EU has significantly decreased the share of available financing. The same challenges still remain, however, and tackling these challenges will either require using a smaller budget or larger member-states contributions—it is expected that the current net contributors, e.g. Austria, the Netherlands, Sweden, Denmark, and Finland, will protest this solution, whereas Latvia (along with Lithuania and Estonia) has expressed its willingness to increase contributions to the EU budget to ensure adequate funding for both traditional policies and new challenges.⁷¹ Keeping in mind the considerable socioeconomic differences, and therefore the importance of the share of the cohesion policy in the economy of many EU member states, a difficult debate on the amount of cohesion funding is probable, as is the fight on financing for farmers. Latvia has already sent letters to its European partners expressing its opinion on both cohesion and agricultural financing.⁷² The sources of budget revenue could also be a stumbling block during the talks—the European Commission's proposal regarding its new "own resources" essentially offers EU-level tax collection, and a number of member states have been long opposed to this, including Latvia. The question of whether the member states will choose to "politicise" the budget by introducing sanctions—a suspension of funding—for activities that limit the rule of law and democracy in member states remains open. In any case, there will not be enough money for everyone—therefore, a fundamental decision regarding the priorities that will bring the biggest return in the long term needs to be made.

A GUSTY WEST WIND

The US has traditionally been an ally of the EU, and Euroatlantic cooperation has always been one of the cornerstones of EU security and affluence. Although the worst-case scenario has not come to pass and the US continues to fulfil its duties within NATO, in 2018 US President Donald Trump continued to surprise with unilateral decisions and did not cease maintaining tension *vis-a-vis* his European partners. During the June 2018 NATO Brussels Summit, Trump stated harshly that European partners need to increase their defence spending at least to the established level of 2% of GDP, and even more in the future; he especially aimed this critique at Germany.⁷³ Latvia has done its homework—in 2018, the Latvian defence budget reached 2% of GDP for the first time. Reacting to Trump's critique, before the summit Tusk warned the US that "America does not have a better ally than Europe" and that all European security spending is going towards the joint defence of America and Europe, something that cannot be said about the spending of Russia and China.⁷⁴ Still, the risk of the US distancing itself from Europe remains, and therefore during the European Council June session the EU leaders agreed that Europe needs to take more responsibility for its security, including enhancing defence investment, capability development, and operational readiness.⁷⁵ The need to strive for greater independence or for "European sovereignty" and become a "global player" in a situation where the post-war international order is constantly being challenged has also been emphasised by Juncker in his annual speech, as he called for the continuation of the European Defence Union project.⁷⁶

Europe will need more independence, not only in defence spending but in foreign policy as well. In 2018, Trump continued withdrawing the US from prior agreements—in May, Trump made a statement on the withdrawal of the US from the Iran nuclear deal signed in 2015 and he renewed sanctions, in June the US left the UN Human Rights Council, and in October the US's withdrawal from the Intermediate-range Nuclear Forces Treaty was announced. Trump's bilateral meetings with world's authoritarian leaders, including Russia's president Vladimir Putin and the leader of North Korea Kim Jong-un, have been provocative enough as well. Nonetheless, in Trump's defence, it has to be mentioned that the US has kept pace with its European partners and has been imposing sanctions on Russia for the poisoning of the former Russian double agent Sergei Skripal and his daughter.⁷⁷ Moreover, even though EU leaders on multiple occasions have expressed regret over the actions of the US president,⁷⁸ NATO member states, including Latvia, have expressed support for the US as it condemned Russia for breaching the Intermediate-range Nuclear Forces Treaty.⁷⁹

The EU has no lack of challenges in the field of international trade as well. In 2018, Trump continued trade wars, including the one with the EU. In response to the US decision to impose tariffs on imported steel and aluminium, the EU also decided to enforce tariffs on a number of US-produced goods and agricultural products.⁸⁰ In June,

a meeting between Trump and the European Commission President Juncker took place, during which an agreement was reached to impose “zero” tariffs, to decrease subsidies and other trade barriers, as well as to jointly reform the World Trade Organisation.⁸¹ Regardless of the agreement, in August Trump announced plans to put a 25% tariff on cars imported from the EU.⁸² Currently, talks between the EU and the US on the scope of a potential trans-Atlantic trade agreement have been launched,⁸³ and this topic can be expected to dominate the agendas of both sides in 2019.

Trump’s actions Trump are often criticised for their spontaneity, irrationality, and inconsistency, but they hold far-reaching consequences nonetheless. In the short and medium-term, protectionism poses a threat to a number of producers and employers on both sides. China has already matched tariffs on US goods, the EU has replied with counter-measures—among other things, US car producers have pointed out that the customs duties for steel and aluminium will lead to an increase in costs and a loss of jobs.⁸⁴ US sanctions have led to a decrease in the value of the Turkish lira and have added to the Turkish establishment’s policy of hostility towards the US.⁸⁵ In the long term, protectionism and confrontation contribute to polarisation, causing concern over a new equilibrium of forces and a new arms race in international politics. Looking at things from the positive side, Trump’s actions have made Europeans address their defence more seriously, and look in the direction of other partners in order to diversify available markets and to decrease their political dependency on the US. In 2018, the EU signed a free trade agreement with Japan, resulting in the abolishment of 99% of customs tariffs; other talks are underway with Australia and New Zealand,⁸⁶ and Juncker has called for a wide and comprehensive partnership with Africa.⁸⁷

There are not many indications that Trump’s actions might change in 2019. Resistance towards the activities of the US president can be felt within his own administration;⁸⁸ after the November 2018 US mid-term elections, the number of Trump supporters in the House of Representatives decreased as well.⁸⁹ Still, in a wider context, the Trump’s activities, radical as they may be, depict the US’s long-held wish to become more distanced from processes in Europe. Subsequently, the reality is that Europe needs to care about its own safety more by respectively strengthening its budget and its global role. At the same time, it is important to maintain a constructive relationship with the US and NATO to guaranty the security of the continent and avoid the creation of parallel military structures. Also, in this context, it is also important to maintain the strong involvement of Great Britain in the European security architecture. However, the proposal from Juncker on introducing a qualified majority vote over certain foreign policy matters to make the EU’s external policy more efficient—for example, in cases of disregard for human rights or the imposition of sanctions⁹⁰—should be viewed with due caution.

CONCLUSIONS AND RECOMMENDATIONS

Watching the events of 2018, I would like to state that the challenges for the EU in 2019 will fall into the ideological rather than the economic realm. The economic situation in the EU is stable, but the decade-long austerity policy along with the wide inflow of refugees has altered the mood in European societies, as a result of which growing support for nationalism and protectionism can be observed. The withdrawal of Great Britain from the EU is the most visible consequence of such a mood, but the liberal values are being doubted elsewhere as well—including on the other side of the ocean. In this situation the primary task of the EU is to gain back the people's trust that the EU is a project of peace and affluence, and that being a part of the EU is much more advantageous than being outside it. I believe that Latvia does not need to be convinced of that. The EU and NATO have been, still are, and will continue to be the guarantors of Latvia's security and existence; therefore, Latvia, as a country that has defined the wish to be at the core of the EU, can drive the EU integration processes in such a way that unites and not divides, to bring people together and not alienate them. This does not always mean "more Europe"—maybe in some cases, it is less Europe that is needed.

It is clear that in a union with a population of 441 million (after the UK's withdrawal) there will be no easy solutions; all reforms are complicated, and it takes many years for their fruit to be enjoyed. Therefore, in conclusion, I will propose just a few aspects for further consideration and action in the EU context to stimulate its inhabitants to draw closer to the EU.

First of all, an orderly and deal-based Brexit is in Latvia's interest, and therefore I would suggest giving additional guarantees to Great Britain, for example in the form of political declaration stating that the territorial integrity of Great Britain will not be affected by the withdrawal process. The majority of the British Parliament, including MPs of opposition parties as well as supporters of May within the Conservative Party, are against a no-deal withdrawal, so additional guarantees could contribute to the ratification of a deal in the UK Parliament. In the name of this goal, an extension of the withdrawal process could be considered. Great Britain needs the EU as much as the EU needs Great Britain—therefore, there is no ground for hasty decisions, especially before the European Parliament elections.

Secondly, the people's concerns over the accommodation of migrants are real, albeit not always rational. The EU policy up to date has been very open, but this was the result of a top-down approach. In this context, the annulment of quotas can be seen as a positive step; however, even as states accept refugees on a voluntary basis, this should still align with the public mood. Thus far, much emphasis has been put on communication, explaining the necessity of solidarity and the positive contributions of migrants to the national economy, but this approach only increases antipathy towards them. In the context of the voluntary approach, more local initiatives should be promoted—people naturally sympathise with war victims, therefore initiatives to harbour refugees coming from these people could result in much more positive feedback than state-

introduced actions, providing the population with the feeling that they can control the process. Additionally, work to strengthen the external border of the EU and to control the movement of migrants within the EU must be continued, thus reducing the desire to reintroduce control over EU internal borders. I agree with Luce that the EU cannot solve problems in the Middle East by “importing” them, nor does it have the capacity to host millions of African refugees—therefore, Europe must make up its mind on a difficult compromise in order to “preserve itself”.⁹¹

Thirdly, sufficient resources within the new EU Multiannual Financial Framework must be allocated to new challenges, especially EU security and defence. This is of vital interest for Latvia, so we should advocate for an increase in funding in the EU budget, as well as strive for it nationally, even if other EU member states don't. The difference is that Latvia, unlike the majority of EU states, has a border with Russia. In this context, the discussion on the proportions of several EU policies within the EU budget needs to be continued. To give an example, only 10% of Europeans believe that CAP has a tangible benefit for the EU, whereas 54% are ready to vote for the EU having an active role in ensuring peace on the continent,⁹² but security and defence funding for the next EU budget period is at least 13 times smaller than the amount designated for CAP.⁹³ That does not mean we should give up on striving to achieve a fair approach on payments for Latvia's farmers, it is more of a question of evening out payments within the EU with a smaller common budget.

Fourthly, it is advisable to move towards less regulation at the EU level. The EU has become more complicated than at its beginning, and in many places there is a conception that decisions are being made by “Brussels”—non-elected representatives that an EU citizen holds no control over. Indeed, with each amendment to EU framework contracts and every EU enlargement, the bureaucracy has grown, as exemplified by the establishment of new top posts after the passing of the Lisbon Treaty, as well as by the creation of new commissioner portfolios after the accession of Bulgaria, Romania, and Croatia. Numerous services and directions operate to ensure the functioning of these posts, with the drafting of more and more detailed proposals, the necessity of which could be debatable. In addition, significant financial means are being used to maintain their functions. In order to reduce EU bureaucracy, we could propose relaunching the discussions on the number of the commissioners that begun during the drafting of the Lisbon Treaty, with an aim to cut the number of commissioner portfolios.

Fifthly, the proposal to switch to a qualified majority vote on several foreign policy issues (such as human rights or sanctions) should not be supported. The efficiency of EU external relations is indeed important, but not at all costs. There is no such thing as a single “right” solution in foreign policy—everything depends on various country-specific factors; also, foreign policy is and will continue to be an integral part of national sovereignty, therefore the federalisation of foreign policy may lead to the perception not only among the population but also among political elites that they are not in control of

EU processes. The history of EU integration is exemplary of the art of compromise—this ability should not be underestimated, and so diplomatic contacts need to be intensified to reach a common position.

Finally, we must continue to encourage the population to be responsible and to take part in the European Parliament elections. Only 42.6% of EU voters (in Latvia the number is 30.2%) took part in the previous European Parliament elections—therefore, we cannot even speak of a simple majority representation of EU inhabitants on the European level. But the MEPs have a significant impact on the agenda and decision-making of the EU, and therefore, by taking part in the European Parliament elections, voters have the opportunity to contribute to setting the future course of the EU.

ENDNOTES

- ¹ The president of the European Commission, Juncker used this comparison in his 2017 annual address to the European Parliament. “Komisijas priekšsēdētāja Žana Kloda Junkera Runa par stāvokli Savienībā 2017. gads”, Eiropas Komisija, 13 September 2017., http://europa.eu/rapid/press-release_SPEECH-17-3165_lv.htm
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- ⁹ “Aptauja: Latvijā rekordaugsta iedzīvotāju apmierinātība ar dzīvi”, *Diena*, 25 August 2018, <https://www.diena.lv/raksts/latvija/zinas/aptauja-latvija-rekordaugsta-iedzivotaju-apmierinatiba-ar-dzivi-14203747>
- ¹⁰ Standard Eurobarometer 89, op cit.
- ¹¹ Ārlietu ministra ikgadējais ziņojums par paveikto un iecerēto darbību valsts ārpolitikā un Eiropas Savienības jautājumos 2017. gadā, Ārlietu ministrija, 2017, 5, http://www.mfa.gov.lv/images/ministrija/Arpolitikas_zinojums_2017.pdf
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LATVIA'S DEFENCE IN 2018. MORE MONEY—MORE OPPORTUNITIES AND CHALLENGES

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The year 2018 has been another historic year for Latvia's defence sector: the 2% of GDP benchmark for defence spending has been achieved, a range of arms and military equipment has been received and even more has been ordered, and Latvia's NATO Enhanced Forward Presence battlegroup has gained a firmer foothold and has expanded.

This article looks back on these, as well as other positive and less positive developments in the Latvian defence sector in the last year.¹

JOINING THE "2% CLUB"

In 2018, Latvia's defence expenditure reached 2% of GDP for the first time since it joined NATO. Financially speaking, the sum amounted to around 576 million euro (see diagrams 1 and 2). According to NATO data, the defence budget of 2018 is over two times larger than that of 2015 (only around 254 million euro or 1.04% of GDP, was allotted to defence that year), and about one-fifth larger than in 2017.² Also, by the end of 2018, the allocation of an additional sum of approximately 5 million euro to defence was planned due to GDP growth, respectively resulting in the rise of the 2% margin.³

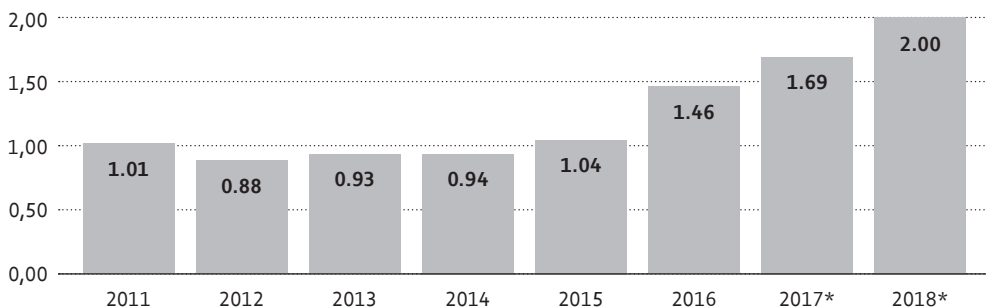


Diagram 1. Defence expenditure of Latvia, percent of GDP (NATO data).⁴

* estimates for the respective year.

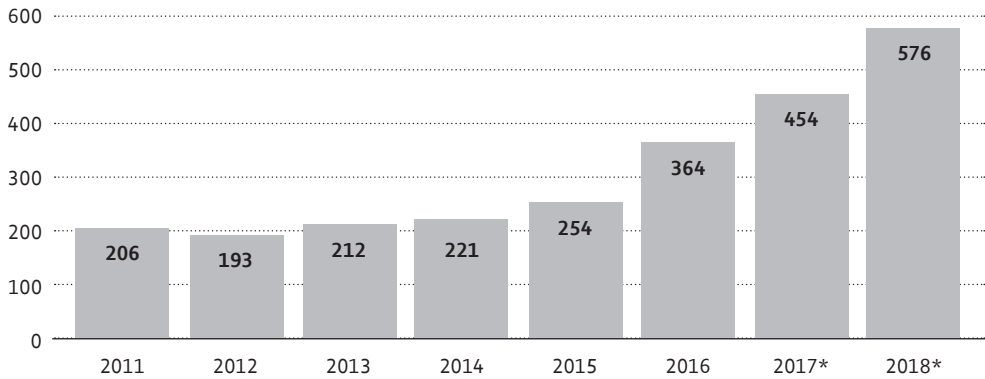


Diagram 2. Defence expenditure of Latvia in euro (NATO data).⁵

* estimates for the respective year.

Following the rapid growth in defence expenditure, Latvia has reached fifth place among all NATO countries in terms of the highest defence spending share of GDP—following the US, Greece, Estonia, and the United Kingdom, and leaving Poland, Lithuania, Romania, France, Turkey, and the rest of the NATO member states behind (see diagram 3).

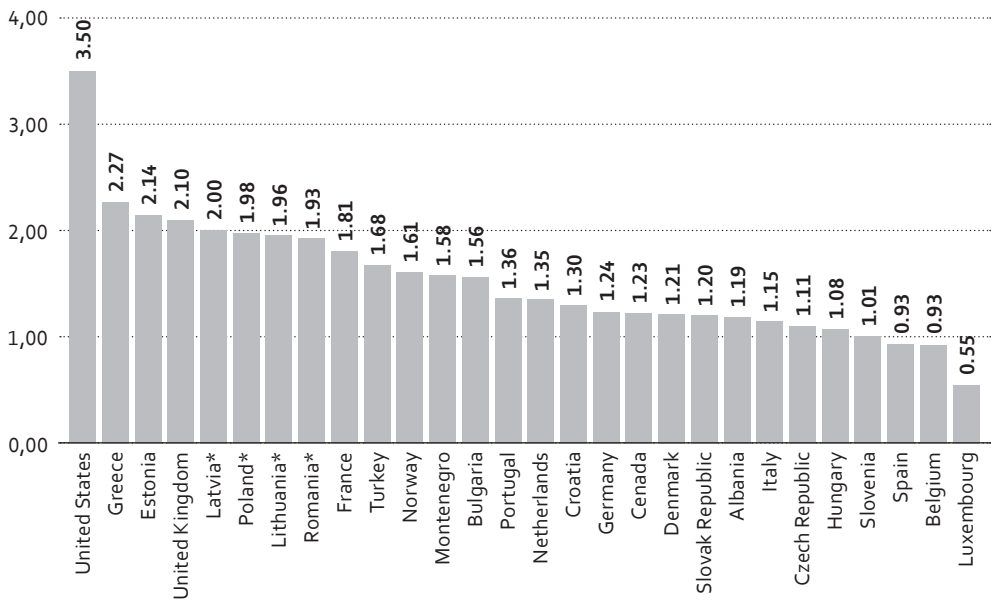


Diagram 3. Defence expenditure of NATO member states in the year 2018 (estimates), percent of GDP (NATO data).

* According to NATO, these states have legislative provisions or have reached a political agreement to allocate at least 2% of GDP for defence expenditure in 2018.⁶

Importantly, joining the “2% club” has given a positive ring to Latvia’s name in NATO member defence spending reviews by international media,⁷ also resulting in praise from allies, including the president of the US, Donald Trump. During the 3 April 2018 summit with the presidents of the Baltic States, he expressed gratitude to all three “... for fulfilling your full obligations and meeting the 2 percent GDP benchmark for national defense this year” and named the Baltic States as a positive example to other members of the North Atlantic Treaty Organisation.⁸ It is also worth mentioning that on the same day the president of the US announced a plan to spend around 170 million US dollars to support the Baltic States—almost 100 million US dollars for procuring large-calibre munition and the remaining sum in training and equipping programmes for the military.⁹

However, the level of the defence spending reached in Latvia to date should not be regarded as “the end of history”. On one hand, defence expenditure is expected to grow during the next year as well, following the rise in GDP and keeping with the 2% benchmark (this amount of defence expenditure is intended according to the medium-term budget until the year 2020).¹⁰ In the coming years, an increase in defence spending going beyond the 2% benchmark cannot be excluded (as Estonia has already done; see diagram 3). To illustrate this point, the pledge to increase defence spending over the 2% threshold has been voiced by the defence ministers of all three Baltic States;¹¹ also, last summer two of the parties of the previous government had expressed a readiness to raise defence expenditure to 2.5% or even 3% of GDP.¹² On the other hand, the opposite development for the years to come cannot be excluded either—as the perception of external threats changes, the vectors of foreign policy alter, and/or problems with the defence financing outturn (see the coming chapter) persist—discussions could arise in favour of the contrary dynamic regarding the amount of defence spending.

THE DEVELOPMENT OPPORTUNITIES BROUGHT BY DEFENCE FINANCING

In the 2018 defence budget, the lion’s share (43%) of expenditure was allocated to investment, roughly one-fourth to maintenance costs, and the remaining one-third to personnel costs.¹³ The growth in financing allowed the state to further develop defence infrastructure and widen the scope of arms and military equipment. The intended amount for procurement was around 234 million euro, out of which vehicles were to take 28% of the financing, munition 15%, armament 13%, and individual equipment 8%.¹⁴

During the course of the last year, Latvia received all 47 type M109 self-propelled howitzers delivered from Austria (their firing range with improved ammunition is 30 km),¹⁵ “Stinger” man-portable air defence systems from Denmark, 18 “Polaris” tactical

vehicles from the US (in total, Latvia is planning to obtain up to 130 various units of such vehicles; the US is bearing the largest share of the costs),¹⁶ and by the end of the year it was planned to receive the first batch of six-wheel drive off-road vehicles from the Finnish company “BRP” (their deliveries are to continue in the following year); also, the first of three TPS-77 Multi-Role Radars designed for the surveillance of low-level flights and object identification has been delivered.¹⁸

The most discussion in society was caused by the decision to procure four UH-60M “Black Hawk” helicopters (the delivery of the first aircraft is planned for 2021)¹⁹ to replace the out-of-date Mi-17 helicopters currently at the disposal of the National Armed Forces. Also, agreements on the procurement of Israel-produced “Spike” anti-tank missile systems (delivery planned to be completed before 2023)²⁰ and on the procurement of “G-36” assault rifles for the National Armed Forces, the National Guard, and the State Border Guard were signed,²¹ munition for “Carl Gustav” anti-tank weapons was ordered (delivery scheduled for next year),²² and an announcement was made that Latvia is to receive three “RQ-20A Puma” unmanned aircraft systems designed for surveillance and reconnaissance from the US.²³ Additionally, the procurement of four-wheel tactical vehicles also took place.

Investments in infrastructure are no less substantial. It has been planned that starting from the year 2018 each year until 2021 around 50 million euro will be invested in the development of military infrastructure, prioritising infrastructure tied to the host nation support (to facilitate the reception of allies), National Guard infrastructure, as well as the infrastructure of training camps and shooting ranges; the biggest investment in 2018 was planned to be directed towards the Ādaži military base.²⁴ Infrastructure improvement occurred not only in Ādaži, but also in a number of other objects — with co-financing by the US, the Garkalne station railway infrastructure was improved, thus strengthening the host nation support capacity in the railway sector, as the loading and unloading of equipment from the trains has become more swift and convenient.²⁵ Also, in Lūznava, in the Latgale region, a new National Armed Forces base was opened (a formal takeover ceremony of the land and buildings previously owned by a professional school was conducted), to be developed and extended during the course of the following five years.²⁶

It is important to note that during the last year cooperation of the government with the defence and security industry has progressed, as the growth in defence financing was also used to support the local industry. For example, a grant programme was established to assist in the development of new products that can be used for military and civil/military needs.²⁷

THE REVERSE SIDE OF THE USE OF DEFENCE FUNDING

The rapid growth in defence funding has not only brought new opportunities, but also new challenges. At the beginning of 2018, the State Audit Office made public the results of the National Armed Forces planning and supply system audit. Even though the audit did not uncover any legal offences, the conclusions made by the State Audit Office were not flattering: there is a lack of an effective long-term system for the planning and assessment of the obtained results (planning has been characterised with the term “short-term thinking”), centralised procurement is being alternated with a significant amount of decentralised procurement (among other things, the text specifies the insufficient competence and professionalism of the State Centre for Defence Military Sites and Procurement), the procurement system is organised on multiple levels and consists of many formal procedures, the exchange of information and cooperation between the institutions involved in procurements is insufficient, and information on reserves and needs is not efficiently available. Among the worst examples, the procurement of “high priority munition” over the course of four years and the procurement of “batteries for the communication devices of the National Armed Forces” over the course of three years are mentioned.²⁸

In another audit report made public during the last year, the State Audit Office has discovered problems in the activities of the Youth Guard as well, including issues relating to the end-use of financing. Among other things, the report discloses that not all procurements provided for the Youth Guard have undergone targeted and meticulous planning,²⁹—e.g., due to a delay in purchasing high-priority items (clothes and footwear for the youth guards), the funds were spent on previously unscheduled purchases instead (such as furniture, telephones, computers).³⁰ Additionally, during the last year, information about material values missing from the Youth Guards organisation totalling several tens of thousands of euros have been reported in the media.³¹

The Ministry of Defence has voiced its commitment to implementing the suggestions of both audits, at the same time pointing out that the reform of the defence supply system was already launched during the last year.³²

Improvements in the operation of the planning and supply system is crucial for several reasons. First of all, it would lead to the appropriate use of financial resources, resulting in a state defence capacity increase. Secondly, it would sustain public support towards a high defence budget and would open the floor for discussion over its further expansion. Further issues in the use of financing may lead to decreased public support for high levels of defence funding.

DEFENCE PERSONNEL IN LATVIA AND ABROAD

In 2018, the number of Latvian military personnel continued to rise (see diagram 4), reaching 6.3 thousand and thus surpassing the number of military personnel in Estonia for the first time in the recent years, according to NATO data (NATO data demonstrates that in the last year Estonia had 6.1 thousand soldiers, including conscripts; NATO statistics does not feature the National Guard and reservists).

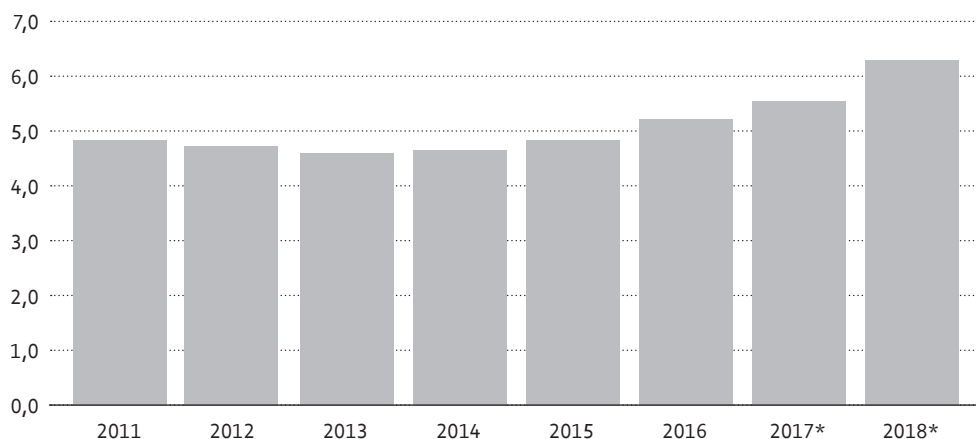


Diagram 4. The size dynamic of Latvian military personnel (NATO data).³³

* estimates for the respective year.

A number of drills aimed at the training of soldiers and National Guard members, capacity and procedure inspection, as well as cooperation improvement both within the National Armed Forces as well as with other institutions and allies have taken place, including the largest military exercise since the restoration of Latvia’s independence—“Namejs 2018”. This exercise brought together over 10 thousand participants from Latvia and abroad, and its activities were conducted on several bases in at least 36 counties.³⁴ Latvian representatives took part in military exercises in other countries as well, including NATO’s largest exercise in recent years—“Trident Juncture 18”.

During last year, the National Armed Forces have continued to take part in international operations and missions: the NATO mission “Resolute Support” in Afghanistan; EU naval operations “Atalanta” and “Sophia”, and the training mission “EUTM Mali”; “Operation Inherent Resolve” against the so-called Islamic State; and the United Nations stabilisation mission “MINUSMA” in Mali. The total number of Latvian military personnel deployed overseas was 61 in September 2018, the biggest portion of which—40 persons—being part of the NATO training mission in Afghanistan.³⁵

TOWARDS A COMPREHENSIVE DEFENCE SYSTEM

The most noticeable development of the 2018 defence policy was the movement towards a comprehensive state defence system launched by the Ministry of Defence. In October, amendments to the National Security Law were made, including defining the comprehensive state defence concept.³⁶ The informative report “On the implementation of the comprehensive state defence system in Latvia” developed by the Ministry of Defence and announced during the August meeting of the State secretaries clarifies that the concept of “comprehensive defence” is wider than the notion of “total defence”, which is often considered to be a synonym of the former. According to the authors of the report, the difference between the concepts is that “comprehensive defence” relies more on the involvement of non-military institutions, the private sector, and society in national defence; “total defence”, however, implies a bigger role for armed forces in strengthening national defence during peacetime. During the initial period of comprehensive state defence system implementation, the focus will be on seven areas, which can be summarised as follows: military capabilities and defence strategies, cooperation with the private sector, the education of pupils and the society as a whole, civil and psychological defence, strategic communication, and the resilience of the national economy.³⁷

The majority of the activities outlined in the report are not novel. Various internal and external security obligations and measures are formulated in such documents as the State Defence Concept, the National Security Concept, the State Civil Protection Plan, et.al. The new informative report publicly recognises that “... not all government administration institutions have developed plans for overcoming threats” (for the fulfilment of the tasks set by the State Defence Concept).³⁸ Therefore, a potential result of the new comprehensive defence approach could be the concentration of measures previously scattered across different documents, leading to better coordination during the fulfilment of the existing tasks.

The central innovation of the comprehensive state defence system is the notion of psychological defence. It is defined as the “resilience of the population against deliberate or accidental outside impact in the information and public space, the capability to maintain rational thinking and decision-making, and the promotion of critical thinking.”³⁹

The strengthening of psychological defence is not going to be an easy or short-term task, as it contains a number of complicated and wide measures and a significant number of stakeholders. E.g., the intent of the Ministry of Defence to specify the role of the church and ensure the operation of the church during crisis and wartime⁴⁰ can raise questions—which religious denominations will be covered by this plan, how can this plan be practically implemented during wartime, how can the division of church and state enshrined in the constitution be ensured,⁴¹ et. al.

Importantly, the role of strategic communication is yet again stressed in the report. While not a novel concept *per se*, it still remains important for the country in general and the defence sector in particular. In 2018, the role of strategic communications was accentuated by the disputable communication of the Ministry of Defence relating to the February 2018 events in the Latvian finance sector. The ministry publicly declared that “Latvia is being targeted via a massive information operation”. On one hand, such an announcement increased public awareness of the possibility of information operations, but on the other, the happenings in Latvia gained even more international visibility, at the same time raising questions about the competence and credibility of Latvia’s institutions, as it appeared that Latvia blamed its internal problems on the meddling of outside powers. Ultimately, the projections of the ministry that the “information operation” would continue were not fulfilled, and the assessment that the operation was “identical to those observed in the pre-election U.S., France, and Germany”⁴² can also be dismissed.

The comprehensive defence implementation approach avoids a discussion on the return of conscription, which is in force in different shapes in all three of the countries whose state defence organisation systems are quoted in the report, namely, Finland, Switzerland, and Singapore.⁴³ It appears that in terms of wider society involvement in state military defence, Latvia is planning to continue to rely on the National Guards, reserve soldiers (training for citizens without military skills was launched in 2018, granting reserve soldier status upon completion of the course)⁴⁴, as well as prospectively introducing state defence as a subject in schools (14 schools have introduced the subject as a pilot project during the school year of 2018/19)⁴⁵.

THE STRENGTHENED PRESENCE OF NATO ALLIES

The year 2018 was important for strengthening the NATO Enhanced Forward Presence battlegroup, as its operation entered its second year. First of all, the battlegroup was enlarged as new countries joined—Slovakia with 152 soldiers⁴⁶ and the Czech Republic with 60.⁴⁷ There have been reports that NATO’s latest newcomer, Montenegro, will possibly accede to the battlegroup as well.⁴⁸ Secondly, Justin Trudeau, the Prime Minister of Canada, during his visit to Latvia in July 2018 announced that Canada will renew its military presence in Latvia for another four years (until March 2023) and will increase the number of its armed forces members deployed to Latvia from 455 to 540.⁴⁹

The continuing rotating presence of the US armed forces within the operation “Atlantic Resolve” is no less important (this cooperation takes place outside of the NATO Enhanced Forward Presence). Furthermore, the US sent a strong symbolic signal during the 18 November Independence Day military parade in Riga—for the first time in Latvian history, the US air defence system “Patriot” was on display.

Apart from the aforementioned visit to Latvia and the allied troops deployed here by the Canadian prime minister (accompanied by the ministers of foreign affairs and defence), Latvia welcomed a number of other high level representatives of allied countries, including the President of Poland Andrzej Duda (accompanied by the minister of defence), the President of Italy Sergio Mattarella, and the President of Slovenia Borut Pahor.

Finally, it is important to stress that during the last year the intent to establish the Multinational Division Headquarters North in 2019 in the Baltic region, with the aim to plan and carry out NATO defence measures, has been formalised. The division headquarters will be located in Ādaži, as well as in Karup, Denmark (the framework countries for the headquarters will be Denmark, Estonia, and Latvia, but other NATO member states will also be taking part in its operation).⁵⁰

CONCLUSIONS: MORE MONEY— MORE OPPORTUNITIES AND CHALLENGES

The year 2018 has been another historic year for Latvia's defence sector, especially due to reaching the 2% of GDP benchmark for defence spending. The increase in funding has allowed the country to not only formally fulfil the NATO guideline, but also has allowed for stepping up the capacities of the National Armed Forces—a number of new infrastructure projects are being initiated and continued, and the scope of arms and military equipment has been widened. The number of military personnel and the size of military exercises also experienced continuous growth. Therefore, it can be claimed that Latvia's defence capacity currently is at its highest point since the restoration of independence.

Alas, these achievements have been overshadowed by failures in the planning and supply system, as well in the Youth Guards system. During the coming year and in the nearest future an increase in defence financing can be expected—at the least, due to GDP growth, as this will respectively result in an increase of the sum covered by the 2% margin. Hence, the issue of efficient resource use is becoming key. It is not just about reaching the best possible application of the financing towards real defence capacity, it is also about not losing public support towards a high defence budget and even towards its further expansion in the future. If further issues in the planning and supply system of the defence sector persist, public support for high levels of defence funding may decrease.

Also, last year a public discussion on comprehensive defence was launched and steps towards implementing a comprehensive defence system in Latvia were taken. It is a logical next step in the security environment of Latvia today. On one hand, the question can arise as to why this is only happening now. On the other hand—better late than never. Even though a number of new approaches described in this informative report

are not novel, the width of the spectrum of tasks and the fact that such tasks have been grouped together is a positive development, because it will possibly result in better coordination of the unfinished tasks in the future. It should be noted that within this defence system the psychological defence approach and strategic communication capabilities will also be further developed—the necessity of the latter was proved by the disputable communication of the Ministry of Defence relating to the February 2018 events in the Latvian finance sector. The new approach does not look into the possibility of the return of conscription—therefore, the question of truly comprehensive and effective society involvement in state defence remains open.

Finally, during the last year, the practical support of allies for Latvia was strengthened. Two countries joined the NATO Enhanced Forward Presence battlegroup, and its leading country—Canada—pledged to increase the number of its armed forces members and prolong its presence for another four years. The US continued its rotating military presence as well, at the same time providing verbal, financial, and practical support to Latvia's defence capacity building. Still, Latvia should not be feeling complacent in this regard. As the perception of external threats can decrease in the future along with influence measures by Russia, the presence of the allied forces in their current form may be reduced or even terminated completely. Thus, Latvia must work towards not only extending the presence of allied land forces, but also towards ensuring a more permanent presence of the allies in the Baltic Sea and the defence of the Baltic States' airspace. In the long term, a permanent presence of allied troops needs to be secured.

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BUILDING DETERRENCE INTERNALLY AND EXTERNALLY: IS LATVIA CAPABLE OF BECOMING DAVID?

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The year 2018 has been particularly significant for Latvia's defence sector—four years after the start of the Ukraine crisis, it has managed to reach the planned level of defence spending at 2% of gross domestic product. In monetary terms, the Latvian government committed 576 million euros for defence purposes in 2018, which is almost 127 million euros more than in 2017, and discussions have begun on further increases in defence spending, which could lead to even more in coming years. These very positive changes have taken place due to the influence of external threats, namely as a response to Russia's demonstrated readiness to defend its interests in relations with other countries, including through military means. Considering the increased risks surrounding military threats, decisive action by Latvia and its allies was needed in order to mitigate these risks. Most of the measures taken by Latvia and the North Atlantic Treaty Organisation (NATO) in recent years have been aimed at deterring Russia from military aggression. It is not absolutely certain whether Russia has had such intentions with regard to NATO member states, but the actions of a majority of NATO member states that are aimed at increasing their military capabilities can be regarded as rational. It is probably no coincidence that many countries have stopped relying in good faith on the fact that there will be no military aggression in Europe. The overriding view is that there must be an active effort to prevent such aggression from happening. If peace and stability in Europe are an objective, then deterrence is a means by which this objective can be pursued.

Latvia is implementing measures that aim to deter Russia from military aggression. A statement by Foreign Minister Edgars Rinkevics in his speech during the Saeima's foreign policy debate on 25 January 2018, regarding the development of relations with Russia, will continue to be relevant in the coming years—namely, that Latvia is developing relations with Russia “both by conducting a dialogue where this is possible, and by using the policy of deterrence and sanctions against Russia for as long as Russia continues to violate the international law and sovereignty of other states”.¹ Relations with Russia are not based solely on deterrence, but deterrence is a critical component of the current phase of relations with Russia.

The aim of this chapter is to examine Latvia's deterrence policy, with an emphasis on what has been achieved in 2018. The concept of deterrence will be employed broadly, which is to say that in the context of deterrence it is not only important to consider military capabilities and the readiness to apply them under certain conditions, but also state-society relations, because the readiness of the people to defend a country against an external adversary can be regarded as a deterrent. The first part of the chapter therefore looks at the progress made by Latvia and its NATO allies in strengthening deterrence, focussing mainly on development of military capabilities and the outcome of the NATO Summit in Brussels. If the aim is to deter Russia from military aggression, then this aim is unattainable for Latvia on its own. Deterrence is a strategy pursued by the NATO alliance as a whole, not only its individual members. The second part of the chapter focusses on the domestic aspects of deterrence—namely, how the deterrence policy could be reinforced by involving the wider society in strengthening national security. By emphasising the significance of domestic factors, the outcome of the deterrence policy is determined not only by military capabilities, but also by the willingness of the society to protect the state and, if necessary, to defend it with violent and non-violent means.

THE CONTRIBUTION OF LATVIA AND ITS NATO ALLIES TOWARDS DETERRENCE

Deterrence is a concept that describes a state's ability to convince its opponents not to initiate military aggression. The nucleus of deterrence is shaped by military capabilities, as it is necessary to accumulate sufficient military instruments to make it possible to inflict enough damage to an adversary for them to decide against launching an attack. However, military capabilities alone are insufficient. Adversaries also need to perceive the existence of these capabilities, as well as be persuaded that under certain circumstances those military capabilities will be used for self-defence. Although it is generally believed that countries will try to defend themselves in the face of external threats, self-defence is not self-evident when the source of the threats is a large state threatening the security of a smaller state. In such situations, the large state can reasonably expect that it will succeed in intimidating the smaller state to the extent that it will not try to defend itself, as was the case in Latvia-USSR relations in 1939–1940. The aim of deterrence is to make an opponent passive, but achieving this goal in practice is complicated and considered to be more of an art form than a science. Nowadays, Latvia is also attempting to not only increase its military capabilities, but also to convince its potential adversaries that it will resist military aggression and will try to prevent its opponents from achieving their political and military goals.

The development of the Latvian defence sector since 2014 has been significantly different from the first 10 years of NATO membership. While initially, in the conditions

of a rapidly growing economy after 2004, financing for the defence sector was gradually increased (but still remained below the 2% of the GDP mark), due to the economic crisis the defence sector was curtailed. As noted by the Secretary of State of the Ministry of Defence, Janis Garisons, “by 2014, the resources of the National Armed Forces were in such short supply that we could not ensure the needs of either the Latvian National Guard or those of the professional soldiers”. A longstanding shortage of funds has had a negative impact on the development of the National Armed Forces, resulting in the defence sector “living hand-to-mouth”.² The impact of insufficient funding on the development of the fighting capabilities of the National Guard was particularly unfavourable.

The situation has changed significantly since 2014, with considerably more funds being allocated to implementing the deterrence policy. Defence funding has increased by two and a half times, from 223 million euros in 2014 to 576 million euros in 2018, thereby reaching the 2% of GDP mark. Regarding how the increase in funding for the defence sector is being used, Latvia is fulfilling the recommendation made in the NATO Wales Summit declaration to use more than 20% of its defence budget to increase military capabilities. While in 2014 these investments accounted for 17% of the defence budget, in 2018 this had grown to 43%. In monetary terms, this growth was six-fold: from 38 million euros to 246 million euros.³ The funds allocated to capacity development projects in 2018 were higher than the overall defence sector budget in 2014. As the outcome of the deterrence policy is largely determined by increasing military capabilities, Latvia has undeniably done a great deal to ensure that it is successful.

In 2018, the implementation of previously launched projects in the defence sector continued and new ones were initiated. As part of the mechanisation programme, in 2018 the supply of light armoured vehicles—Combat Vehicle Reconnaissance (Tracked) (CVR(T))—continued. The programme anticipated purchasing a total of 123 armoured units. By the end of 2017, 73 of these had been delivered, including 31 CVR(T)s.⁴ In the autumn of 2017, the first self-propelled howitzers from Austria were delivered to Latvia, and in the autumn of 2018 the supply of howitzers was completed.⁵ It is essential that, in all cases, Latvia not only purchases military equipment, but also makes sure that the National Armed Forces (NAF) are provided with tactical training on how to use that equipment. In 2018, the largest military training to date, “Namejs 2018”, took place in Latvia, with over 10,000 participants: soldiers from the NAF and allied forces took part, as well as reserve soldiers, the national guard, employees from the Ministry of Defence, and certain Ministry of the Interior branches (police officers and border guards).

In 2018, similarly to previous years, significant investments were made in the development of defence infrastructure, largely related to fulfilling host nation support (HNS) functions. In 2018, there were plans to invest a total of almost 47 million euros in the mechanisation of the NAF’s Land Forces Mechanised Infantry Brigade.

Subsequently, in 2018, it was anticipated that a total of 220 million euros would be invested in capabilities development projects (as a reference point, we can compare this with the 140 million euros of NAF personnel costs). Plans were also made to invest 54 million euros into infrastructure development. Investments in defence infrastructure could amount to around 50 million euros per year in the coming years.⁶ Given the tendency of recent years to invest substantial resources directly into infrastructure development, it is worth noting that Latvia's investments into the development of defence infrastructure, in relation to the total defence budget, are the highest of any of the NATO member states (based on data from 2017, when funding for military infrastructure development reached 57 million euros).⁷ On the one hand, major investments into infrastructure development are welcome, as this means Latvia is preparing to fulfil its HNS responsibilities, but on the other, these are funds that are not being invested into self-defence.

Although many of Latvia's residents will recall the forest fire that occurred at the Adazi military base more than other events of 2018, other decisions and events were more significant. In 2017, the expansion of the Adazi polygon by 5,259 hectares resulted in a total polygon area of 13,043 hectares.⁸ Between 2014 and 2017, four new barracks were erected at the Adazi base to accommodate both Latvian soldiers and allied military personnel in Latvia for military training or for their rotation period. In 2018, construction began on two new multi-functional barracks (out of a planned total of four), in which up to 450 soldiers may be accommodated.⁹ In November 2018, the construction of a multinational medical centre, funded by Canada, began at the Adazi base, and the construction of a sports complex began in September. Starting in 2019, it is also anticipated that the headquarters of the multinational "North" division will be located at the Adazi military base.¹⁰ While approximately 60% of the total funding for the development of military infrastructure is being invested in the Adazi military base, the construction of new barracks and storehouses is also taking place elsewhere in Latvia—for example, the construction of a new barracks has begun in Lielvarde, which is needed to successfully implement HNS functions. In turn, in the coming years the development of six new bases to accommodate the needs of the National Guard are anticipated, located in Riga, Gulbene, Krustpils, Bauska, Dobeles and Jelgava.¹¹

In order to improve the tactical mobility of the NAF, the decision was made to purchase 4x4 light- and medium-sized vehicles to meet the operational and technical requirements of the armed forces. As early as February 2018, it became known that 62 military tactical vehicles produced by "Polaris Government & Defence" would be supplied to Latvia under the US government's foreign military support programme.¹² Within this programme, Latvia will receive a total of 130 "Polaris" military tactical vehicles by the end of 2020.¹³ Through the NATO Support and Procurement Agency's Logistics Stock Exchange joint procurement partnership, the NAF have also purchased 6x6 off-road vehicles worth 11 million euros from the Finnish company

“BRP”, which will be delivered by mid-2019.¹⁴ In parallel to the purchase of vehicles that strengthen the tactical mobility capacity of the NAF, the civilian fleet is also being upgraded.¹⁵

In 2018, the development of the military capabilities of the NAF continued. One of the priorities of the NAF is to strengthen the air defence and airspace surveillance systems. In accordance with a contract entered into with “Lockheed Martin” in the autumn of 2015, a “TPS-77 MRR” multi-role radar site acceptance test was carried out in March 2018. This concluded the first (of a total of three) multifunctional radar delivery to the armed forces. This mobile radar is capable of low-level flight surveillance and target identification, and is designed for ultra-low power consumption.¹⁶ Moreover, in 2017 an upgrading of existing “AN/TPS-77” radar began. Latvia’s deterrence capabilities have also been strengthened by the purchase of “Stinger” air defence missile systems from Denmark¹⁷, which were delivered in 2018, and by the purchase of “Spike” anti-tank missile systems for 108 million euros, which will be delivered gradually up until 2023.¹⁸ Latvia’s security will also be strengthened by the “RQ-20A Puma” tactical unmanned aircraft systems, supplied by the USA.¹⁹ In 2018, the US State Department also gave the green light to allowing Latvia to purchase four “Black Hawk” helicopters and associated equipment from the US, and spare parts worth 200 million dollars. The first of the helicopters is scheduled to be delivered in 2021.²⁰ It can be concluded that the modernisation of the NAF is strengthening the deterrence policy—however, the implementation of this policy takes time. Latvia’s own military capabilities have been strengthened, and Latvia has also successfully fulfilled its HNS functions, as demonstrated by investments into developing defence infrastructure, airspace surveillance, strengthening air defence capabilities, the land force mechanisation programme and the development of the fighting and response capacity of the NAF and the National Guard.

Latvia can strengthen its self-defence capacity, thereby contributing to the implementation of the deterrence policy, but the measures it takes individually cannot be sufficient to deter an adversary that is contemplating military aggression. The success of deterrence is largely determined by the collective efforts of the alliance, and not by the Latvia’s individual efforts. In this respect, the most important event in 2017 was the establishment and deployment of NATO’s enhanced forward presence battle groups in Latvia, in accordance with decisions made at the NATO Warsaw Summit. The battle group was initially established with the participation of six countries: Canada, Italy, Spain, Poland, Slovenia and Albania. However, the events of 2018 were also important in the context of these battle groups. It was already known in 2017 that soldiers from two other countries—the Czech Republic and Slovakia—might join the NATO battle groups. In 2018, a mortar platoon of 60 soldiers from the Czech Republic’s Armed Forces mechanised battle group arrived in Latvia²¹, as well as 152 soldiers from Slovakia.²² The Czech and Slovak soldiers were accompanied by several types of technical units.

In July, shortly before the NATO Brussels Summit, Canadian Prime Minister Justin Trudeau, Defence Minister Hargit Sajan, Foreign Minister Chrystia Freeland and Canadian Armed Forces Commander General Jonathan Vance all visited Latvia. In the context of the visit, it was announced that Canada would extend its mission to Latvia until 2023 and would continue to lead NATO's enhanced forward presence battle group.²³ Decisions taken by the US government are particularly important for Latvia, so the recommendation from US lawmakers to support the transition from patrolling Baltic airspace to defending Baltic airspace within NATO is especially significant.²⁴ Although this announcement is widely regarded more as political support and does not yet entail specific tasks or funding, it could be potentially significant in the future if the US chooses to support a change within NATO to the mandate of the Baltic States' airspace patrol mission.

The decisions made at the NATO Brussels Summit in July 2018 were also significant for Latvia. The most important of these was the decision to increase NATO's military readiness and the decision to locate the headquarters of the multinational "North" division at the Adazi base. Of course, for many the NATO Brussels Summit will remain memorable because of the conflict between US President Donald Trump and leaders of the other members of the alliance, as well as Trump's demands for alliance member states to rapidly increase defence spending. Up until the end of the summit, there was concern that the NATO member states would be unable to agree on a final declaration. At the end of the summit, however, the US president announced that the dispute had been resolved—namely that he had prevailed and that the other members of the alliance had committed to increasing defence funding more rapidly than previously planned. The views of several European leaders on this issue, however, differed significantly.

Although the significance of the outcome of the Brussels Summit for Latvia is not easy to demonstrate—as was the case with the decision taken in Warsaw on the establishment and deployment of NATO enhanced forward presence battle groups in the three Baltic States and Poland—the decisions taken at the Brussels Summit do strengthen the alliance's deterrence policy. The minimum goal for Latvia was to ensure that NATO's enhanced forward presence was not reviewed, and this aim was achieved with no particular complications. At the same time, it should be noted that the question of reinforcing these battle groups was not pressing, as this would place an even greater burden both on the host nations to provide the infrastructure required, as well as on countries sending their soldiers and combat equipment to the Baltic States and Poland. The Brussels Summit was largely about increasing NATO's readiness, and this issue was also included in the final declaration of the Brussels Summit.²⁵ NATO's readiness and capacity is ensured through a number of instruments—for example, regular military training, improving cross-border military mobility (the so-called "military Schengen"), the faster circulation of intelligence, accelerating decision-making, and providing sufficient conventional capabilities when wider scale military operations in Europe might be required. The issue of ensuring adequate physical infrastructure to allow for

the transfer of military equipment within the territory of NATO's European states is also important. The US-led initiative to make it possible to deploy 30 battle groups within 30 days, which would also be supported by appropriate naval and air forces, is also welcome and would complement existing NATO rapid response capabilities.²⁶ At the same time, it should be noted that the provision of high-readiness forces is expensive and that this has a major impact on discussions about when and to what extent NATO member states should be able to provide necessary conventional capabilities.

The review of NATO's command structure is also important for Latvia. In 2018 the decision was made to establish two new headquarters. As noted by NATO's Secretary General Jens Stoltenberg in February 2018, NATO employed 22,000 people at 33 headquarters during the Cold War, while today the number of alliance employees has dropped to 7,000 people working at 7 headquarters. One of the newly created headquarters will be established in the United States and the other in Germany,²⁷ which will mean an increase of approximately 1,000 NATO personnel. Both headquarters will play a significant role in implementing NATO's deterrence policy. For Latvia, the decision taken at the NATO Brussels Summit to set up the headquarters of the multinational "North" division at the Adazi military base in Latvia was particularly important. The headquarters "North" will deal with security planning and implementation in the Baltic region and will be part of NATO's overall chain of command, with the task of providing unified command and control for the division-sized unit in the event of a military conflict. The NATO Force Integration Unit headquarters, established in 2015, were mostly concerned with logistical matters—therefore, it was not considered to be a command centre. Once the "North" headquarters are fully established, around 300 soldiers will work there.²⁸

For Latvia, it is especially crucial that countries such as Canada, Great Britain and Germany, whose troops are already in the Baltic States within the framework of NATO's enhanced forward presence battle groups, are involved in the work of these headquarters, since in the event of a military crisis the headquarters would need to be able to coordinate the activities of units from those countries that are already in Latvia.

NON-MILITARY ASPECTS OF DETERRENCE

The implementation of the deterrence policy is affected by a number of domestic factors. Deterrence is expensive, and its benefits are not always readily visible, as there is always a possibility that the adversary in actuality has no aggressive intentions or is practising self-deterrence. In Latvia's case, the implementation of a deterrence policy is hindered by the fact that a certain part of society does not consider Russia to be a threat—it might even be considered unusual if the residents of Latvia living

in the Russian information space were to support measures implemented in the name of deterrence. A number of public opinion polls show that a segment of Latvia's population does not regard Russia to be a threat to Latvia's security. A large proportion of respondents believe that Latvia needs to be able to get along with Russia, an attitude that is more common among the Russian-speaking residents of Latvia. At the same time, it should be noted that a substantial portion of Latvian-speaking respondents also believe that good relations with Russia are needed.²⁹ Therefore, the majority of Latvian residents believe that Russia does not pose a threat to its neighbouring states, and that an overly diligent deterrence policy may provoke a sharp Russian response. This has had an impact on the actions of the Latvian government when implementing the deterrence policy and increasing its defence capabilities. The following paragraphs will mostly focus on the progress that has been made towards introducing a comprehensive defence system in Latvia, and on the results of efforts to ensure public support for the defence policy.

With regards to the regulatory aspects of deterrence, a large amount of work has already been carried out in the years following the onset of the Ukraine crisis. For example, in the context of deterrence, it is important to consider the question of how automatic the actions of a country implementing deterrence in the event of external aggression will be. If a potential aggressor hopes that the military (and non-military) capabilities that were established for the sake of deterrence will not be activated in the event of a conflict or other reason, then the likelihood of it launching aggression will increase (because the costs of aggression could be low). Latvia already made necessary changes to the "National Security Law" soon after Russia's military aggression in Ukraine, so that the commanders of NAF units could initiate military defence measures in times of military crisis "without waiting for a separate decision on this".³⁰ Thereby, resistance towards a potential aggressor becomes almost automatic, and overall this strengthens deterrence, as the aggressor has no grounds to hope that it will succeed in eliminating the victim's self-defence efforts. This removes obstacles that could prevent the national security entities from fulfilling their obligations under the National Security Law. By way of making amendments to this law, the government has also sent a clear signal to the Latvian society that it expects active resistance against any effort to undermine Latvia's statehood. In the worst possible scenario, the population is called upon to oppose an occupying power and to prevent foreign forces from controlling Latvia's society and economy.

Since the beginning of the Ukraine crisis, the debate surrounding the more active societal involvement in state defence has intensified, and the government has been forced to formulate what support it wants from its residents for the defence of the state. Considering Latvia's choice to switch completely to a professional military service following accession to NATO, the question arises of whether or not the transition should be made to mandatory military service under these new circumstances. Lithuania took this step, and in other countries such as Sweden there has been a partial

return to mandatory military service. In Latvia the mandatory military service has not been restored because its restoration would be expensive and would place enormous pressure on the existing professional service personnel. As a result of this, Latvia has chosen to maintain the existing system, which operates on a volunteer basis and which consists of professional soldiers, national guardsmen and reserve soldiers. An important objective of the defence policy has been to increase the number of professional soldiers and national guardsmen. In recent years, the motivation and readiness of reserve soldiers to participate in military training has become a pertinent issue. However, at the same time, the way in which and the extent to which the entire society should become involved in state defence has been an important question. Two responses to this issue have gradually materialised—namely, whether or not year 10 or 11 pupils will be offered state defence training, and whether the wider society will be given the opportunity to engage in a comprehensive state defence system. State defence training in the form of a pilot project was offered in 14 Latvian secondary education institutions in the autumn of 2018. In the future, there are plans to offer state defence training as an optional subject, and to later introduce it as a compulsory subject. State defence training will be offered at least initially in two formats: as a chosen subject during the academic year and as a 10-day summer camp (interest-related education) in June or August.³¹

Moreover, the Ministry of Defence's informative report "On the introduction of a comprehensive state defence system in Latvia" gives some insight into how the public might become involved. The report notes that "the level of threat has reached such a degree of complexity that state defence by military means alone is no longer sufficient, because it does not cover all aspects of hybrid threats". In the informative report, comprehensive defence is defined as "the responsible attitude of all Latvian residents towards the state and its security".³² Although it is not currently known what direct measures will be implemented over the coming years that the general public might be involved in, it is expected that more clarity will be introduced over time, as both the government and society are prepared to contribute to the strengthening of state security. A comprehensive state defence in the future may also serve as a conceptual basis for the next state defence concept, which could be formulated in 2019.

An undeniably significant issue that is likely to be determined by the 13th Saeima is the question of whether to further increase spending on defence. Latvia has seen a sharp leap in defence expenditure in recent years, from 1% to 2% of the GDP. This increase in defence expenditure has occurred at a time when Latvia's allies within NATO and the EU have been rapidly changing their opinions about Russia. Changes in the international environment have weakened internal political restrictions on increasing defence spending. In turn, Latvia's economic growth has created conditions whereby increased defence expenditure does not deplete budget funding from other sectors. However, in 2018 there were calls on several occasions in Latvia's public sphere to continue increasing funding for the defence sector to 2.5% of GDP. Foreign Minister Edgars Rinkevics addressed this possibility during the Saeima's foreign policy debate

on 25 January 2018, stating that Latvia should increase funds for defence and security “in order to strengthen resilience against traditional threats and modern challenges”.³³ Defence Minister Raimonds Bergmanis has also mentioned that Latvia is ready to increase defence spending above 2% of GDP, should the need arise.³⁴ Within NATO, the issue of increasing defence spending has been raised in the context of the request made by US President Donald Trump during the Brussels Summit for other NATO members to increase their defence spending significantly.

As the issue of increasing defence spending could soon return to the agenda of political decision-makers, it will be important to see whether or not political parties and stakeholder groups will oppose further increases. To date, the political opposition has mostly sought to challenge the way in which the defence budget is spent, rather than questioning the need for defence spending in general. At the same time, the NAF are enjoying widespread public confidence, which could assure society that funds are being used wisely and in accordance with the security needs of Latvia. However, it is one thing to reach the 2% of the GDP mark, but it could be more difficult to move forward from there. In these circumstances, cooperation between the government as a whole—and in particular the Ministry of Defence—and the participating stakeholder groups and social partners has crucial significance. It is notable that cooperation between the Ministry of Defence and business organisations has intensified in recent years, particularly with the Federation of Security and Defence Industries of Latvia (FSDI Latvia), established in 2013. Dialogue is also taking place with the Employers’ Confederation of Latvia (LDDK), and interest from the government and business organisations is mutual. As the defence budget grows, the Ministry of Defence is carrying out military procurements, investing in new military capabilities and defence infrastructure. This opens up opportunities for cooperation between entrepreneurs and the Ministry of Defence, as support may be provided to the Latvian economy in the process of developing military capabilities.

The purchase of military equipment from foreign companies comprises a large part of defence sector procurements, but the government is undeniably interested in the development of local security and defence companies as well, as this reduces dependency on the supply of munitions and military equipment from other countries and reduces the repair time for equipment.³⁵ This is an issue of securing supplies—given Latvia’s geographical location, it should not be considered self-evident that Latvia will be able to receive supplies from partner countries in situations of international crisis. Consequently, the deterrence policy implemented by Latvia creates a great opportunity for the defence and security industry, but entrepreneurs must take into account that relations with the government in the security and defence sector are long-term relations that form slowly and gradually. When offering products and services, entrepreneurs should take into account the fact that the interests and needs of soldiers will take priority, which is to say that the products and services offered must be the kind that the NAF actually need.

CONCLUSION

In 2018, Latvia continued to implement its deterrence policy. In view of existing risks and threats in the international environment, Latvia has attempted to work in several directions—both strengthening its military capabilities as well as working with allies within NATO and the EU. Steps are being taken gradually to involve the wider society in strengthening state security and defence. Considering the success of deterrence measures to date, it can be concluded that the development of Latvia's defence capabilities in recent years started from a very low point. Military capabilities are being developed and infrastructure is being built that would have already been at Latvia's disposal if after joining NATO the defence sector had not been placed in survival mode. Most of the military capability projects that have been initiated are absolutely necessary in order to provide at least minimal self-defence capabilities. It is no surprise that the NAF needs modern anti-tank weapons and air defence systems. Nor is it a surprise that there is a need for armoured vehicles for transporting civilians and tactical vehicles, as well as modern barracks, warehouses and munitions.

When considering how to implement a deterrence policy in the coming years, it is worth keeping five things in mind. Firstly, the already-initiated capability development projects must be continued. In view of the military capabilities of the potential adversary, Latvia will never be able to reach parity, but the NAF can develop fighting capabilities that would allow it to cause significant damage to the adversary, thereby raising the threshold for military aggression. Secondly, work within NATO should continue, so that the presence of allies in Latvia is at a level that not only demonstrates political solidarity, but also ensures both deterrence and, if necessary, defence functions. Thirdly, Latvia must continue to work towards strengthening the defence of Baltic airspace with the help of its allies, as the Baltic States themselves do not have such resources.

Fourthly, in the future Latvia will need to pay attention not only to developing defence capabilities, but also to communicating its deterrence capabilities to its potential adversary and its own society. There is no full consensus within NATO on how to communicate deterrence to Russia. Similarly to Finland, Latvia mostly allows its actions to speak for themselves—that is, Latvia is implementing deterrence measures and allowing Russia to draw its own conclusions. However, the consistent implementation of a deterrence policy over the long-term is problematic, as there are still discussions about how hostile the adversary is and what its intentions are. If political and public support for deterrence decreases, then its defenders may be tempted to show the adversary to be more hostile than it actually is. As a result, the two extremes should be constantly taken into account in the implementation of the deterrence policy. Relations with the adversary should not be overly provocative or conciliatory, while attempts should be made to find a middle line between scaremongering and reassurance in relations with society. Fifthly, in the process of introducing a comprehensive state defence system in the coming

years, the government will have to seek to define what it wants from society as a whole and from individual groups. During this process, the government will most likely need to understand not only what sacrifices society is willing to make in the name of state security and defence, but also how to change society's perceptions about what it should contribute towards the pursuit of a deterrence policy.

ENDNOTES

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LATVIA AND THE US: PRECARIOUS STABILITY?

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INTRODUCTION

The United States has traditionally been Latvia's only "strategic partner", the guarantor of its sovereignty and security. The global superpower never recognised Latvia's annexation, and after its independence was restored in 1990, the US became Latvia's main supporter on the road to NATO and a reliable ally in the field of defence.

With NATO membership finally secured, cooperation with the US remained essential, because Americans, unlike Europeans, shared Latvia's concern over the increasingly belligerent Putin regime. Even though relations have not always been perfectly smooth,¹ Latvia reciprocated by maintaining an unwavering Atlanticist orientation and siding with the US on matters ranging from Iraq to the need for increasing defence spending in Europe. Until recently, Latvia has also tended to be highly sceptical of joint European defence initiatives, fearing that these would weaken the cornerstone of its security—NATO. The tight political and defence cooperation has received an additional boost from the highly active Latvian diaspora in the US, and both countries have continued working on improving economic and cultural ties.

With some minor variations, this course has been maintained throughout various US presidential administrations, with Latvia enjoying bipartisan support in Washington, DC. The first year of Donald Trump's presidency brought no major changes in this regard, as Latvia and the US maintained and even strengthened their singularly close cooperation despite growing worries about Trump's pro-Russia orientation and his early disruptive steps in multilateral settings.² However, concern has been brewing on the Latvian side—this time, the actions of the American president may have far more profound consequences than any previous disagreements between the two countries. The foreign minister's annual plan for 2017 still posited that the "transatlantic link shall remain the basis of Europe's security and defence", while European initiatives only played a secondary role.³ However, there are some changes in the following year's report. True, Latvia still believes that European defence structures must not replace NATO, stresses the importance of military cooperation with the US and commends the

active political dialogue. At the same time, it now argues that “Euro-Atlantic security demands not only effective Transatlantic cooperation, but also a strong European defence and security identity”.⁴ The report also promises to support new EU initiatives such as the European Defence Fund (EDF) and the Permanent Structured Cooperation on Security and Defence (PESCO), even though the US’s reaction to these initiatives has been predictably ambiguous.

This article assesses Latvian-American cooperation in light of shifting Euroatlantic winds. The year 2018 has not disrupted the long-standing strategic partnership between both countries; indeed, it has even been somewhat strengthened. However, as will become clear in the next sections, Latvia is increasingly realising that it may need a more sophisticated foreign policy and security strategy, with a more level-headed view on the current realities in the Euroatlantic arena.

EUROATLANTIC TRENDS

Trump’s whimsical foreign policy has kept the international policy community, and in particular the Europeans, on edge. Lately, the Euroatlantic relationship has faced unpredictability, a stark divergence of priorities on a whole range of policy issues in both bilateral and multilateral formats, and a decrease in mutual trust. These difficulties have been additionally complicated by the Trump administration’s haphazard personnel policy, which more than once has left Europeans without a reliable interlocutor, as well as the president’s own confrontational style. Trade, defence spending, and the fate of multilateral institutions and agreements have been among the most important points of contention between the US and its European allies in the last year. At the same time, practical cooperation on security issues has continued and even intensified in 2018.

One of the main markers of the Euroatlantic relationship in the last year has been the emergence of major divergences regarding ways to solve pressing global issues; in many cases, these broader disagreements directly reflected on bilateral relations. Relations with Russia have been a problematic topic for the Euroatlantic relationship from the start of the new US administration, with Europeans being worried about the possible role of Russia in electing Donald Trump and the American president’s leniency towards Vladimir Putin. While as of yet there is no *practical* evidence that the US would lower the level of protection it offers to its European allies (see below), many questions have arisen at the *political* level. On 16 July, US and Russian presidents held a private meeting in Helsinki, after which Trump declared he believes Putin when the latter stated that Russia did not interfere in the US presidential elections—this in spite of what the US’s own intelligence agencies had been saying and in the face of ongoing investigations

about Trumps' possible collusion with the Russians.⁵ The Helsinki meeting did not bring any substantial concessions to Russia.⁶ However, on other occasions, Trump has called for Russia to be readmitted to the G8 and argued with his national security team about expelling Russian spies, imposing new sanctions and supporting the Ukrainian government.⁷ Even if Trump has not (yet) succeeded in making his administration actually carry out an appeasement policy towards Russia, what worries the Europeans is his utter unpredictability.

To give an example of another rogue regime, on 8 May the US pulled out of the Joint Comprehensive Plan of Action (JCPOA) on Iran and renewed sanctions, promising to punish EU businesses dealing with Iran. In response, the EU's high representative and French, German and British leaders (those countries being among the original negotiators of the JCPOA) announced their continued support for the deal and promised to protect European businesses against US "secondary sanctions".⁸ This caused a major rift between the US and the EU, as Americans aggressively pushed Europeans to comply. Disagreements continued in other multilateral formats as well. Although all the leaders agreed to the G7 summit conclusions at the 8–9 June meeting in Canada, Trump later rejected the already published conclusions through a tweet. The US left the United Nations Human Rights Council and also announced its withdrawal from the Intermediate-range Nuclear Forces Treaty with Russia (INF), which, although not surprising, could have negative repercussions for Europe by weakening the existing arms control architecture.⁹ The EU and the US are also unable to agree on reforms for the WTO, which is currently weakened by the US blocking new appointments to the Appellate Body, thus essentially threatening to paralyse the organisation.

US-European cooperation has similarly experienced tension on the political level. On 12 July, during a NATO session on Georgia and Ukraine, Trump announced that the US would leave NATO unless European allies increase their defence spending to 2% of GDP (as has been long-requested by Americans). Although the US president later reversed his rhetoric, stating that the partner countries had committed to increasing spending beyond their previous targets (a claim denied by the Europeans) and that he has "no problem" with NATO,¹⁰ wariness remains.

It must be admitted that the US administration has gone to significant lengths to minimise the disruptive influence of the US president on Euroatlantic security relations at the practical level. Former Secretary of Defence James Mattis and the rest of the national security and defence apparatus continued intensive defence cooperation with Europe. The anonymous member of administration who authored a much-debated op-ed in the *New York Times* described how "like-minded colleagues and I have vowed to thwart parts of his agenda and [Trump's] worst inclinations [...] the rest of the administration is operating on another track, one where countries like Russia are called out for meddling and punished accordingly, and where allies around the world are engaged as peers rather than ridiculed as rivals".¹¹ The budget of the European

Deterrence Initiative (formerly the European Reassurance Initiative), which serves to increase the US military's presence in Europe, has already increased by approximately USD 1.4 billion in the 2018 financial year and a further increase of USD 1.7 billion is requested for the 2019 financial year. The US army also participates in the NATO Enhanced Forward Presence battle groups in Latvia, Lithuania, Estonia and Poland.¹² The US continues to support Ukraine (including with lethal weapons) and has imposed new sanctions on Russia.¹³ The new National Defense Strategy, released on 19 January, sees strategic competition with Russia as a major threat and Europe as one of the key theatres of focus.¹⁴ As Azita Raji described it, "The result has been a strangely schizophrenic American approach to Europe: alarming rhetoric attacking Europe and Europeans from the president's Twitter account, but reassurance, outreach, and assistance behind the scenes".¹⁵

In diplomatic relations, however, the situation has not been as encouraging. To begin with, the first half of 2018 was still plagued by an absence of top leadership in the US State Department, and quite a few ambassadors to Europe had not yet been appointed by the new administration—as one observer quipped, "When Europeans go to Washington they have to meet with the interns. [...] There is no regular day-to-day relationship with the United States".¹⁶ When appointments did come, they often did little to alleviate the tension. For instance, the new US ambassador to Germany promised to "empower" conservative forces in Europe;¹⁷ the ambassador to the EU, only appointed in June 2018, threatened the EU with sanctions if it continues with the construction of the Nord Stream 2 gas pipeline.¹⁸

On 28 June 2018, the European Council stated that "Europe must take greater responsibility for its own security and underpin its role as a credible and reliable actor and partner in the area of security and defence. The Union is therefore taking steps to bolster European defence, by enhancing defence investment, capability development and operational readiness. These initiatives enhance its strategic autonomy while complementing and reinforcing the activities of NATO, in line with previous conclusions".¹⁹ In the EU multiannual financial framework for 2021–2027, the European Commission proposes a "European Defence Fund" for supporting research as well as joint purchases in the field of defence, thus increasing the defence spending of the EU member states. Additionally, the EU has already launched the Permanent Structured Cooperation on Security and Defence (PESCO) for supporting collaborative projects.²⁰ Outside of the EU framework, Macron has proposed a new European Intervention Initiative for enhanced military cooperation. The reaction of the US is ambiguous; while some players believe that a stronger European defence will ultimately benefit the US and NATO, many others (including Trump himself) are sceptical.²¹

While the EU and the US have traditionally been each other's main opponents in WTO trade disputes,²² 2018 saw an unprecedented level of confrontation. On 31 May, Donald Trump imposed tariffs on steel and aluminium imports from the EU (at 25% and 10%

respectively) and later threatened to impose them on European cars as well, arguing that the EU has “treated us unfairly on trade for years”.²³ The goal of the American president has been to renegotiate trade relations with the EU, with a view to gaining new concessions and decreasing the US trade deficit in goods with Europe. While the EU initially refused to “negotiate with a gun at its head”²⁴ and swiftly imposed counter tariffs on the US, it eventually caved in. In a 25 July meeting between Donald Trump and European Commission President Jean-Claude Juncker, the two leaders agreed to launch talks on a new trade deal (more limited in scope than the original Transatlantic Trade and Investment Partnership), explore possibilities for more regulatory cooperation, postpone tariffs on cars and work on reforms for the World Trade Organization.²⁵ However, the agreement has proven unreliable. At the moment, US-EU talks continue, but it seems that car tariffs may still be imposed on the EU, and the fate of the deal is highly uncertain—not only because of changing US demands (such as including the very sensitive topic of agriculture in the talks) but also because of a certain resistance within the EU.²⁶ In November 2018, in a new escalation in EU-US relations, the WTO formally opened a dispute, co-initiated by the EU, on whether Trump could legitimately use “national security” justifications for imposing the steel and aluminium tariffs.²⁷ The trade disputes between the US and the EU have not only proven harmful to both parties, but have also damaged their ability to stand as a united front against major offenders in the international trade system, first and foremost China.²⁸ Indeed, the EU announced its desire to create “a circle of friends who share our values, who believe in the benefits of trade, and who believe in multilateralism”²⁹—in essence, a strategy to counter the unilateral assertiveness of US.

ACHIEVING GEOPOLITICAL SECURITY UNDER NEW CIRCUMSTANCES

Looking back over the last 100 years, Latvia is safer now than at almost at any other time. However, it is still the desire of the Baltic States, and Latvia specifically, to sustain the presence of NATO forces on a permanent basis. Due to Trump’s sometimes incendiary rhetoric, Latvia has been somewhat worried about allies’ willingness to implement Article 5 in practice. While NATO membership and its bilateral strategic partnership with the United States undoubtedly remain the backbone of Latvia’s security strategy, the country seems to be gradually developing a more nuanced understanding of the surrounding security landscape—one where European allies can make a positive and important contribution to national security. Therefore, Latvia is participating in the alternative security endeavours that are being developed at the European level.

Last year’s foreign minister’s report emphasised that for Euroatlantic security to be successful there must also be a strong European identity in security and defence.

This will remain true for the years to come, but it also represents a challenge since not all EU member states see eye to eye on the issue. This identity needs to be reached without interfering with or duplicating the NATO framework—it should complement NATO instead. Thus, the “permanent structured cooperation on defence”, known as PESCO, was launched. Its aim is to unify European defence in terms of being united in buying and developing military equipment.³⁰ It is an intergovernmental cooperation format open to all capable and willing EU member states—so far, 25 states have joined, excluding only Denmark, Malta and the UK. There is broad agreement among the 25 states that non-EU countries should be allowed to contribute to some of the projects. PESCO is a step in the right direction for ensuring that European resources are spent efficiently, but some heads of state believe that more needs to be done.

It has been repeatedly noted that there might not be any “sound sleeping in Kiev, Podgorica or Riga right now” if there were a test of America’s commitment to NATO with Trump at its head.³¹ Europeans now are more than ever inclined to increase their capacity to act independently on security issues and minimise their reliance on US security guarantees.³² These calls have come, in particular, from the French-German axis—this is even more surprising considering the traditionally Atlanticist orientation of Germany. According to Angela Merkel, the German chancellor, “It’s no longer the case that the United States will simply just protect us [...] Europe needs to take its fate into its own hands”.³³ French president Emmanuel Macron, in turn, has advocated the idea of European strategic autonomy, or “the ability to decide and to act freely in an interdependent world”.³⁴ Both leaders even went as far as to advocate for a “real European army”, which would serve to protect Europe against the US [sic!], among others.³⁵ Although there is no consensus among Europeans about the definition and degree of strategic autonomy,³⁶ and the Baltic States (among others) are sceptical,³⁷ the EU has accelerated practical movement in this direction.

Trump has persistently complained about the US being the only NATO member committing as much as promised,³⁸ which is not wholly true. It can indeed be noted that many NATO members have not been committing 2% of their GDP to defence spending. Latvia was amongst these members as recently as 2017. The increase in Latvian spending has been steady—for instance, since 2014 the percentage of spending on defence has more than doubled.³⁹ In this regard, Latvia and Estonia can be noted as committed to NATO, considering that they are two of the five countries that meet the given guideline.⁴⁰ Being part of the few entirely committed members should mean that if the alliance was threatened in Latvia or Estonia, Article 5 would be triggered immediately, without any hesitation.

Furthermore, the budgetary commitment is not enough for some Latvian policy makers. The Unity party, a leader in the previous parliament and the party currently represented by the Minister of Foreign Affairs, stated in their pre-election programme that they would encourage military spending to be increased to 2.5% by 2024.⁴¹ If

executed, such a raise could illustrate that the Latvian commitment is not purely symbolic and minimalistic, but indeed is long-term, and that Latvians recognise the importance of the Euroatlantic alliance more than ever.

It should additionally be noted that the US has committed to ensuring the security of Latvia beyond the NATO framework, under the enhanced Forward Presence Battlegroup Latvia (eFP Battlegroup). The Atlantic Resolve, an initiative that came as a response to the Russian intervention in Ukraine of 2014, is another indication of the US commitment to European security: the initiative brings US units to Bulgaria, Estonia, Hungary, Latvia, Lithuania, Poland and Romania for nine month periods and organises multinational training events.⁴² In July, as part of the Atlantic Resolve rotation, over 70 troops from the 3rd Battalion, 4th Combat Aviation Brigade, 4th Aviation Regiment, and five UH-60 Black Hawk helicopters arrived in Latvia to replace the soldiers of the 3rd Battalion, 1st Air Cavalry Division, 227th Aviation Regiment.⁴³ This clearly pinpoints that the US is committed to going above and beyond its NATO-related responsibilities as a provider of regional security, for which Latvia can be grateful.

SHOULD LATVIA FASTEN ITS SEAT BELT? TURBULENCE AND STABILITY IN LATVIA-US RELATIONS

In 2018, Latvia, along with the other Baltic States and Poland, remained one of the most pro-American countries in the EU and maintained strong relations with its strategic partner. However, the year has not been without some light political turbulence.

In April of 2018, the three Baltic presidents embarked on a united Baltic visit to the White House. It was a representational encounter promising safety and partnerships for years to come.⁴⁴ During this encounter President Trump stressed that the Baltic States were an example for other NATO members due to their commitment to paying the required 2% of GDP on defence. As a consequence, the US president also reaffirmed that the US is “determined to help Estonia, Latvia, and Lithuania to improve their military readiness and capabilities through sustained security assistance”.⁴⁵ This visit was an opportunity for the Baltic presidents to leave a memorable impression on their American counterpart. It was all the more important as a way to put the Baltics on Trump’s mental map, considering that the US president came to the meeting without a clear understanding of how the Baltics differ from the Balkans.⁴⁶

The main setback of the year turned out to be money laundering. On 13 February, the US Financial Crimes Enforcement Network (FinCEN) published a public “Proposal of Special Measure against ABLV Bank, as a Financial Institution of Primary Money Laundering Concern”.⁴⁷ The most noteworthy reason possibly was the ABLV’s link to

North Korean ballistic missile programmes.⁴⁸ In short, FinCEN prevented the bank from opening or maintaining a correspondent account in the United States.⁴⁹ This would mean that ABLV would have almost no access to the market in which the USD as the global currency circulates. Soon afterwards, the bank voluntarily initiated its own insolvency proceedings, and its licence was revoked by the European Central Bank. In parallel, the head of the Bank of Latvia was accused of corruption.

The ABLV scandal significantly damaged Latvia's global image in its centenary year, since it had already been widely publicised as a country incapable of identifying and countering money laundering schemes at the national level. Moreover, it had to deal with US criticism on a political level, and not only on a technical one. One question seemed most important at the time—why was the FinCEN report immediately made public, without bringing it to the Latvian government? It turned out that the Latvian government had received multiple reports, warnings, documents, analysis and proof of the money laundering schemes since the collapse of Parex Bank in 2008, yet few measures that could be labelled “effective” had been taken.⁵⁰ Admittedly, the government promptly recognised its shortcomings and moved to remedy the problem. As a consequence of the FinCEN report, Minister of Finance Dana Reizniece-Ozola called for non-resident deposits at banks, formerly reaching approximately 34% of total deposits, to not comprise more than 5%.⁵¹ Further action was taken on 26 April, when the Latvian parliament (Saeima) amended the anti-money laundering law to prohibit Latvian banks from maintaining accounts for shell companies.⁵² Currently, Latvia seems to be well on track in terms of tidying up its financial sector, and further altercations with the US are not expected. Nonetheless, the inability of Latvian officials to handle this issue without attracting global coverage contributed to a national loss of trust in the reigning political powers and opened the doors for populist rhetoric ahead of the autumn elections of the Saeima.

The rise of populism in Latvia could dampen its relations with the US somewhat. Debates surrounding the elections of the 13th Saeima, insofar as they dealt with international affairs at all, focused on Latvian relations with Russia, whilst the EU was of secondary importance. Euroatlantic concerns, including NATO, were relegated to third place, if not even further down the line. Only a thin majority of the candidate parties could be described as pro-EU and pro-NATO.⁵³ After the elections led to a divided parliament, the still-ongoing coalition formation process proved an extremely tough task. It remains to be seen which parties will hold the posts of prime minister and ministers of defence and foreign affairs. To a certain extent, even the populist parties support NATO and the EU, but some of the candidates vying for these posts are not particularly concerned with maintaining a strong Euroatlantic link.

GROWING TRADE RELATIONS BETWEEN LATVIA AND THE US

In 2018, trade between Latvia and the US defied inauspicious Euroatlantic trends. Latvia, in principle, is concerned about US-EU conflicts⁵⁴ as well as ramifications from sanctions against Russia (one of its current trade partners) and Iran (considered a perspective market for some Latvian businesses). However, Riga does not raise these issues in bilateral dialogue with Washington, leaving them to the European Commission to resolve. It must be admitted, too, that Latvia has not been directly hit by the infamous section 232 US tariffs because it does not export steel and aluminium. The impact of the tariffs, if any, will be indirect.⁵⁵ While possible US tariffs on car imports could affect Latvia as well, its businesses are not actively involved in these supply chains.

The year in bilateral relations can in general be evaluated as very successful. The positive trade dynamic which has been observable over recent years⁵⁶ continued in 2018, with Latvian exports of goods to the US increasing 1.5 times in the first three quarters of the year compared to the corresponding period in 2017, and Latvian imports from the US almost doubling.⁵⁷ Although the US is still not a natural market for Latvian companies, due to the large geographic distance and absence of a free trade agreement, Americans do appreciate Latvia's high technology sector. Latvia is not only exporting goods but also setting up production facilities in the US at a higher rate than its Baltic neighbours. According to an expert, this tendency has accelerated over the last 2–3 years, with Latvian-owned businesses creating approximately 2,000 new workplaces in the US. Valmiera Glass and Printful have been the most visible examples, but high technology companies like Mikrotik and SAF Tehnika are also investing in the US market. American businesses also appreciate the Latvian business environment, and their presence in the country is growing: the US administration has never before issued such positive comments about the business climate in Latvia as it did at the US-Baltic Economic Summit on the margins of three Baltic presidents' meeting with Donald Trump on 3 April 2018, with the US president recognising the Baltic States a good place for investments.⁵⁸

The business dynamic has been supported politically, as well. The abovementioned Economic Summit was the highlight of the year, but by no means the only step. Since February 2018, a representation of the Investment and Development Agency of Latvia has been operational in San Francisco.⁵⁹ Latvia recently reopened an honorary consulate in Boston, with business promotion as its primary objective. Thus, 19 Latvian honorary consulates operate in the US, and there are plans to add 20th by the end of 2018. In 2019, the Baltic States will organise a joint event on high technologies. The biggest political setback of the year came with the US Financial Crimes Enforcement Network's (FinCEN) accusation that the Latvian bank ABLV is engaged in systematic money laundering, which led to a swift closing of the bank,⁶⁰ and the US has accused other Latvian banks of money laundering as well (a problem

that has been raised several times by American partners over the last few years).⁶¹ However, the Latvian government was able to alleviate those concerns somewhat, with some “homework” left for the government incoming after the October parliamentary elections.⁶²

CONCLUSIONS AND SUGGESTIONS FOR 2019

In 2018, Latvia tried to maintain a somewhat uneasy balance between its traditionally Atlanticist foreign policy orientation and the fact that it is dealing with an unpredictable US president, as well as the fact that on a plethora of global issues its preferences now lie closer to the EU than to the US. Latvia has tried to reconcile this tension by not speaking openly against the US in bilateral fora, while also supporting joint EU initiatives. It remains to be seen how Latvia will be able to reconcile its different priorities in 2019, especially if the Euroatlantic rift deepens further. After all, economically and in many other respects Latvia has much closer ties to the EU, and a multilateral world order defended by Europe is the only reliable option in the long term for the country.

This year, the damage to the Euroatlantic alliance has been evident. Opinions differ on whether it has already been “irreparable”, but there is no doubt about the general trend.⁶³ However, even if the Euroatlantic alliance is weaker than it was previously, it still is and will remain important in the long run. Latvia should keep advocating for closer EU-US cooperation where possible. Latvia, for instance, could prove itself as a great lobbyist for increased military spending in the European part of NATO. At the same time, it should maintain a constructive approach to joint European defence initiatives. According to some experts, “concrete European steps towards greater strategic autonomy, if done correctly and in coordination with the United States, could strengthen rather than weaken the transatlantic partnership”.⁶⁴ Latvia should understand that serious consideration of the idea of European strategic autonomy can actually help to answer truly important questions about the possibilities and limitations of the EU’s external action instruments and how these could be maximised; strengthening Europe does not automatically equal weakening the Euroatlantic alliance.⁶⁵ Moreover, it is still possible to involve the US in European defence projects, even if there is currently no consensus (or clarity) as to the desirable degree of such involvement on the EU side.⁶⁶

Still, we must move beyond negative headlines and recognise everything that the American defence team does for strengthening Latvian and European security. Regardless of what the US president might be saying in each particular moment, Latvia still enjoys bipartisan support in Washington, DC, and it is essential to maintain and widen the existing close links with the US administration and other stakeholders.

An important part of Latvia's homework for 2019 is consolidating its newly achieved increased level of defence spending. The next government must not only maintain the 2% level, but also consider going beyond it for the sake of national and regional security.

Additionally, next year Latvian policymakers must reinstate a stronger image of Latvia in the financial global arena, which was destroyed in spring by the FinCEN report. To do so, Latvia needs to keep solving the problems it created by letting its non-resident banking sector operate unsupervised. Currently, Latvia is in a relatively good position to take a prominent role in solving not only its national problems, but also in working together with the different authorities (the US included) to develop a broader regional model of banking supervision.

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LATVIA AND RUSSIA: PHYSICALLY NEAR, FAR APART IN THOUGHTS

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The year 2018 was an election year both in Latvia and in Russia. The election of the state president in Russia was postponed until 18 March—the day that the illegal annexation of Crimea was officially formalised. On 18 March 2014, in a hall in the Kremlin, Vladimir Putin addressed Russia's political elite, who had decorated themselves with St. George's ribbons on their jacket flaps. Russian politicians enthusiastically congratulated Putin's decree to annex part of Ukraine's territory. Four years have passed since, and falling support ratings for Putin show that the enthusiasm of the people is melting.

It is worth asking a simple but very important question from time to time—what are the real goals of Russia's foreign policy in Latvia? The question should not be answered by allowing one to wander through the narrow corridors of Russian propaganda, which lead the reader and viewer to seemingly only one correct answer that in fact represents a purposefully placed intellectual trap. Those implementing public diplomacy (which is actually propaganda and disinformation!) in contemporary Russia are more advanced than their predecessors were in Soviet times. Political technologies approbated in Russia in the 1990s and during Putin's first presidency have been being actively utilised in the fight for hearts and souls outside Russia since 2005. The West, having lost the proactive initiative that it possessed during the Cold War, is only gradually recovering from the 2014 surprise and is thinking about an adequate response politically, informatively and in cyberspace.

Amendments to the laws that set the framework for the Latvian education system have initiated a sharp reaction from the Russian Ministry of Foreign Affairs. The government of Latvia has decided to utilise one of the most effective tools for reducing division in society—reducing the language divide. No ethnic group living in Latvia should lose its identity; however, everybody must have a very good command of the Latvian language. Just like how Latvians living outside Latvia after World War II maintained their identity abroad while learning the language of their country of residence at the highest level. If the Russian authoritarian regime, whose goal is to not only control the people of its own country, but also those who live in neighbouring countries, reacts nervously to this, then Latvia can say that it is on the right path. It is important that the new government continues what was started in education reform.

A minimum political relationship is being maintained between Latvia and Russia, stemming from the necessities of economic relations for both neighbouring states. Parliamentary elections and the celebration of centenary of Latvia have not had too much impact on Latvian–Russian relations. A majority of political parties that were aiming at getting into the parliament did not propose any radical changes to relations with Russia. Officially, Russia, on its end, did not explicitly support any of the political parties in Latvia, although the synchronisation (or at least a certain coincidence) of messages from the Ministry of Foreign Affairs of Russia and media controlled by the Kremlin with a few political parties in Latvia could be observed.

Security policy issues related to military defence matters are not covered in this article. More attention is paid to the security of the information space instead. This approach is pursued to highlight the achievements made in strengthening Latvia’s defence capacity since 2014 and to stress that problems related to the information space have only partially been addressed. This article looks at the outstanding issues in Latvian and Russian relations in 2018, as well as taking a more distanced look at the topic by trying to find common denominators and trends that have persisted over the course of several years. Similarly, with an analysis of Russian–Latvian relations in 2017 the article attempts to analyse communications between the two countries. This communication is not simply a “background for relations”, it is an element of foreign policy where interactions between communication spaces and the messages that are disseminated is an unalienable element of contemporary relations between states.

PUTIN AND THE NUCLEAR BOMB

At the Valdai Club conference on 18 October 2018, in the context of the possibility of a nuclear war, Putin said the following: “[The] aggressor shall know that retaliation is inevitable, that he will be eliminated. But we, the victims of aggression, we will go to paradise like martyrs, and they will simply kick the bucket, because they will not even manage to confess sins”.¹ The Russian president used notions associated with religion: “martyrs”, “paradise”, “confessing sins”. In addition to that, he distinguished between the “good believers”—Russia’s inhabitants—and the “bad” ones—those who might attack Russia with nuclear weapons. This is yet another example of the securitisation of Orthodoxy in Russia. “Securitisation” means that spirituality (Orthodoxy in this case) is being associated with the topic of national security. Orthodoxy as an element of security was already highlighted in 2009 in the National Security Strategy of Russia, where the necessity for defence in Russia’s cultural realm was included in its “Culture” chapter.² The events of 2014 in Ukraine demonstrated that the management of the Moscow Patriarchate is a good ally for the Kremlin on these issues. On the one hand, communications from the Russian Orthodox Church (ROC) during the annexation of

Crimea and the warfare in the East of Ukraine corresponded to the usual international practice of diplomacy with regards to religion or faith—representatives of the confessions calling for peace. On the other hand, the call to cease warfare was addressed towards the Ukrainian side, while the Russian army was pictured as fulfilling a peace mission.

The Moscow Patriarchate did not propagate the war directly, but it did not stand clearly against the Russian aggression either. Not all the clerics of the Moscow Patriarchate share the same opinion. The Orthodox deacon Andrey Kuraev wrote in his blog on 8 December 2014 that the sacralisation of war causes particular consequences: the adversary is being demonised and portrayed as an absolute evil, thus escalating aggression.³ Therefore, the canonisation of Putin's nuclear warfare is not healthy at all—it is sparking a fatal mood instead. Does any country intend to be first to attack Russia with nuclear weapons? Perchance the president of Russia is trying to divert attention away from Russia's own national problems yet another time?

DANGEROUS RATINGS

According to a poll by the Levada public opinion research centre carried out in October 2018, 49% of respondents agreed that Russia “is going in the right direction”. When asked “Do you think things in the country in general are going the right way today, or is the country is moving in the wrong direction?”, 40% chose to answer “the country is moving in the wrong direction”.⁴ Just six months earlier, in April, 60 % chose the first option (a positive assessment), while 26% chose a negative answer.⁵ It could be assumed that the leader of an authoritarian state who has “tightened many bolts” already should not worry about public support ratings. Practice shows, however, that those who have come to power through manipulation tend to fear losing their position more than those who won a fair and free election.

Up until now Putin's reaction to the drop in his popularity confirms this observation. Putin's public support rating rapidly reached 84% in 2014 in response to the annexation of Crimea. It shall be noted, however, that the drop of ratings certainly was not the sole motivation for aggression. Other factors that influenced the change in Putin's policy during his third presidency include the reaction of Western countries to the events in Libya, the Arab Spring (causing concern that the wave of social revolutions might reach the streets of Moscow), massive protests on Bolotnaya Square in Moscow, and the stagnation of Russia's economy in 2011 and 2012. These events played out as a set of factors that encouraged Putin to implement a “conservative turn” and the emotional mobilisation of the society, culminating in the annexation of Crimea and a subsequent war in the Donbas region.

The fanfares did not play for long, and by taking on the responsibility of pension reform (the necessity of which Putin denied just a few years earlier), public support for the head of state fell to 66%.^{6,7} A similar rating was observed only in 2013. If the situation was previously saved by aggression against Ukraine and a war in Syria, then what would it take now? A confrontation in the Arctic, the escalation of some frozen or smouldering conflict in neighbouring countries, or maybe a fight with terrorists in Syria? In any case, the Kremlin's people have proven that they are able to be creative and can surprise observers of Russian politics.

RUSSIA'S GOALS IN LATVIA

If it was once still possible to talk about the theoretical possibility to improve relations with Putin's regime before Russia began its aggression against Ukraine in 2014, then now the only ones who talk about such a possibility are those who still have not managed to get into detail about what is happening in Russia, and those who do not differ much from the ruling elite in Russia in terms of cynicism. A reality check took place shortly after the visit of Valdis Zatlers in Moscow and St. Petersburg in 2010. The comparatively successful visit by the state president was followed by the years 2011–2012, when it became clear that even in a situation whereby mainstream politicians in Latvia demonstrate the determination and diligence to improve relations, the Russian side does not change its approach. That is to say—while Harmony (Saskaņa) party is not included in the governing coalition, while the Latvian government does not make a principal concession regarding language, while there remain education and citizenship issues, there can be no true thawing of relations. This has been written about and discussed many times; however, let us answer the important question for the purpose of repetition—what are the foreign policy goals (not the declared ones, but the real ones) of the Russian political leadership with regards to Latvia?

Assessing not what Russian politicians and diplomats have been saying, but what has actually been happening in Russia's foreign policy and public diplomacy, one could conclude that creating good bilateral relations on the highest political level has not been a priority for Moscow. Although the development of economic relations has been taking place rather well (except for Russia's political campaigns, such as, for example, a ban on the import of Latvian goods, as well as periods of Western sanctions and their influences), Russia has raised its demands related to language, the politics of history, and education and citizenship legislation to a level that Latvia is not in a position to fulfil. These demands cannot be fulfilled, because following the Kremlin's demands would mean giving up on a number of ideas that form the basis of Latvian statehood. The state is not only made of institutions and the people who work there.

There are certain ideas about necessity and higher goals that form the bedrock of a state. Attacks through disinformation campaigns are directed at the ideas that justify the proclamation and the very existence of Latvia as a state. Attacks in the information space are aimed at issues related to the processes of a formation of national identity—language, culture, social memory, pride about one’s country, a feeling of belonging, the readiness to defend one’s country, etc.

Does Russia’s official leadership know that the Latvian side will not make this kind of sacrifice in the name of good neighbourly relations? Yes—they do know. Otherwise one would be in a position to think that all Russian spies in Latvia have all long gone on vacation and that people behind the Kremlin walls have questionable intellectual abilities. Since both guesses have no rational grounds, it has to be concluded that Vladimir Putin, Dmitry Medvedev and Sergey Lavrov are up-to-date about what the Latvian parliament and government are or are not ready to do. A simple and fundamental conclusion stems from that—Russia officials do not want to improve relations with Latvia. This can be compared to a situation where one of two neighbours says: “Hello, my friend, let me tell you what colour the walls of your house will be, what kind of furniture you are going to buy, who you are going to let visit, and which language shall be spoken in your house. Otherwise there can be no good relations!”. It should be noted that none of the presidents and prime ministers of Russia have visited Latvia on an official state visit since 1991. Visits by “has-beens” don’t qualify. Putin and Medvedev were invited, but their reluctance to come is a political message in itself.

RUSSIA’S SHARP POWER IN LATVIA

A slightly belated but still good solution has been found to avoiding the explanation that “soft power” can only be partially applied to Russian foreign policy and public diplomacy. Christopher Walker and Jessica Ludwig, experts of US foreign and policy and democracy, proposed the notion of “sharp power” in 2017, which says that authoritarian states are not able to and do not wish to exercise relations with the democratic world based on attractiveness. The two authors pointed out that while most of the methods used by “soft” and “sharp” power are similar, sharp power “impales, crushes and perforates the political and information space of the target country”.⁸ Thus, the influence of sharp power on political processes and democracy is destructive. A centralised decision-making mechanism and limited freedom of expression can provide certain advantages to an authoritarian state in the short term when conducting an information war against a democratic state. However, in the long term, lies are uncovered and do not present their source in an attractive way. The soft power of Russia can be compared to a marketing campaign that tries to sell a poor-quality product.⁹

Walker and Ludwig write that Russia and China pursue influence through activities in media, culture, academia and the think-tank environment—however, these activities cannot be regarded as “an expression of alternative ideas” or a “broadening of the debate”. The researchers note that there is no talk about charming or convincing, as sharp power is based on manipulation and deception.¹⁰ When assessing the work of Kremlin-controlled television channels in Latvia through such a prism, it can once again be concluded that messages from RTR and similar Russian channels are not “an alternative” opinion, but are an instrument of disinformation and propaganda. Russia’s sharp power is toxic for security as well as democracy in Latvia. For security: because it aims at eliminating people’s pride in their country and their readiness to defend it. For democracy: because misled people are not able to make decisions about the political future of their country adequately.

Observations over a few years show that the practical implementation of Russia’s policy towards compatriots living abroad reflects the intent of Russia’s foreign policy planners to hamper integration or cohesion in Latvia’s society. Russia’s rulers are unable to change the strategic choices Latvia has made since 1991, which have remained in favour of projects of Western integration and not Eastern integration. There is no choice in such a situation but for it to try creating obstacles to Latvia’s development. As with the USSR during the Cold War, Russia is looking how to a) weaken the strategic Euroatlantic unity; b) weaken the unity of European countries (to weaken their ability to exercise a coordinated policy vis-à-vis Russia); and c) divide (polarise) societies in EU member states. Ethnic divisions, the liberal and conservative divide, as well as a populist divide—the “good people” against the “bad establishment”—are used to divide societies. The Kremlin’s information activities in Latvia are aimed at achieving both international (external) and social (internal) division. The Kremlin achieves the greatest polarisation of society by cultivating not only Latvia’s internal problems, but also big topics: “the aggressive NATO”, “the bureaucratic and decadent EU”, “the impossible democracy”, “Washington’s and Brussel’s rule”, etc.

The massive presence of the Kremlin’s television channels in Latvia encourages the cultivation of exactly these big topics, as they are oriented first of all towards Russia’s internal audience. Latvian society is influenced both with and without intention, because of geographic proximity and because of knowledge of the Russian language.

Latvia’s experience can enrich the understanding of allied countries about the essence of the Kremlin’s disinformation, as Russia’s informative attacks were already active in 1998—right after Latvia’s refusal to accept Russia’s security guarantees as an alternative to NATO. Viktor Chernomyrdin, the Prime Minister of Russia, came up with that proposal in 1997 after Latvia officially adopted accession to NATO and the EU as its goals. Russia pursued two key communication lines in relation to the two goals of accession to NATO and the EU: 1) discredit Latvia as an unreliable NATO partner and an insufficiently democratic state to join the EU; 2) cultivate an impression in Latvia’s information space about the EU as a new Soviet Union and NATO as a relic of the Cold War.

COMMUNICATION FROM THE AMBASSADOR— “THE SON OF A SOLDIER-WINNER”

Yevgeniy Lukyanov, who was accredited as Russia’s ambassador to Latvia in 2017, continued a paternalistic style of communication in 2018. In this respect, he resembles Viktor Kalyuzhniy, the former Russian ambassador to Latvia, who was not limited by observing diplomatic etiquette. Kalyuzhniy used to publicly educate Latvian journalists about what questions they would be asking the ambassador and in what manner. Under different circumstances, being direct is not a bad human trait at all—however, diplomatic tradition requires certain restraint. In 2017 Yevgeniy Lukyanov pointed out in an interview to the *Telegraf* journal that there is no such thing as “the hand of Moscow” or Russian propaganda in Latvia, and that phobias are difficult to cure.¹¹ It follows from what was said that these are the phobias of Latvian citizens.

Lies (about the non-existence of propaganda) and an offensive style (about phobias) is one thing, but a completely new level was reached in an interview for Latvian Public Radio Channel 4 (broadcasts in Russian) on 19 January 2018. In the context of education reform, Lukyanov said the following: “See, if I were a Russian born in Latvia, I would not only be indignant and agitated. I could switch from parliamentary and political non-acceptance methods, possibly, even to other methods. [...] But my inherent right to speak my native language can be only taken away together with my life. But if this endangers me as an ethnic group, endangers my identity, endangers my future, how shall I perceive it?”¹²

Firstly, no one prohibits anyone from speaking Russian. Secondly, these sorts of expressions can be treated as interference in Latvia’s internal affairs. This constitutes incitement of unconventional methods of protest and therefore must not be tolerated. One can only imagine the reaction of the Kremlin and the Russian Ministry of Foreign Affairs if Latvia’s ambassador Māris Riekstiņš would visit Tatarstan and encourage Tatars to go beyond political means of protest... Russia, unlike Latvia (which is a national state), calls itself a multinational and federal state. The government of Russia should indeed support efforts to maintain the Tatars’ identity, but quite the opposite is happening.

It can be summarised that officially Russia is blaming Latvia for something it does not actually have to do (education reform does not jeopardise the identity of Russians). In turn, the government of Russia is itself not doing what it has an obligation to do vis-à-vis many peoples living in Russia who do not have their own separate state and would like to take care of maintaining their culture and language.

Reacting to a reminder from a journalist about Latvia’s position vis-à-vis two occupations (by both Germany and the USSR), Lukyanov said in the interview that the USSR did not occupy Latvia, but just incorporated it and later liberated it from the German occupation. The Russian ambassador continued: “It is exactly because

of this I that am a son of a soldier–winner”.¹³ Thinking about what the ambassador said in analogies, the question arises: shall we honour those German soldiers who liberated Latvia from the Soviet army and power in 1941? The answer is negative. Similarly, Latvia being taken over by another aggressor—the Soviet Union—in 1944–1945 is reasonably perceived as a repeated occupation, and therefore there is no reason to honour either of the two aggressors. If they were liberators, then where did freedom disappear to? One totalitarian power defeated another one that was partially like itself. Therefore, whatever the former soldiers of the Red Army and their descendants may think, every year on 8 May in Latvia (along with the rest of the free World) the tragedy will be remembered, which ran over Latvia from both the West and the East in 1940–1945 like a massive road roller, leaving heavy wounds—many of which still have not healed. And the key message in these events of remembrance will be “Never again”, and not “We can repeat that”, which is being chanted in Russian media.

RUSSIA’S REACTION TO EDUCATION REFORM IN LATVIA

The Saeima adopted amendments to the Education Law and the Law on General Education on 22 March 2018, envisaging a gradual switch over to instruction in Latvian language in secondary education in national minority schools beginning from the study year 2019–2020. This decision is appropriate for strengthening Latvia as a nation state. This step will significantly facilitate the integration of society in the medium and long term, especially in the context of Russia’s information influence. Shortly before the adoption of the amendments to the laws, Education Minister Kārlis Šadurskis said in an interview to a TV channel: “Of course, Moscow is very much interested in maintaining the proportion of youngsters in Latvia—around 20%—who have a poor command of state language and thus are very susceptible to Russia’s propaganda”.¹⁴ During the debates about the amendments in the Saeima, Šadurskis pointed out that “If we had carried out these reforms, we already would not have had ethnic voting for 27 years”.¹⁵ The current waiting tactics employed by Latvia’s mainstream political parties has not facilitated the integration of society, and a lot of time has been wasted owing to indecisiveness on the issue by political parties such as Latvia’s Way, the People’s Party, New Age, Unity, and the Greens and Farmers Union. However, it’s better later than never.

One did not have to wait for long for an official reaction from Russia. The Russian Ministry of Foreign Affairs announced on 24 March that the amendments adopted by the Saeima will worsen bilateral relations between Latvia and Russia, and that Latvia will be responsible for this: “[The government in] Riga should understand that it continues to complicate bilateral relations with its unfriendly steps, and all

responsibility for that lies on Latvia”.¹⁶ The Russian MFA was of the opinion that the amendments to the laws on education are a continuation of the discrimination policy pursued in Latvia for the last 25 years, which has been directed towards the forced assimilation of the Russian-speaking population.¹⁷ The official announcement of the Russian MFA expressed hope that such behaviour will get “an objective assessment” by international institutions. This means that complaints in the international realm will be activated and continued regarding the decisions made by the government of Latvia.

Sergey Lavrov, Russian foreign minister, when speaking at a “Russia—country of opportunities” forum pointed out that the government of Latvia is trying to force one third of its population to give up their historical, cultural and linguistic heritage. He threatened to go to court, including the European Court of Human Rights. Lavrov expressed the opinion that this does not constitute Russian interference in the internal affairs of other countries, because protecting human rights cannot be considered an interference. The experienced Russian foreign minister should be reminded here that what he said is a typical example of Russia’s double standards, considering Russia’s reaction when international institutions criticise Moscow for human rights violations. In addition, the continuation of education reform that is oriented towards the integration of society can in no way be regarded as a violation of human rights.

In response to the announcement from the Russian MFA, Latvian Foreign Minister Edgars Rinkēvičs pointed out that education issues are Latvia’s internal affairs and that the “Russian MFA shall not be interfering in the internal affairs of other countries”.¹⁸ Demanding a status for the Russian language in neighbouring countries through Russia’s foreign policy and public diplomacy is not so much about caring about the fate of its diaspora abroad, but rather about using its geopolitical interests to proliferate Moscow’s dominance. The politicised promotion of language by Russia has caused a reasonable counterreaction in countries with a comparatively sizeable Russian-speaking population. It is important not only that the adopted amendments are implemented, but the next steps are planned as well—for example, the transition of all (except for private) pre-school education establishments to instruction in the Latvian language.

ECONOMIC RELATIONS

Minimum bilateral communication and cooperation is being maintained, and that is normal in neighbourly relations even if disagreements on major issues remain. One can agree with Māris Riekstiņš, Latvia’s ambassador to Russia, who has said that the fact they are direct neighbours is driving both countries towards the necessity of exercising dialogue.¹⁹ Communication with institutions in Russia is necessary on the level of both the Ministry of Foreign Affairs and the Ministry of Transportation. According to

data from 2017, Russia is in third place in terms of Latvia's exports, with 9.12% of total exports. This is approximately one billion, 39 million euros in terms of money. Latvia has greater exports only to Estonia and Lithuania. Russia is the fourth biggest importer of Latvian goods; Estonia, Lithuania, Germany and Poland are higher in the rankings.²⁰ Total trade turnover with Russia amounts to 2.1 billion euros, which makes Russia Latvia's fourth biggest trade partner.

The regime of sanctions continues to persist, and it influences economic relations. Russia would like to act according to a "what's done is done" principle—let's forget Crimea and Donbas, let's move ahead! Such an approach is not compatible with an understanding of the rule of law in Europe. Russian ambassador Lukyanov said in an interview with Latvia's public radio Channel 4: "You have lost the Russian market. You are not going to return there. A replacement²¹ has taken place and has been concluded".²² Well, Latvia has nothing to lose then—it is one less political lever in Kremlin's hands. Regardless of the rhetoric in mass media about falling transit and trade with Russia, the statistics from 2017 show that total turnover of trade of goods with Russia grew by 19.9% in 2017 compared with 2016. The export of Latvia's goods to Russia experienced especially significant growth, rising by 32% compared with 2016.²³

ELECTIONS AND "BLACK LISTS"

The results of the 2018 general election were difficult to forecast—some of the predictions of pollsters did not show a fall in popularity for the Greens and Farmers Union (ZZS) or the rise of For Development / For! (Attīstībai / Par!) and the New Conservative Party (JKP). Another intriguing issue was related to the possible cooperation of the KPV LV party with the Harmony (Saskaņa) party to create a ruling coalition. Unlike other parties, KPV LV had not identified its point of view on foreign policy priorities. Being aware of potential risks, State President Raimonds Vējonis gave a timely indication that the candidate prime minister will have to coordinate with him when nominating candidates for the positions of minister of foreign affairs and minister of defence. The development of the Russian vector was highlighted as a foreign policy priority by the Latvian Union of Russians, which did not pass the 5% threshold in the general election. Candidates from centre-right party lists this time were mostly united in their position regarding relations with Russia. The idea that normal neighbourly relations have to be maintained while retaining EU sanctions because of the annexation of Crimea and the war in Donbas dominated.

The Harmony party tried to convince voters during the pre-election period that it has turned its face towards the West, and that if it became part of the government or even lead the government, then Latvia's strategic foreign policy choices would not be changed.

With the general election approaching, Harmony's message about three languages in education coincided with the message of Russian Ambassador Lukyanov. Lukyanov said that "knowledge of a second language in addition to the native one doubles the horizon, and knowledge of a third language—that is already a geometric progression".²⁴ Vjačeslavs Dombrovskis, candidate for the prime minister's post from the Harmony party, noted that the party he represents is in favour of education in three languages.²⁵ Perchance it is just a coincidence that the ambassador supports a similar idea.

Concerns were aired now and then in the public domain that the Kremlin might interfere in the parliamentary election in Latvia. Considering the massive presence of Russian media in Latvia, it is possible for Russia to influence some voters in Latvia during the four-year period between elections. Therefore, it makes no sense for Russia to risk its reputation again by exercising, for example, hacking attacks that steal the e-mails of candidates.

However, there were some public incidents in the information space in the context of elections. Maria Zakharova, representative of the Russian MFA, commented on an advertising poster from Edgars Rinkēvičs, the foreign minister and a candidate from the New Unity party, which said: "In spite of Kremlin, Latvia is and will remain an enduring state". The "failed state" framing is broadly used in disinformation campaigns against Latvia.

Zakharova's reaction, as usual, was sarcastic and full of irony. She said that "the Kremlin wished that Latvia would be a thriving country. However, if it wanted to be just enduring—for God's sake, why not".²⁶ Exactly which element in Russia's foreign policy in relations with Latvia shows that the Kremlin has ever wished Latvia to be thriving? Diverting transit flows away from Latvia's ports? Or the ban on the import of certain food products from Latvia?

If the cause for the EU sanctions against particular Russian officials were the blunt violations of international law by Russia, then the countermeasures made by Russia have no legal and normative justification whatsoever. Latvian parliament voted in favour of the Magnitsky act, which provides for sanctions against those Russian officials who are to blame for human rights violations. In 2018, Russia released information about its own black list, which encompasses Latvian politicians who are not to blame for human rights violations. How can bilateral relations be improved if the Russian side grants *persona non-gratis* status to Ojārs Kalniņš, the head of the Foreign Relations Committee of the Saeima, and Dzintars Rasnačs, the minister of justice? Another politician included in the black list was Andrejs Judins, MP from the New Unity fraction, who has rightly pointed out that he has split emotions about this: "On one hand—there is satisfaction about the assessment, on the other hand—a bitter feeling and concerns about the regime in the neighbouring state, which considers the strengthening of rule of law and democracy in Latvia to be a threat to its national security".²⁷

CONCLUSIONS

Russia's political atmosphere has not changed significantly since the end of 2017. Putin was elected to office for the next six years in spring 2018. The tightening of bolts vis-a-vis social network users continued throughout 2018, aimed at maintaining the authoritarian regime. If the control of TV channels was already exercised during the first presidency of Putin, then control over the internet is being implemented gradually through the "Yarovaya law" and with the help of the criminal persecution of people disseminating messages that the Kremlin does not like.

The year 2018 passed in the light of Latvia's centenary and parliamentary elections. It did not have much influence on relations with Russia. There were attacks on the ideas underlying the establishment of Latvia's statehood and contemporary existence in information space. Political communication between Latvia and Russia is taking place within the boundaries of the necessary minimum level for foreign affairs and transportation institutions. Mutual trade is showing comparatively good results. Just like in 2018, Latvia ought to continue to exercise a two-tier policy in its relations with Russia for a few years to come—restrictive measures (sanctions) and dialogue on the level of diplomats and representatives of business sectors and industries (under the coordination of the Ministry of Foreign Affairs).

The falling in Putin's ratings is not a good circumstance for the peaceful development of events, both inside Russia as well as internationally. The most likely processes abroad that are triggered or supported by the Kremlin will maintain tension and turbulence in the agenda of international politics. It can be foreseen with certainty that Russia will officially further lodge complaints in the international environment about changes to laws regulating Latvia's education system. An activation of Latvian public diplomacy in the West is needed to explain the importance of strengthening the role of the state language in social integration and limiting the influence of the Kremlin's propaganda and disinformation.

Latvia's resistance against the influence of Russia's disinformation still takes place sporadically—various civil society activists and organisations are acting according to their understanding of the issue, abilities and capacity. The coordination of activities and the support of state institutions is lacking. Information attacks by Russian officials are both damaging democracy and eroding security. Security issues are to remain the responsibility of state institutions, and therefore the burden of exposing and counteracting Russian disinformation cannot be put solely on the shoulders of the civil society. A "bottom-up" self-organisation of society is an effective means to counter propaganda, but it needs financial and technical support from the state.

Expertise about information warfare and strategic communication issues is getting better with each passing year; however, the capacity of NGOs and think-tanks is not sufficient for this knowledge to reach broader society. Being well-informed and having

good media literacy is a fundamentally important precondition for the functioning of democracy in Latvia and averting threats to Latvia. Its goals will be reached most effectively through coordinated cooperation between state institutions, NGOs and representatives of the mass media. Leaving these issues alone would mean frivolously leaving open ground for authoritarian forces to influence the minds and hearts of Latvia's people.

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LATVIA'S "CHINA POLICY" AND THE ROLE OF THE "16+1"

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SUMMARY

From the inception of the cooperation platform between China and 16 Central and Eastern European countries (henceforth referred to as "16+1" cooperation) in 2012 up through today, the Republic of Latvia has appreciated the opportunities brought by the format. These include regular high-level meetings with Chinese Prime Minister Li Keqiang and President Xi Jinping, political will expressed by China for increased cooperation, resulting in a smoother export produce certification process among other things, as well as a boost in people-to-people exchanges.

On the other hand, the Baltic States in general and Latvia in particular have also raised concerns that the regional and national appeal of these countries might be watered down due to the extensive pool of partners looking to engage with China in similar ways, namely through export increases and investment attraction. In light of this concern and other factors, both internal and external, Latvia was pushed to develop a China policy. The result has been an interlinking three-dimensional solution: 1) analysing and utilising the opportunities brought forward by China, 2) proactively taking part in formulating new regional formats to engage with the PRC on a Baltic and Northern European scale, and 3) stepping up cross-institutional coordination and creating a network of information exchange. Also, thanks to a consistent orientation towards the official position of the European Union, Latvia has avoided any friction with Brussels regarding its increasingly active China policy.

This paper argues that the "16+1" regional cooperation format has served as a catalyst and contributed to the creation of a China policy of unprecedented scope in Latvia. This development can be considered a success of the "16+1" cooperation in its own right. In order for Latvia to be able to benefit from the momentum, however—aside from vectors such as the transport and logistics sector, product certification and export increase, and widening the scope of people-to-people exchanges—it would be valuable to further promote national visibility and consistent national brand-building by engaging all involved institutions, both governmental and non-governmental, in a strategically designed narrative of what Latvia is and what it wants to achieve vis-a-vis China.

“16+1” EARLY DAYS—A FOCUS ON ECONOMY AND INFRASTRUCTURE

The early flagship offer of “China’s Twelve Measures for Promoting Friendly Cooperation with Central and Eastern European Countries”—a document that presented a vision for China’s cooperation with the 16 countries in question before the institutionalization of the “16+1” platform had taken place—centred on infrastructure loans. The second measure declared the plan to “Establish a US\$ 10 billion special credit line, a certain proportion of which will be concessional loans, with a focus on cooperation projects in such areas as infrastructure, high and new technologies, and green economy”.¹

This offer, however, was never binding for Latvia and the other 10 European Union member states that were invited to take part in the “16+1” format, as the proposed framework would include some requirements that were not compatible with the EU. The Chinese policy had a clause that required at least 50% of components to be Chinese in the project execution, and it asked for a mandatory state guarantee even for private projects. The negotiations revealed other problematic issues as well, such as the reluctance of Chinese enterprises to take part in open procurement tenders. Naturally, the initial mismatch between China’s offer and the EU legislation and practices led to suspicion of the format in Brussels, Berlin, and Paris alike, which all see China’s initiatives as primarily “investment in influence”.²

As the “16+1” format progressed, it experienced some fine-tuning from the Chinese side, but this was not enough to put European suspicions to rest.

Valuing its relationship with China, and at the same time wanting to avoid becoming a part of the China-EU controversy over the “16+1” framework, Latvia began proactively developing its China policy, which has resulted in a visible increase of platforms, stakeholders, and contacts.

A CONSISTENT CHINA POLICY—THE REAL VALUE OF THE “16+1”

Originally the “16+1” format was primarily viewed as a potential boosting mechanism for Sino-Latvian economic and trade cooperation, largely to counter the negative trade balance with China. This notion is exemplified by China’s positioning in the “Economy relations promotion” section of the Latvian minister of foreign affairs’ yearly reports. Still, it has widely been demonstrated that progress has been slow and significant results in terms of FDI have yet to be achieved. The export of Latvian goods to the PRC has increased from 39.74 million euro in 2011 to 139.45 million euro in 2017,³ but even with

the rising imports, the import-export imbalance problem is far from tackled—to be fair, this situation cannot be simply resolved on a national scale, as it persists with all 11 EU “16+1” countries.

Cooperation in transport and logistics provides more grounds for optimism. The Latvian transportation and logistics sector, albeit with its own challenges, such as the current under-electrification of the railroad, is still composed of a synergetic network of ports, an airport, broad-gauge railways, and the upcoming narrow-gauge railway project “Rail Baltica”, and is responsible for about a fourth of the country’s services exports. Following a gradual decrease in transit links with Russia, and in accordance with a policy of risk diversification and integration into new markets, the sector is naturally opening itself up to the opportunities brought by the Chinese initiatives. The “Development of container shipping in the Eurasian space”⁴ is one of the goals in the 2017 Minister of Foreign Affairs’ Yearly Report.

Still, it is safe to conclude that the “16+1” format has not yet delivered on the Latvia’s initial economic expectations. But it can also be argued that the format has served as a catalyst for a comprehensive China policy in Latvia.

To back this assumption, several developments should be highlighted.

- 1) Exchanges with China have greatly increased on the ministerial, parliamentary, and local levels, with as many as 30 high-level visits by Latvian senior officials to China since 2012, as opposed to just 22 visits over the 18-year-long period of 1994–2011;⁵
- 2) the Ministry of Foreign Affairs of Latvia has established a cross-institutional coordination workgroup on Latvia-China cooperation within the “16+1” format, involving state, municipal, and NGO actors;⁶
- 3) China’s role in documents relating to the national foreign affairs strategy has been gradually amplified since 2012;⁷
- 4) New parliamentary cooperation platforms, such as the “Nordic-Baltic 8 plus China” and the “Baltic 3 plus China” ones, have been promoted by the Baltic States with the goal to, in part, tackle the over-saturation of the “16+1” platform and reshape the image of the Baltic States as Northern European, instead of Eastern European—these platforms were ultimately accepted by China;⁸
- 5) The Baltic region in general and Latvia in particular has specified cooperation offers towards China in the fields of transport, logistics, and innovation, contributing to an adjustment in China’s “16+1” strategy and ultimately resulting in more tailored regional approaches.

As China began proactively engaging in an increase of exchange opportunities and extended cooperation in more and more sectors, including tourism, product certification and exports, local cooperation, science, education, and culture,⁹ Latvia’s involvement became increasingly tailored, and a significant number of stakeholders emerged across these fields, including both governmental and non-governmental players.

From the governmental perspective, the institutions that had previously not been actively involved with China, such as the Ministry of Culture, the Ministry of Education and Science, the Ministry of Finance, the Ministry of Agriculture, and the Ministry of Environmental Protection and Regional Development, have become more visible in shaping their approaches to China and are present at the discussion table next to the traditionally active stakeholders—the Ministry of Foreign Affairs, the Latvian Institute, the Saeima, the State Chancellery, the Ministry of Economics and its Investment and Development Agency, and the Ministry of Transportation.¹⁰

On the NGO side, the Employers Confederation and the Latvian Chamber of Commerce and Industry, as well as several think tanks and business councils, began to provide consistent feedback, raising awareness of the issues their members were facing, thus actively contributing to the factual base that informs policy decisions.

China has become more visible in the public space as well, resulting in a rise of analytical publications in the media regarding developments in its economy, politics, society, and values. Although the image of the PRC in Latvian media is more polarised than in states that have a longer history of exchanges with it, there is still a substantial growth in reporting on the country, demonstrating a rise in demand for locally applicable analysis.¹¹

CONCLUSIONS AND RECOMMENDATIONS

For the first time in the century-long history of Latvian statehood, national and subnational actors are faced with an unprecedented level of diversity and coordination in Latvia's policy-shaping vis-a-vis China.

This development, along with a rise in people-to-people contacts, can be viewed as the most significant contribution of “16+1” cooperation from the Latvian perspective. As the economic aspect of Sino-Latvian cooperation is developing more slowly than the people-to-people aspect, Latvia should neither overemphasise nor underemphasise China's role in its economy, but rather continue to consistently develop its China policy. One of the pillars of said policy should be further engagement in the activities presented within the “16+1” cooperation format. Latvia should exercise all available multilateral and bilateral platforms, namely the EU-China high level strategic dialogue, “16+1”, the Belt and Road Initiative, and regional formats such as NB8 or Baltic 3 plus China, in order to:

- Work towards an increase in the export of services, prioritising the transport and logistics sector;
- Work towards further product certification and export increases in priority groups;
- Widen the scope of people-to-people exchanges, including but not limited to an increase in tourism;
- Invest in national visibility and consistent national brand-building.

To dwell on the final point—Latvia must continue to counter the unifying narrative that marks the 16 involved countries as “post-Socialist”/“post-Soviet”, “the EU’s periphery”, “economically underdeveloped” and “new”, or even “Europe’s new Eastern bloc”¹²—both in China and in Europe. Latvia should furthermore strongly adhere to an “EU comes first” policy, clearly state that it identifies as a Northern European country, and continue to demonstrate both through actions and declarations the complementarity of the “16+1” cooperation format with the China-EU strategic partnership. Further narrative aspects should be devised in cooperation with brand-building consulting parties; it is imperative, however, that the narrative remains consistent for all actors representing Latvia who are involved in dealings with China—any fragmentation in the strategic and public positioning of Latvia creates a fuzzy message and dilutes its selling points in the eyes of Chinese partners. To take Latvia’s emerging China policy one step further, national brand-building to counter negative stereotyping is key in a format where all 16 partners are still considered largely alike by China.

Latvia’s presence in the format can be viewed as a useful tool for expertise-building to make up for the years of practically non-existent exchanges with China, as well as being an opportunity to contribute to the wider EU political dialogue with the PRC.

Further down the road, the “16+1” cooperation platform, along with other aspects of China’s growing visibility in Latvia, can serve as a motivation to further develop a national China strategy in Latvia.

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POSITIVE DYNAMICS IN CENTRAL ASIA— OPPORTUNITIES FOR LATVIA?

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An unexpectedly positive dynamic continues in the Central Asian region. Uzbekistan has entered the international arena as an important player in addition to Kazakhstan. It is striving for reforms and revamping ties with neighbouring states, which works as a stimulus for growth for the whole region. Although stability is still frail, the Central Asian region stands out with a positive agenda against the backdrop of crises and conflicts in many places around the world.

Central Asia—Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan—with 70 million inhabitants, is becoming ever more interesting to the European Union. The EU continues to adjust to realities in the region, where other more influential partners who play by different rules are already present. The EU promises to develop a new Strategy for Central Asia in 2019. This might mark pragmatism in relations as well as synergy with the Chinese Belt and Road Initiative.

Latvia has a role in this context, too. Latvia considers Central Asia its foreign policy specialty and is actively positioning itself on the EU level. Latvia has always insisted that the EU policy towards the region has to be based on a realistic approach and equal partnership. Time is showing that the EU policy is developing in this very direction.

The highest point of Latvia's engagement in Central Asia was during its presidency of the EU Council in 2015. It seems difficult to retain this level of ambition over time. Although Latvia continues actively supporting Brussels's agenda in Central Asia and its experts take part in the EU programmes in the region initiated during the presidency, on the national level the region is little-known among a broader public. The work continues, but with the growing attractiveness of the region other players are more active and do more.

There are undoubtedly many challenges in Latvia's foreign policy—however, it would be good not to lose the results of a job already done. Latvia has successfully established its niche when it comes to expertise on Central Asia in the EU. Time is needed to gain recognition in international diplomacy. Experts are of the opinion that Latvia has everything it needs to invest in ensuring that this is not a wasted opportunity.

This chapter looks at the outstanding issues in Latvia's foreign policy on Central Asia. Possible developments are highlighted along with recommendations for future work.

THE DYNAMIC IN THE CENTRAL ASIAN REGION

The potential of the Central Asian region is huge, and as it opens up to the world it is driving international interest and even competition. This is why researchers affiliate the region with the “big geopolitical game”, in which big powers compete for influence. A growing dependence on two countries—China and Russia—can be observed in the region. This does not mean, however, that the Central Asian countries are not pursuing their own active foreign policy. Kazakhstan and Uzbekistan are especially active in trying to expand their options for manoeuvring, and the intense exchange of high-level visits as well as investment plans are proof of that.

External relations—friends with everyone

China has developed good political relations with these countries and is working deeply in the region in economic terms, outcompeting Russia. Central Asia needs investment in infrastructure, and that is exactly the goal of the Chinese Belt and Road Initiative. Moreover, Beijing sees its partners in Central Asian countries in terms of security, which, among other things, can stabilise the Uyghur autonomous region in Xinjiang. For the Central Asian countries, Chinese investment is a door to European and Asian markets; however, there is also a certain level of concern about the growing Chinese hegemony. Russia is not opposing Chinese policy openly, but, as can be observed, it is strengthening its military presence in the region.

Kazakhstan and Uzbekistan are actively creating partnerships with other influential countries, thus trying to decrease this dependency and to diversify foreign investment. The US, India, Japan, South Korea, Turkey, and Iran, as well as the big EU member states, are among their most important partners. So far, “being friends with everyone” diplomacy has worked.

President of Kazakhstan Nursultan Nazarbayev is trying to maintain balance in relations with Russia, China and the United States, but it is not easy. This is because of its ports on the Caspian Sea where China has already established itself as Kazakhstan’s partner in transit to Europe. Russia and the US also have interests there. Nazarbayev reached an agreement about a strategic partnership with the US in Washington DC in January 2018, extending an agreement about the Northern Distribution Network and the use of its ports for American transit to Afghanistan. However, a new development took place half a year later—the presidents of the five countries around the Caspian Sea, including the presidents of Russia and Kazakhstan, reached an agreement about the Caspian Sea that not only ended the long-standing dispute about the territory but also prohibited presence of external military forces in this sea.

President of Uzbekistan Shavkat Mirziyoyev is creating a group of friends around himself. Renewed ties with neighbouring states have made it possible to decrease

regional tension. His constructive approach is getting support. The leaders of all five Central Asian states met in Astana in March 2018 for the first time ever to discuss the region's integration. Uzbekistan's efforts to stabilise Afghanistan and attain closer interaction in the region are clear. A high-level international conference on Afghanistan took place in Tashkent in March 2018, stemming from an initiative from President Mirziyoyev. An essential agreement was achieved whereby peace in Afghanistan could be ensured based on the Kabul process.

It can be seen that Mirziyoyev is also forming advantageous friendships with strategically important partners—China, Russia, the United States, India, Japan, South Korea, Turkey, France and other wealthy countries. Every visit by the president is followed by business contracts that involve sizeable investment plans. Mirziyoyev's visit to Washington DC marked “a new era in strategic partnership” and was spearheaded by an agreement about the Northern Distribution Corridor to ensure US transit to Afghanistan. Wilbur Ross, the US Secretary of Commerce, visited Tashkent and praised the country's reforms, talking about investment and trade. A group for cooperation with Uzbekistan that was established in the US Congress deserves a special mention as well.

A new era has also begun in Uzbekistan's relations with Russia. Russian President Vladimir Putin was in Tashkent in October 2018—almost simultaneously with the visit by the representative of the United States—where he praised Uzbekistan as “a loyal ally and strategic partner” and concluded a deal about building a nuclear power plant in Uzbekistan worth 11 billion. Russia has had only one strategic partner—Kazakhstan—so new opportunities are emerging also in Uzbekistan now.

As for Europe, Mirziyoyev visited France in October 2018, his first EU member state visit, and signed agreements involving a large investment in the energy sector. France is also the first EU member state whose citizens have been offered a visa-free travel to Uzbekistan.

Economic development and reforms

Economic growth continues in Central Asia, and the IMF forecasts GDP increases of about 4% in 2018. According to the EBRD, the region has never been this attractive, since it is experiencing faster growth than other regions. Besides, it has become something much more than just a source of raw materials as it has traditionally been. International partners are warning, however, that Central Asian countries must keep implementing reforms so that they do not lose this dynamic.

The fact that the business climate in Central Asia, especially in Kazakhstan, is also improving has been confirmed by entrepreneurs from EU member states. The role of reforms has been emphasised, while currency exchange rates and corruption are mentioned as the main risks.

Reform efforts in Uzbekistan have renewed trust in them from Western partners. So far, however, economic reforms in the country are being implemented with caution to avoid political instability. These reforms envisage Uzbekistan's accession to the WTO, the fight against corruption, and a generally friendly environment for market economy. It is without doubt a complex task to reform a country, and therefore there is no surprise that reforms can experience a certain level of chaos, and opposition to reforms also cannot be excluded.

However, that is not the only factor slowing things down. There is concern that reforms in Uzbekistan might be limited to a "change of façade". Although almost all leading officials have been changed, it is difficult to break the old system. The development of the private sector and openness to international financial markets is necessary. Uzbekistan's strong urge to retain the largest share of capital (>51%) in foreign enterprises is yet another problem. Thus, foreign entrepreneurs are in no hurry to invest even though their interest is significant, because the business environment is difficult to predict and volatile.¹

From Latvia's point of view, the current developments in the region are positive and hopeful. Latvia has always supported cooperation with countries in Central Asia, their reforms, as well as synergy with the Chinese Belt and Road Initiative. At the same time, the current situation should not be overestimated.

WHAT'S NEW IN THE EU-CENTRAL ASIA PARTNERSHIP?

Considering the positive developments in the region, Central Asia—a rather far-away neighbouring region from the perspective of Europe that once existed in a vacuum of EU policy in Asia—is becoming ever more important. The EU is planning its long-term involvement in the region more seriously than ever.

These processes are a continuation of the effort once exercised by Latvia when it presided over the EU Council. Many of the initiatives, which seemed unlikely at the time, are developing now. As noted by Peter Burian, the special representative of the EU in Central Asia, when Latvia put forward Central Asia as a priority, many doubted whether the region is important for Europe. The importance of the region has proven itself now.²

The new EU Strategy for Central Asia

EU member states have agreed that a new strategy for Central Asia is needed to develop regional relations that better represent the reality. It has also been agreed that this new strategy should be ready at the beginning of 2019. From Latvia's perspective, the strategy is necessary for several reasons.

One issue that needs to be refreshed in EU-Central Asia relations is the set of new principles that are forming the EU's foreign relations—"pragmatism", "persistence" and "connectivity"—which are also emphasised in the EU's global strategy. The European and Asian connectivity strategy is another issue that needs to be considered. Both of these EU strategic documents cover Central Asia, too. It should be noted that this has been achieved with Latvia's active involvement.

So far, work on the new strategy has taken the form of an exchange of ideas and opinions. It is essential that the European Commission looks at cooperation much more seriously, owing to the changes that are taking place in the region, and that it is willing to develop larger projects alongside other donors. Latvia has engaged in the debate about a new strategy for Central Asia both by contributing content and organisationally.

First, the participation of researchers from the Latvian Institute of International Affairs in the EU Horizon 2020 programme SENECA project "Strengthening EU – Central Asia relations" should be mentioned. This project, involving Latvia, Germany, France, Finland and Poland, was launched in Riga in the spring of 2018 with an international conference, which was followed by a "mapping" of EU–Central Asia relations with recommendations vis-à-vis the new strategy.

Second, discussions have taken place about Central Asia in EU working groups. While preparing for these, Latvia submitted its proposal (non-paper), in which was joined by Estonia, Finland and Sweden. These countries advocated for the strategy for the region to focus on cooperation in security, economy, the rule of law, and education, as well as on support for the stability of Afghanistan.³ Germany and France have proposed similar priorities. In general, EU discussions have made it clear that member states are willing to focus on a few main issues and form ties with other partners in the region.⁴

While working on a new EU strategy it is worth remembering that a report on the implementation of the strategy for Central Asia was adopted during Latvia's presidency of the EU Council, and it has not lost its topicality. This report not only clearly outlines the EU's new pragmatic approach and underlines successful areas of activity, but it also encourages building synergy with China's initiative. Latvia and Germany significantly contributed to the making of the document.⁵

When ministers were discussing the Central Asian region during the November EU Foreign Affairs Council meeting, the Latvian government's position emphasised that Central Asia is one of Latvia's foreign policy priorities, that it is important for the entire

EU, and that adequate EU financing for the region will be necessary in the future as EU programmes in the region are going to end in 2019. Latvia encouraged using EU twinning programmes in Central Asia, just like in the Eastern Partnership countries.

A meeting between ministers of the EU and Central Asian countries in Brussels on 23 November ended on an optimistic note. The common communication highlighted the things that unite these countries. Ministers welcomed the reforms and positive dynamics in the region, the active high-level contacts, and confirmed that they are “partners” who are working together with a long-term perspective. The economy, connectivity and a stronger partnership were emphasised as the common goals. Considering that the ministers of the Central Asian countries have promised to strengthen regional cooperation and the EU ministers to share experience,⁶ Latvia has the opportunity to be active in sharing the experience of cooperation between the Baltic States.

Generally, current EU discussions with its Central Asian partners suggests that the new strategy for Central Asia is not going to be something radically new but will rather function as a “green light” for continuing cooperation in areas that are already successful. The strategy serves in a way as a political guideline for financing for the region in the EU multi-annual budget for 2021–2027. One would like to think that related projects are going to have EU financing as well as Latvia’s involvement.

The EU is looking for ways to cooperate with private investors in the Central Asian region. For example, the EBRD is willing to invest in infrastructure and energy resource projects in Central Asia, taking into consideration initiatives from the EU and China vis-à-vis connectivity.

The EU’s relations with individual countries in the region developed in 2018, too. An improving legal framework should be mentioned specifically, as Latvia considers this to be essential for making the business environment more predictable. The EU has signed an Enhanced Partnership and Cooperation Agreement with Kazakhstan. The EU began talks with Uzbekistan about a similar agreement last summer, and Mirziyoyev is expected to visit Brussels in this context.

The president of Kazakhstan encouraged the EU to cooperate with the Eurasian Economic Union during the ASEM summit in Brussels in October 2018 during a meeting with the European Commission President Jean-Claude Juncker. A wide trade area would be favourable for Central Asian countries—however, the EU is unlikely to be ready for it in the current political situation.

High-level political dialogue and communication has an important role in developing EU relations with the countries of the region. Burian, the EU’s Special Representative for Central Asia, has provided an invaluable contribution in this respect. From the Latvian perspective, it is important that Burian’s mandate has been extended till 2020, and Latvia actively supported this decision.

A relatively sizeable representation of Latvian diplomats in a range of posts in EU institutions in various EU delegations in the region (Uzbekistan, Kirgizstan, Tajikistan)—as well as in the European External Action Service, including in the bureau of the EU Special Representative in Central Asia—has undoubtedly provided Latvia's most significant contribution to developing EU relations with Central Asia.

Latvia has shown itself to be a supporter of strengthening EU cooperation with Central Asia in practical terms as well. Latvia is still in the leading position in a number of EU-Central Asia cooperation platforms. Latvia is the leading country in the EU BOMCA 9 border management programme, and Central Asian countries are interested in this programme. Latvia also takes part in EU projects on the environment and water management, and it is also the leading country within the EU-Central Asia education platform along with Poland. It must be noted that the Central Asian countries have serious interest in the area of education.

According to the European Commission, the security of borders, education and the environment are perspective areas that are going to grow in importance in EU-Central Asia cooperation. The role of border management is also going to increase in the context of the EU Strategy for Connecting Europe and Asia. It is therefore important that Latvia continues building on its previous work and continues its participation in the EU initiatives mentioned above.⁷

The importance of Central Asia for NATO, although not a primary concern, is still essential considering the security situation in Afghanistan and in the region. The controversial decision to close the NATO office in Tashkent was made. Latvia filled this gap to a certain degree when carrying out tasks for the NATO contact point in Uzbekistan in 2017-2018. Now, as NATO member states have pledged to continue long-term involvement in Afghanistan during the NATO summit in Brussels in July 2018, the role of Central Asia is increasing. It is essential for Latvia to continue its participation in the only NATO project in Central Asia: the NATO-UNODC fight against drugs.

OUTSTANDING ISSUES IN LATVIA'S RELATIONS WITH CENTRAL ASIA

It must be admitted that at a time when Central Asia is creating new partnerships at the highest political level, Latvia's political dialogue with the region has remained on the level of maintaining "friendly contacts", predominantly as part of the everyday work of embassies. The Foreign Policy Report of 2017, which defines new foreign policy priorities, does not mention Central Asia either in the EU context nor in the context of economic interests, but only as an issue pertaining to development cooperation.⁸

Of course, Latvia has “as many resources as it has”. Therefore, the EU framework is also essential, as it makes it possible to achieve greater influence through Brussels.⁹ However, bilateral cooperation is irreplaceable, especially when the country has economic interests in the respective region. The EU helps create a framework for macroeconomic relations, while individual states develop their own economic policy.

It should be kept in mind that symbolism and high-level contacts are held in high esteem in Central Asian countries, and this opens the door to cooperation in other areas. Considering the changes that have taken place in Uzbekistan, it is important for Latvia to engage in such cooperation.¹⁰

Facilitating Latvia’s high-level contacts, Uzbekistan was visited by Ināra Mūrniece, the Speaker of the Saeima, in a reciprocal visit in April 2018. The visit affirmed friendly relations, and a willingness to strengthen practical, mutually advantageous business cooperation dominated all the meetings.

Economic cooperation

So far there has been no rapid growth in mutual trade between Latvia and the Central Asian countries, and no giant leap is expected to take place any time soon. However, this region is important from the perspective of diversifying Latvia’s foreign trade vectors, as the centre of gravity of global trade is gradually shifting towards Asia.

The question is whether Latvia’s entrepreneurs see Central Asia as a potential export market, considering the growing purchasing power of society there. This market is complex, and the pure geographical distance puts a limit on possibilities. Entrepreneurs from Latvia’s neighbouring state, Lithuania, are not afraid of risks and are more active in the region; however, Latvia’s entrepreneurs also have some interest in the region. The importance of high-level political support should be emphasised here.

Therefore, the fact that the Latvian Investment and Development Agency has included Kazakhstan among the highest-potential markets for goods and services should be praised.

Latvia’s greatest interest in Central Asia is still focused on transit, logistics and transportation, centring around transportation between Europe and Asia. But cooperation is hampered by the current geopolitical situation, as well as by railway transportation tariffs in Latvia. There is positive news related to the aviation sector. A direct flight from Riga to Almaty was successfully launched by airBaltic in 2018, and a direct flight from Tashkent to Riga by Uzbekistan Airways continues to function—even doubling the number of flights.

Trade statistics show that there has been a slow but steady growth in the trade of Latvia’s goods and services with the region. Besides this, Latvia’s trade balance has been positive. The export of services in information and communication technologies

is growing with every year. Overall, education exports from the Central Asian countries have been developing the most successfully. Estimates show that there are approximately 2,000 students in Latvia representing the region, and it is worth continuing working in this direction.

The dialogue on the governmental level, which necessary to support the economy, has been carried out by intergovernmental committees (ICs). A Latvia-Kazakhstan IC meeting took place in Riga in August 2018, with government and business representatives taking part. It is important that the next Latvia-Uzbekistan IC meeting in Tashkent takes place as soon as possible once the new Latvian government is approved.

Development cooperation

Latvia's development cooperation support for Central Asia, albeit limited, is still an important political signal. One third of this type of support from Latvia is dedicated specifically to the Central Asian region, which it considers to be its priority. The Riga Graduate School of Law deserves mention, as it educates the new leaders of Central Asia. Another task is to engage the business sector in development cooperation, as opening the door to development cooperation also opens the door to business.¹¹ "Cleantech Latvia", a company working in Central Asia with environmental and water supply issues, is a good example in this respect.

Similarly, Latvia's involvement in the EU border management programme BOMCA 9, as well as in the EU-Central Asia education platform, is important, as is Latvia's involvement in the NATO project against drugs in Central Asia. All of these projects have received positive acclaim at the EU and NATO levels and regionally, which means that Latvia has utilised its development cooperation resources successfully.

In this context, Latvia needs to seriously strengthen its development cooperation capacity to be able to take part in more sizeable EU-level projects. Since Latvia cannot boast a big development cooperation budget, it is important to attract EU financing.

Generally, notwithstanding the work already done, work on a practical and political level should be continued in bilateral relations.

CONCLUSIONS

Latvia's and the EU's involvement in Central Asia is a long-term process in which success depends on many factors. Just a few years ago, Central Asia's development perspectives seemed to be rather pessimistic. It was impossible to predict an end of

isolation, which became feasible only after Uzbekistan's new president came to power. Similarly, it is impossible to predict what is going to happen in Kazakhstan in the context of the inevitable change of political leadership.

The most likely development scenario in the region takes the form of slow progress with difficult-to-predict results. Dynamic processes are taking currently place, while reforms are frail and occasionally chaotic. Looking forwards from the current perspective, it is possible to say that the Central Asian region stands at the beginning of important changes, and therefore its relations with the EU are experiencing a revival.

The initiated reforms might turn out to be insufficient. They depend on the ability of each of the region's states to get rid of corruption, pursue the rule of law, and improve public governance. Judicial reform in practice encompasses much more than the adoption of laws. Considering the region's high population density and the inertia of tradition, it must be understood that reforms cannot be implemented swiftly.

Concerning the region's possible foreign policy trajectories in the future, even if details may change, two big powers will continue to be the main geopolitical actors in the Central Asian region.¹² Balancing between Russia, China and the US will be a challenge.

The EU will most likely continue developing pragmatic relations with a practical orientation. Most likely, the new EU Strategy for Central Asia is not going to change its course, though it might drop unnecessary things and instead focus in the future on areas that have proven to be successful. It has become clear by now that those areas will cover support for security, the economy, education, the environment, and connectivity with Chinese initiatives. This also corresponds Latvia's interests.

It should be taken into account that Latvia has limited resources, which are also needed for more important foreign policy priorities. Another thing to remember is that the Central Asian direction currently possesses neither a strong internal demand from business nor requests for political support. Thus, the question arises of whether Latvian experts will be motivated to continue engaging in EU programmes in Central Asia in the future without clear political backing.

Recommendations

- Effective management, planning and coordination is essential for Latvia's involvement in the region.
- A more purposeful coordination of and explanation of the work of ministries is important for experts who work with EU projects to get a better understanding of the processes taking place in Central Asia.
- Central Asia has been "anchored" in all basic EU documents, partially thanks to Latvia's efforts. The main task of the new EU Strategy for Central Asia is to ensure the

- continuity of the EU policy in the region. Latvia's active involvement will be important for ensuring financing for the region in the EU's multi-annual budget.
- High-level dialogue is important in bilateral relations with the Central Asian countries in order to support cooperation in other areas, including the economy.
 - Development cooperation projects in the region maintain their importance in the long term. Latvia should continue its involvement in EU projects such as BOMCA and the EU-Central Asia education platform, as well as in environmental protection.
 - Latvia ought to strengthen its development cooperation capacity to be able to implement EU-level projects.
 - By keeping Central Asia as one of its foreign policy priorities and consistently continuing to work in this direction, Latvia will assert itself as a reliable partner for Central Asia in the EU and NATO.

ENDNOTES

- ¹ Anonymous interview with a representative from an EU institution, 19 September 2018
- ² Ibid.
- ³ Anonymous interview with a Latvian expert, 14 November 2018
- ⁴ Anonymous interview with a Latvian expert, 09 October 2018
- ⁵ Gunta Pastore, *Leadership through the European Union Council Presidency: Latvia and Central Asia*, 2016, Latvian Institute of International Affairs, <http://liia.lv/en/publications/leadershipthrough-the-european-union-council-presidency-latvia-and-central-asia-509>
- ⁶ European External Action Service, *Joint Communiqué: European Union – Central Asia Foreign Ministers' Meeting*, Brussels, 23 November 2018, https://eeas.europa.eu/headquarters/headquarters-homepage/54354/joint-communiqu%C3%A9-european-union-%E2%80%93-central-asia-foreign-ministers-meeting-brussels-23-november_en
- ⁷ Anonymous interview with a representative from an EU institution, 19 September 2018
- ⁸ Ministry of Foreign Affairs, *Annual Report of the Minister of Foreign Affairs on the accomplishments and further work with respect to national foreign policy and the European Union in 2017*, <https://www.mfa.gov.lv/en/news/latest-news/58946-annual-report-of-the-minister-of-foreign-affairs-on-the-accomplishments-and-further-work-with-respect-to-national-foreign-policy-and-the-european-union-2017>
- ⁹ Anonymous interview with a representative from a Latvian ministry, 17 November 2018
- ¹⁰ Anonymous interview with a representative from an EU institution, 19 September 2018
- ¹¹ Anonymous interview with a representative from a Latvian ministry, 17 November 2018
- ¹² Nurlan Aliyev, "U.S.-Kazakhstan Transit Agreement Faces Challenges From Russia", 29 September 2018, *Cacianalyst*, <http://cacianalyst.org/publications/analytical-articles/item/13534-us-kazakhstantransit-agreement-faces-challenges-from-russia.html>

LATVIA AND THE GULF REGION: CHOOSING BETWEEN INTERESTS, OPPORTUNITIES, AND PRINCIPLES?

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In 2018, the Middle East continued to experience immense changes. The demographic and economic situation, and the development of conflicts in the countries of the Gulf region, create new questions on the extent to which governments are connected to their citizens, to one another, and to the rest of the world. While in a wider context the North African states are facing demands for reforms while trying to solve regional and internal security challenges, lengthy conflicts in the Gulf region keep adding to the instability and fragmentation of the region. In the majority of countries in the region, there is an enormous gap between policy-makers, society, and the legitimacy of state institutions. The high level of unemployment, especially among the youth, as well as security threats, ideological diversity, and a number of other factors make it plausible to think that there is still a high potential for new unrest. In the context of previous years, especially in relation to various regional shocks, the Gulf region has been discussed throughout the world both in positive and negative circumstances. On the one hand, information on human rights violations and war crimes in Yemen and the issue of the Qatar blockade, as well as the regional ambitions expressed by Saudi Arabia and Iran, have reached the ears of the international society. On the other hand, the region is attempting to adjust to the global market system via sustainable and diversified economic strategies.

Latvia's political approach towards developing a relationship with the Gulf region can be assessed from different perspectives as well. On the one hand, since 2017 (including during 2018), an active strengthening of relations with the United Arab Emirates (UAE) and targeted efforts to approach other countries of the region, including Saudi Arabia and potentially Kuwait, have been taking place. On the other hand, recent attempts at strengthening relations with Iran seem to lose position against the backdrop of geopolitical developments. This paper, first of all, focuses on an assessment of Latvia's bilateral relations, with an emphasis on economic relations and the potential for cooperation. Secondly, Latvia's major challenges in engaging in bilateral relations with the countries of the Gulf region are analysed, taking into account the turbulence of the

past year. The potential direction of the relationship in 2019 is also analysed. Thirdly, the paper examines the future potential for Latvia as a part of the European Union (EU) in areas such as energy, transport, and logistics.

THE DEVELOPMENT OF LATVIA'S RELATIONS WITH THE GULF REGION

The Latvian Ministry of Foreign Affairs actively supports business cooperation with the People's Republic of China, Japan, India, the Republic of Korea, the countries of the Persian Gulf, Africa, and South East Asia. According to Latvia's 2016-2020 development guidelines, the priority regions for cooperation include countries within the Eastern Partnership and Central Asia.¹ Meanwhile, sufficiently intensive work is being conducted to strengthen relations with the countries of the Gulf region as well.

Boosting economic ties with the countries of the Gulf region should become a priority for Latvia's external economic policy. The Gulf countries, primarily the UAE, can act as a strong channel for establishing links with the Middle East—a region important for business development. Bilateral cooperation between Latvia and the UAE is currently being promoted by the Embassy of the Republic of Latvia to the UAE, the Latvian Investment and Development Agency Representative Office in the United Arab Emirates, and, of course, the Embassy of the United Arab Emirates in Latvia. Also, high-level political visits are an indispensable signal for the promotion of economic cooperation within the business environment of both countries. As in the previous year, the development of the business sector has been faster than at the governmental level. This development could be explained by the enthusiasm of entrepreneurs to seek opportunities in a number of countries in the Middle East, regardless of the views of policy-makers.² Although currently the UAE is the most important trade partner in the region for Latvia, with Latvian food producers demonstrating the most visible success, many opportunities still remain untapped.

Latvia's relations with the UAE have experienced rapid development. Several bilateral agreements have been signed, and Latvia's exports have significantly increased. In comparison to previous years, 2018 has been quite revitalising in the context of Latvia's relations with the UAE. In May 2018, a UAE business delegation led by the chairman of the Dubai Chamber of Commerce and Industry Majid Saif Al Ghurair visited Latvia. Also in May, Latvia welcomed a visit from the UAE minister of economy. Opportunities for cooperation in the field of transport and logistics have been identified from the UAE side and by Latvia's transport and logistics companies alike. There is no doubt that the UAE has already become Latvia's most significant trade partner of the Gulf countries; however, the potential of the Gulf region is much larger.

Table 1. Indicators of the external trade of goods between Latvia and the Gulf countries (in thousands of euros). Source: The Central Statistical Bureau of Latvia, 2018³

	2015		2016		2017	
	Export	Import	Export	Import	Import	Import
United Arab Emirates	80,782	5,861	79,083	4,853	107,740	5,238
Bahrain	1,838	45	255	9	407	14
Iraq	2,884	3	3,553	8	1,990	1
Islamic Republic of Iran	5,134	308	2,912	137	2,983	357
Qatar	931	–	999	32	1,820	243
Kuwait	3,119	313	1,792	680	2,310	2,323
Oman	966	349	2,160	–	1,611	90
Saudi Arabia	83,370	383	61,967	80	75,618	430

For the purpose of strengthening relations, in June 2018, Astra Kurme (the first Ambassador Extraordinary and Plenipotentiary of Latvia to the United Arab Emirates and Saudi Arabia) was accredited to become a permanent representative to the International Renewable Energy Agency (IRENA). The Embassy of Latvia to the UAE launched visa-issuing services in February 2018. The Embassy accepts visa applications from permanent residents of the United Arab Emirates, as well as from other countries of the Persian Gulf—including Bahrain, Oman, Saudi Arabia, Kuwait, and Qatar.⁴

Also, the Latvian Ministry of Foreign Affairs in cooperation with the Latvian Investment and Development Agency organises regular discussions on business opportunities in the Gulf region and the wider Middle East region. Over the past year, over 60 Latvian entrepreneurs involved in food production, timber processing, pharmaceuticals, transport, logistics, and other sectors of the national economy have taken part in such discussions. Latvia's participation in the "EXPO 2020" in Dubai will allow it to further strengthen bilateral economic relations between Latvia and the UAE. The launch of direct airBaltic flights from Abu Dhabi can also be seen as an important step, as it promotes tourism and people-to-people contacts, thus contributing to the economic dialogue between the two countries.

After the development of a successful dynamic in relations with UAE on the political level, the next steps for Latvia involve strengthening its relationship with Saudi Arabia, which is one of the UAE's strongest allies in the region as well as a leading

regional power. In March 2018, the Ambassador Extraordinary and Plenipotentiary of Latvia Astra Kurme presented a letter of credence to the King and Prime Minister of Saudi Arabia Salman bin Abdulaziz Al Saud. The ambassador affirmed her readiness to strengthen political dialogue by promoting the exchange of contacts between entrepreneurs and strengthening cooperation ties in areas such as food production, agriculture, forestry, wood processing, and IT.

Latvia's attempts to strengthen its ties with the regional powers are commendable, and the development of good relations with the UAE is an important precondition for the successful development of relations with Saudi Arabia and its allies within the region and in the wider context of the Middle East. Nonetheless, recent controversial occurrences should also not be forgotten.

The *Annual report of the Minister of Foreign Affairs on the accomplishments and planned action with respect to national foreign policy and the European Union* clearly states that since the restoration of independence Latvia has strongly promoted the adherence to international law and human rights. The protection of these principles and fundamental values was necessary for the restoration of Latvia's *de facto* independence, for the implementation of its transition towards a democratic society and the rule of law, as well as for the establishment of Latvia's international image. Today, the international reputation of a country is a clear indication of the country's value system, which either promotes or hinders the international interests of the state. In international organisations, Latvia's prioritises promoting respect towards international law and punishment for the most serious crimes, such as crimes against humanity, war crimes, and genocide.⁵

In this context, it is hard to fully understand Latvia's argumentation and the categorical position it takes regarding not rushing into the potential development of relations with Iran, while at the same time promoting the strengthening of relations with Saudi Arabia.

Very recently, at the beginning of June 2017, four Arab countries—Saudi Arabia, the UAE, Bahrain, and Egypt—imposed a total land, sea, and air blockade on Qatar in response to its “independent” external policy. Within 24 hours, all international flights were indefinitely suspended and the argument turned into a crisis, gravely affecting the lives of people in the aforementioned countries. The involved states have already been reprimanded by the UN regarding human rights violations against the population of Qatar. Also, Saudi Arabia recently decided to expel the Canadian ambassador, to withdraw thousands of students studying in Canada, and to threaten Ottawa with trade restrictions as a reaction to Canada's call for the release of human rights activists detained in Saudi Arabia. These events clearly demonstrate that Saudi Arabia is making itself visible and is demonstrating its might. That is to say, if one wishes to maintain healthy economic relations with Saudi Arabia, the issue of human rights should be left in the hands of the kingdom itself.

Also, the issue of the murder of the journalist Jamal Khashoggi and the role Saudi Arabia played in it remains unsolved. So do the activities of the Saudi Arabia-UAE coalition in Yemen. Since the military invasion of Yemen by the kingdom and its allies almost four years ago, the coalition led by Saudi Arabia has potentially broken a number of the rules of war and has been accused of war crimes by the UN.⁶ The majority of the countries of the UN Security Council are involved in the actions of the Saudi-led coalition in Yemen in one way or another. The involved countries are protecting Saudi Arabia and its allies from any international criticism regarding various issues. Countries such as the US, France, and the United Kingdom are leading cooperation partners in the coalition, with considerable investment in trade, including the supply of military equipment.

It is clear that Saudi Arabia holds a key set of cards that enables it to shield itself from international criticism over its operations in Yemen and events elsewhere in the world. However, the most important card is its over 70-year-long alliance with the US, which is being strengthened during the Trump administration as well.

Has the close bond between Saudi Arabia and the US and its EU allies made Latvia forget its own founding principles? “Since the restoration of independence, Latvia has been advocating compliance with international law and human rights. The protection of these principles and fundamental values was needed when restoring Latvia’s *de facto* independence, in the transition to a democratic society governed by the rule of law, and in building Latvia’s image internationally. Today, the international reputation of a country reflects its national system of values, which should promote and not thwart the country’s international interests. [...] Latvia’s priorities in international organisations are [...] that it] welcomes the persecution of the most serious crimes—crimes against humanity, war crimes and genocide.”⁷ Given that business and economic relations require making concessions to one’s allies and backing down on one’s own principles, is lashing out against Iran proper and consistent with Latvia’s foreign policy *vis-à-vis* the Gulf countries?

Although it is beyond any doubt that Latvia’s choice to foster relations with the UAE, thus covering the wider market of the Gulf region, was the right step, still, as a result of the current geopolitical situation, a diversity of opinions can be found regarding Iran. The leading railway infrastructure company in Latvia, “Latvijas Dzelzceļš”, has launched active cooperation talks with the transport and logistics sector of Iran. In December 2017, a cooperation memorandum was signed between a subsidiary of “Latvijas Dzelzceļš”—“LDz loģistika”—and the Iranian logistics company “Railway Transportation Co” regarding joint efforts in establishing new routes from India and Iran, a plan that successfully coincides with Latvia’s interests in the context of the New Silk Road.⁸

Latvia’s Ambassador Extraordinary and Plenipotentiary to Turkey Pēteris Kārlis Elferts presented a letter of credence to the president of the Islamic Republic of Iran

Hassan Rouhani. The ambassador and the president discussed opportunities for widening cooperation between the two states, including the appointment of Latvia's honorary consul to Iran. The Iranian side expressed interest in strengthening trade relations and signing a cooperation agreement between the chambers of industry and commerce of both countries, as well as in developing cooperation in the field of education and science.^{9,10} This gesture should be viewed positively, especially in such ambivalent times.

As it is known, regardless of the US's withdrawal from the Joint Comprehensive Plan of Action (JCPOA), Latvia (along with the EU) continues to advocate its necessity, as it views JCPOA to be the most efficient means of limiting the Iranian missile programme and strengthening global efforts on the non-proliferation of weapons of mass destruction. At the same time, Latvia states that a close Euroatlantic bond and a dialogue should be maintained, because the solution for the normalisation of relations can only be reached with the participation of the US. Latvia believes that it is essential to work on finding a solution acceptable for both the EU and the US. However, the position taken by the US president that those who trade with Iran will not be trading with the US has had an effect on Latvia's policy-makers. Although the EU, along with the remaining members of the Iran nuclear deal—Great Britain, China, France, Germany, and Russia—remains committed in its support for Iran regarding civil nuclear power, and in the protection of their economic subjects as they conduct legitimate business with Iran,¹¹ Latvia's practical position is still not entirely clear.

LATVIA'S UNTAPPED OPPORTUNITY—IRAN

On arrival in Iran, the first thing that is noticeable is the Calvin Klein store and the recurrence of Coca Cola—the Western presence is there. Still, it appears that on a political level Latvia is not ready to support business with Iran. Some political visits and separate business visits that demonstrate Latvia's willingness to cooperate “on paper” are being conducted, but on a concrete policy level the development of business contacts has been sluggish. The potential of Iran is tremendous: it is a country of 81 million people and it holds deep opportunities in many fields. The GDP of Iran surpassed 400 billion US dollars in 2017, putting it in 26th-27th place in the world—ahead of most countries of the Gulf region, including the United Arab Emirates, Kuwait, Qatar, and Bahrain, as well as Egypt and Israel.¹²

Regardless of sanctions and various difficulties surrounding oil and gas sales, as well as trade challenges caused by the disconnection of SWIFT, Iran consistently remains in the lead within the region. There is a significant demand for outbound tourism in Iran,

and Europe is an important destination. Business contacts demonstrate that interest in the Baltic States has increased. Subsequently, establishing direct flights and solving consular issues could serve as examples of successful cooperation in the development of this sector. The issue of aviation infrastructure is topical both in terms of strengthening bilateral relations and for business promotion—from the perspective of the Gulf region, Riga is in a strategically advantageous position for organising air-traffic with the Scandinavian countries.¹³ On the other hand, the issue of mutual trade promotion is important as well. On the political level, it is important for Latvia to be aware of its product(s) and trade potential in Iran. “Iran is a huge country, no matter how hard Latvia would wish to, it still would not be able to produce enough to cover just the Tehran market.”¹⁴

After visiting Iran, it is often stated that the country’s image in the media does not coincide with the reality—things look different on the ground. It is understandable that due to the complicated geopolitical setting there are many challenges for cooperation with Iran on the business and state levels alike; however, these challenges should not preclude taking a medium-term development perspective. Iran is an international player, in relation to which geopolitical interests are being carried out by Russia and China, as well as by the US and Europe.¹⁵

FUTURE POTENTIAL: ENERGY, TRANSPORT AND LOGISTICS

At a time when political instability and unpredictability is increasing in regions that have traditionally been strategic energy resource suppliers to the global energy market, including the Middle East and North Africa, the future European Energy Union needs to both ensure the modernisation of the EU economy and improve the energy security of its member states.¹⁶

Latvia’s energy policy and the security thereof, as well as its competitiveness and sustainability, are closely related to the energy policy of the European Union. Traditionally, the EU’s primary and most important partners have been countries in the Middle East or the Gulf region, such as Saudi Arabia, the United Arab Emirates, Qatar, etc. Although other partners also have a role in strengthening the energy policy, the input of the Gulf region countries is especially crucial, keeping in mind that the countries of this region produce 50% of all the world’s energy resources. The *2017 Annual Report of the Minister of Foreign Affairs* states that “It is in the interests of Latvia’s energy security that in 2018 an agreement be achieved, which will ensure synchronisation of the Baltic States power grids with those of Central Europe, taking into account the safety of the system and its long-term impact on overall costs and tariffs”.¹⁷ A political roadmap on the synchronisation of the Baltic States’ power

grids with those of Central Europe was signed on 28 June 2018. The signed roadmap makes it possible to take real action, and the first item on the agenda is “launching the procedure for the European Network of Transmission System Operators for electricity (ENTSO-E), which is the first technical step to including the Baltic States into the continental European network”.¹⁸ In this context, Latvia’s interests and the goal of attracting new members to the energy market, which would “bring opportunities to enhance Latvian and regional energy infrastructure and regulation by achieving closer integration with the European energy market”, was no less important. Latvia has been trying to achieve this by pursuing cooperation in line with the Ministry of Economy’s project “Guidelines for development of the energy sector 2016–2020”,¹⁹ which outlines and ensures the development of an energy policy with the country’s main partner—the EU—and which further develops mutual partnerships with the Gulf countries, thereby serving as a link for Latvia-EU and Gulf region cooperation.

For Latvia, establishing cooperation with the Gulf region is essential, keeping in mind the tension in relations with Russia and the desire of Latvia and other countries to become more independent from Russian energy resources and find new partners for energy cooperation instead. In the future, the Gulf region could potentially play this role through the mechanisms established by the EU.

In parallel with the indirect connectivity of the energy sector, the logistics sector also holds large potential for development. The logistics sector has been highly recognised in the Gulf region in recent years. As the regional logistics market proved itself to be a fundamental pillar of the regional economy, it has become central to the development plans of a number of countries. In 2015, logistics accounted for 13% of the GDP of Saudi Arabia and 10% of the GDP of the UAE, and it is expected that these numbers will continue to grow in the coming years due to economic diversification plans. The growing capacity of the region has already brought it international recognition. According to the latest World Bank Logistics Performance Index (LPI), the UAE ranks 11th out of 160 countries, surpassing the indicators of Canada, France, Australia, Hong Kong, and the US. On the regional level, the UAE ranks first. The LPI index divides countries into six trade areas, including the efficiency of customs, the quality of trade and transport infrastructure, the organisation of simple shipments, logistics quality and competence, timeliness, and the quality of tracking and tracing shipments.

Similarly, reports by the Kuwaiti logistics company “Agility” demonstrate that the four higher-class markets are still China, India, the UAE, and Malaysia—the UAE ranks third among the best logistics centres. Saudi Arabia fell one position in 2018 and now ranks 6th, possibly due to the worsening of its economic outlook and fluctuations in financial stability. Out of 50 countries, Qatar ranks 11th, Oman ranks 13th, and Iran ranks 18th, whereas Bahrain is 22nd and Kuwait is 29th.

The Ministry of Transport of the Republic of Latvia stresses the role of the company “DP World” as a strategically advantageous partner in the development of interconnections between Europe and Asia. DP World is an international Dubai-based port operator founded in 2005. The company currently operates in 40 countries and on 6 continents, running a total of 78 sea and land enterprises.²⁰

Launching a land terminal operated by this company would serve the interests of Latvia’s transport and logistics sector, while also contributing to Latvia’s opportunities to take part in the Belt and Road Initiative. Latvia’s capacity to accommodate international players on its territory would play an important role in Latvia’s incorporation into the project, positively influencing the flow of goods and serving as an important asset for the logistics industry in general. Currently, there is a relatively inactive response from UAE partners. The UAE ambassador in Latvia has pointed to the role of the upcoming government in establishing relations on this issue.²¹

Notwithstanding media reports on potential cooperation between the Dubai Chamber of Industry and Commerce and the Freeport of Riga after the former visited Latvia in 2018, the Ministry of Transport points out that because the visiting delegation did not have any representatives of transport and logistics companies, there has been no concrete development of cooperation.

A lot of work has been dedicated to the development of the Iran North-South corridor. The development of interconnections with India within that corridor fits well with Latvian interests in the context of the Belt and Road Initiative. Although Iran is lagging behind on developing interconnections with Azerbaijan, cooperation is currently frozen as a result of the renewed US sanctions against Iran. Therefore, as a result of the geopolitical situation, the participation of the state joint-stock company “Latvijas Dzelzceļš” in the international Rail Expo 2019 in Iran remains unclear.²²

From the perspective of the Latvian aviation sector, the potential for cooperation is being examined on various economic grounds, including demands for a final destination, the total supply of transportation, and passenger indicators. In the context of the given region, one important factor is that Dubai ranks 3rd in the world by flight demand. Therefore, the priority for Latvia’s air traffic regarding the countries of the Gulf region is clear—it is the UAE. Although airBaltic has already launched direct flights to Abu Dhabi, Riga International Airport is interested in expanding cooperation in two areas—providing year-round direct flights to Abu Dhabi and promoting cooperation with Dubai’s airport. Such an expansion of cooperation makes it possible to enforce competition and offers a choice of quality standards, which is vital in the process of service providing.²³

Riga International Airport is the biggest airport in the Baltic States. In 2018, its passenger traffic grew by almost 20% compared to the previous year, and the freight traffic volume increased by nearly 70%.²⁴ Regardless of that, Qatar has announced a

plan to launch direct flights to Tallinn starting in spring. Although the Riga airport has clearly demonstrated its openness to cooperation with Qatar Airways, Qatar's choice can be explained by the close cooperation of airBaltic with Etihad Airways, which serves as a clear example of a political decision trumping a strategic decision.²⁵

Even though the Riga airport is open to offering logistic cooperation to other Gulf countries, it does not see itself involved in any proactive cooperation in the nearest future. In light of the comparatively minuscule passenger flows from other Gulf region countries, the promotion of cooperation with them would not be economically viable for Latvia. Upcoming plans concern ensuring flight regularity with the UAE and cooperation in cargo traffic, primarily with the UAE and secondarily with some extent to Qatar. Looking back on the last year, successful development has been achieved through an increase in the number of flights to Abu Dhabi.

CONCLUSIONS

Most of the conflict crises in the Middle East are interlinked and require comprehensive solutions. Stability can only be restored if the majority of the countries in the region agree on it. However, at a time when Arab allies should seemingly be cooperating with the goal of stabilising the situation in Syria, Yemen, Libya, and elsewhere, several regional players have chosen to follow their ambitions instead, splitting the regional unity. The recent dominance of Saudi Arabia, along with the blockade of Qatar, divides the regional monarchies into different political positions. Currently, along with strengthening relations with the UAE, Latvia's position in favour of Saudi Arabia and the UAE is evident. On the one hand, it is a strategically advantageous start—Latvia is trying to establish its position by looking at a wider regional context. And yet, friendly relations with the UAE and potentially Saudi Arabia should not lead us to be manipulated regarding the establishment of relations with other countries in the region, including Iran and Qatar. Formulating the right strategy is currently crucial for Latvia, as one unwise move could have wide-ranging consequences for relations between both sides in the long-term. In other words, during the initial stage of relationship-building, Latvia should establish dignified relations with all countries of the region.

Therefore, in the coming years it would be in Latvia's interests to practice a dual approach. Latvia needs to work more actively on strengthening its relations with countries that have been left outside the Saudi Arabian bloc. Latvia being partial to one bloc naturally creates a situation in which only one ideology is being represented by the UAE Embassy in Latvia, whereas the opinions of the other side are completely excluded. In the name of establishing more balanced relations, Latvia's task could be for example

to promote relations with Qatar, which in the best-case scenario could result in opening an Embassy of Qatar in Riga. Such a step would provide a more balanced position for Latvia in the region and would open wider opportunities for cooperation. At the same time, Latvia should provide the maximum possible level of support for the participation of the state joint-stock company "Latvijas Dzelzceļš" in the international Rail Expo 2019 in Iran.

ENDNOTES

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THE THREE SEAS INITIATIVE AND LATVIA: AN ATTEMPT TO SPLIT EUROPE OR TO COMPLEMENT IT?

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Latvia's public interest in the Three Seas Initiative (hereinafter "TSI") is relatively low, and the concept of a regional platform is therefore rarely discussed outside the walls of the Ministry of Foreign Affairs. This is due not only to the fact that the TSI is still *in statu nascendi*, but also to prolonged turbulence in the EU's internal and external relations. The TSI "overshadows" suspicion of Poland's "special interests in the region" and the V4's uncertain political (read: democratic) future. Moreover, the programme's ability to implement ambitious projects has been questioned, taking into account the financial and political constraints imposed both by transnational relations and by the differing level of economic development in the EU's north-south vector.

This article is divided into three parts: firstly, it analyses the creation of the platform, secondly, it reviews the rational grounds for it, and thirdly, it outlines Latvia's opportunities under this project. Although Latvia's involvement could be described as "active but pending", for the time being (for the reasons outlined above), the platform definitely has positive potential, which could contribute to the "faster" connection of Latvia's infrastructure with other EU states, bringing Eastern partners—and close partners of Latvia—closer in terms of the requirements of the EU's *acquis communautaire*, as well as promoting energy security, energy efficiency, and, finally, strengthening US links on the European continent.

THE DEVELOPMENT OF THE INITIATIVE

The Three Seas Initiative was announced in 2015, during bilateral meetings between Polish President Andrzej Duda and the President of Croatia Kolinda Grabar-Kitarovic.¹ The platform was officially "launched" on 25–26 August 2016, when Austria, Bulgaria, the Czech Republic, Croatia, Latvia, Lithuania, Poland, Hungary, Romania, Slovakia and Slovenia signed a declaration "endorsing The Three Seas Initiative as an informal

platform for securing political support and decisive action on specific cross-border and macro-regional projects of strategic importance to the states involved in energy, transportation, digital communication and economic sectors in Central and Eastern Europe” during the Dubrovnik Forum in Croatia.²

The concise wording of the declaration shows that the initiative was (and still is) in its “formative stage”. However, international focus was given to the project by the participation of US President Donald Trump at the TSI Summit in Warsaw in August 2017, emphasising the initial Euroatlantic dimension of the project. With the Bucharest Summit on 17–18 September 2018, the platform appears to have developed more concrete lines.

The Bucharest Declaration indicates that there is support from the member states for the platform, including:

- 1) The Three Seas Initiative Priority Interconnection Projects, the main pillars of which are transport, energy and digitalisation;
- 2) The first TSI Business Forum, which gathered around 600 representatives from the platform’s member states and other EU member states, as well as from the US and third countries;
- 3) Support for the establishment of the signed Joint Statement for the creation of the TSI Network of Chambers of Commerce, with the objective of providing support for the achievement of the objectives of the TSI Business Forum;³
- 4) The establishment of a TSI fund that can support the implementation of various infrastructure projects through voluntary contributions from member states.

During the Bucharest Summit, the financial institution ALTUM signed a letter of intent on the establishment of the Three Seas Investment Fund, which is intended to finance significant infrastructure projects in Latvia. ALTUM is planning to contribute 20 million euros. It should be noted here that Latvia signed the letter of intent in the “first round”, along with the Czech Republic, Poland, Croatia, Romania and Slovakia. Other member states, including Latvia’s neighbours Estonia and Lithuania, have not joined the fund. Major projects for Latvia that are currently included in the list of TSI Multilateral Priority Projects are those under the transport pillar, including Via Baltica and Rail Baltica, as well as the gas interconnector between Poland and Lithuania; within the energy pillar there is the integration and synchronisation of the Baltic States electricity systems with European networks, the development of a transportation stock exchange in the TSI region and of a digital platform for monitoring hydrographic bases in the TSI region; and within the digital pillar, there is the creation of a new economic field involving low-altitude space (U-space, via the Central European Drone Demonstrator [CEDD]), and the TSI digital marketplace.⁴ Although Latvia has not been nominated a leading state in any of these projects, the large number of projects in all important sectors of the TSI also indicate the state’s interest in promoting cooperation on this platform.

Because of overlap, there is potential for the TSI to develop the priority highlighted in Latvia's various cooperation formats—such as 16+1—to promote the development of the logistics and transport sector. At the same time, it should be noted with caution that a large part of the listed “projects” are still perceived as being in the “umbrella project” idea phase, and their implementation would depend on the credibility of the overall project, the capacity to attract international donors, and the EU—in particular with regard to the Trans-European transport network policy (hereinafter “TEN-T”) and the Connecting Europe Facility—and mobilising resources at a national level.

THE DEMOLITION OF “NEW” AND “OLD” EUROPEAN WALLS: TSI SECTORAL PRIORITIES

The development of infrastructure in EU member states is directly linked to their competitiveness. The average Global Competitiveness Index of the EU-15 is 5.65; none of the countries in Central and Eastern Europe exceed this score, at only 4.02 points on average, with Romania even slipping below 3.5 points. In general, a lack of infrastructure is considered to be the reason that the business environment faces serious challenges in this region.^{5,6}

At the same time, Central and Eastern European states have made serious progress in several categories. Overall, investment in transport and infrastructure increased significantly between 1995 and 2015.⁷ This has resulted in an expansion of the transport route network by 5,600 kilometres, which means that road coverage growth rates in the region are 202% faster than in the EU-15 states. At the same time, despite these indicators, the number of kilometres per capita in the “new” Europe is only approximately half the number of kilometres in the “old” Europe (i.e., 81 kilometres compared to 165 kilometres).⁸

The correlation between mobility and infrastructure connectivity is also topical in Brussels. Connecting Europe has been on the radar of the European Commission since 1994, through the process of initiating TEN-T. In 2013, the Commission also developed nine “core” transport corridors designed to fill the “gaps” in transport networks, thereby improving the functioning of the single market through the management of technical barriers. In the context of the TEN-T project, the most important transport corridors in Central and Eastern Europe, as well as in the context of the TSI, are the North Sea-Baltic Sea Corridor, the Baltic-Adriatic Sea Corridor, the Rhine-Danube Corridor, the Orient-East-Med corridor and the Mediterranean Corridor.

The European Commission views these projects as “keys” that can connect the “old” and “new” Europe, while also unlocking the new, fast-growing economies for Western markets. However, the TSI is not the only project that overlaps with the TEN-T

infrastructure. Another project, the pan-European Transport Corridor, for example has the Beskyd railway tunnel, which connects south-west Ukraine with Italy. This is already the fifth pan-European transit corridor and is considered to be an important step towards improving EU mobility.

In turn, the Trans-Caspian International Transport Route is 4,766 kilometres long and is a multi-modal transport route that will connect the province of Xinjiang in China with Kazakhstan (Dostyk), Azerbaijan (Aktau), Georgia (Poti), Turkey (Alat) and Ukraine (Illichivsk). This transport corridor is especially important for countries with no sea access, i.e. the Central Asian countries. This project in particular has the potential to become one of the most important transport connections between the fast-growing Asian economies and Europe.

Although the TSI has only emerged recently, isolated long-term projects have already been implemented in the “integrated” TSI platform in order to raise its profile. Currently, the most significant project is Via Carpathia. The idea of implementing the project surfaced in 2006, when Polish, Hungarian and Lithuanian officials signed the Lancut Declaration.⁹ By 2010, almost all TSI member states had progressively joined the project, which became the basis for developing the platform. The project is currently planned in phases—between Klaipeda and Kaunas (Lithuania), Bialystok, Lublin, Rzeszow (Poland), Kosice (Slovakia), Miskolc, Debrecen (Hungary), Oradea, Constanta (Romania), Svilengrad (Bulgaria) and Thessaloniki (Greece).¹⁰ The declaration was only re-signed by the representatives of the states concerned on 3 March 2016 in Warsaw, with pledges to further cooperation in developing the corridor and updating the route.¹¹

The Via Carpathia project’s infrastructure of branch routes is expected to provide the following benefits:

- 1) The branch routes have the potential to extend to the territory of Ukraine and Belarus. An example of this is the branch route Gdansk-Lodz-Katowice-Rzeszow-Krakow-Lviv-Ternopil-Vinnytsia-Uman-Odessa. The bilateral activities of Poland ensured Ukraine’s involvement in the project on the basis of a memorandum of understanding between the Polish Ministry of Infrastructure and Development and the Ukrainian Ministry of Infrastructure,¹² signed on 22 October 2017;
- 2) Via Carpathia has become an opportunity for less-developed regions (for example, the eastern part of Poland, which has significantly lower GDP ratios than the western part) to raise the level of both cohesion and integration, reducing the level of infrastructure development for the EU;
- 3) It is undeniable that the project has achieved an even stronger geopolitical dimension (which is also linked to energy independence) since the annexation of Crimea in 2014. The establishment of this route will also boost investment and business growth and improve economic security in the EU as a whole, particularly with regard to the armed conflict in Ukraine.¹³

In the context of the project, it should be noted that Poland is currently a central player in the transport sector (and in other TSI sectors). In October 2011, following two years of consultation with EU member states, the EU published the *Union Guidelines for the Development of the Trans-European Transport Network*. Due to proactive Polish lobbying, Via Carpathia is currently partly incorporated into the core of this framework. This specific precedent—which incorporates the continued efforts of Poland’s current ruling party, Law and Justice (Prawo i Sprawiedliwość), at the EU level—is one of the reasons that Poland is considered to be the “leading state” of the project. However, such action by Warsaw appears rational considering Poland’s long-term transport and energy strategy in the region, which was also held by the government led by Civic Platform (Platforma Obywatelska).

It is important to note that the list of Multilateral Priority Projects drawn up by the Bucharest Summit contains a number of other projects to be implemented in the future. These include the FAIRway Danube (Romania, Austria, Slovakia, Hungary, Croatia, Bulgaria), the Viking train (Lithuania, Romania, Bulgaria, Belarus, Ukraine, Georgia, Moldova, Azerbaijan) and the E65 North-South connection (Poland, the Czech Republic, Slovakia, Hungary, Croatia, Greece, Bosnia and Herzegovina, Serbia, Kosovo, Macedonia and Sweden). This also makes it clear that the TSI has the potential to connect and “attract” third countries with ambitions to adopt (partially or fully) the *EU acquis communautaire*.

The energy dimension is a field where integration in the EU-11 (or the “new Europe”) is lagging behind the average EU level. The energy security of natural gas is not only related to the quality of existing infrastructure, but also to new connections, particularly in the north-south “axis”, which ensures the completion of the EU single market. Although infrastructure for oil is more resilient than natural gas infrastructure, the European Commission’s *In-depth Study of European Energy Security* in 2014 identified several projects running between Ukraine, Poland, Germany, the Czech Republic and Slovakia, whose interconnection could create more flexible and interchangeable oil transit in Europe.

The challenges that determine the “lowest” level of development of the EU-11 countries in terms of the competitiveness and sustainability of energy systems are related to their economic structure. The Central and Eastern European countries are more energy intensive than the EU-15—particularly in Central Europe, where the industrial sector continues to be an important component of GDP.¹⁴ For example, in 2016 the industrial sector accounted for a total of 26% of the total GDP of the EU-11, while in the EU-15 it was just 19%.¹⁵ It is equally necessary to note that the EU-11 energy mix is also important. The “new” European states rely on coal, coke and lignite as energy sources, resulting in higher carbon use intensity. In 2016, total consumption of solid fuels was 14% in the EU-15 and 36% in the EU-11 states. The use of lignite—solid fuel whose high CO₂ emissions make it a much “dirtier” energy source—in the EU-11 amounts

to 40% of the total solid fuel balance, compared to 24% used in the EU-15.¹⁶ In the context of achieving the United Nations Sustainable Development Goals, the EU's agenda includes an overall economic transition for the so-called coal regions, which is linked to electricity generation, the use of renewable energy sources, a reduction of greenhouse gas emissions and the creation of new jobs.^{17,18} The “geopolitical dimension” mentioned above is particularly pertinent in the context of the Nord Stream 2 pipeline. Energy cooperation in the TSI member states first arose as a response to asymmetric destabilisation attempts by Russia through its “energy wars”.

One example of this is the 2004 “gas war” against Ukraine, which followed the Orange Revolution, a movement that put power into the hands of a pro-European government. Following these and similar developments, the North-South Gas Corridor was established, which connects the LNG terminal in Świnoujście Poland with Denmark (it should be mentioned that the gas supply is located in Norway) with a capacity of 10m³, assisted by the Baltic Pipe.¹⁹ The project's main investors are national energy companies: Gaz-System S.A. in Poland, Gassco in Norway and Energinet in Denmark. The project cost estimates are around 1.6-2.2 billion euros. This project may be considered one of the first steps toward the diversification of energy resources in Eastern Europe, as its implementation also grants access to the Czech Republic, Slovakia, Hungary and the Krk LNG (liquified natural gas, hereinafter “LNG”) terminal in Croatia. The project could see daylight in 2022, with the additional possibility of supplying reverse gas flows.

However, the Baltic Pipe is just one part of the north-south infrastructure projects that will connect:

- 1) Poland with Ukraine: Hermanowice with Bliche Volytsia, with a capacity of 5 to 8 billion m³. The main investors for this project are Gaz-System S.A. in Poland and Ukrtransgaz in Ukraine;
- 2) Poland with Slovakia: Strachochina with Velke Kapusany, with a capacity of 4.7 billion m³ on the Slovak side and 5.7 billion m³ on the Polish side. The main investors here are the Slovak Eustream (83 million euros) and the Connecting Europe Facility (108 million euros); and,
- 3) The Czech Republic with Poland: Libhost with Kedzierzyn-Kozle, with a capacity of 5 billion m³ on the Czech side and 2.5 billion m³ on the Polish side. Currently, estimates for the cost of this pipe are only approximate, and the main project funding will come from Gaz-System S.A. in Poland and Netgas in the Czech Republic.²⁰

It is equally important to point out that Slovak and Ukrainian energy security is currently seriously threatened by the Nord Stream 2 pipeline. The dependence of Ukraine and Slovakia on income from gas transit in this case is particularly important. Slovakia's reverse gas flows to Ukraine (amounting to around 9.8 billion m³ a year) is one reason that Ukraine managed to “get through winter” after the Euromaidan protests, despite a repeated Moscow “gas war”.²¹

From the perspective of the countries of Central and Eastern Europe, joint and proactive action against the Nord Stream 2 pipeline on the part of the European Commission, in its implementation of the Third Energy Package, is very important. It is their position against Nord Stream 2 that unites Poland and Slovakia (in the context of the TSI) and Ukraine and Belarus (outside of that context). All these states see Russia's "asymmetric" foreign policy as an attempt to undermine their stability. The backing of the US Congress and President Trump is a reason for optimism and the TSI's rising international profile. US involvement in the European LNG market is seen as an additional security guarantee for regional players. This is also demonstrated by the specific nature of the LNG terminals in the region: the current planned construction of the Skulte terminal in Latvia, as well as terminals in Tallinn and Paldiski in Estonia, and in Constanta in Romania.²²

Finally, it is also important to mention the Polish-Lithuanian gas pipeline, which is scheduled for completion in 2021. The main investors in the project are Lithuania's Amber Grid, Poland's Gaz-System S.A. and the European Transport Network Executive Agency, with a total of 500 million euros. This pipeline will ensure that all three Baltic States are connected to the rest of the EU (thereby changing the perception of the Baltic States as an "energy island").

It is important to point out that energy security is seen as a priority for the US in the Central and Eastern European region. Citing Wess Mitchell, Assistant Secretary of State for European and Eurasian Affairs from the US Senate Foreign Relations Committee: "An important component in the U.S. strategy is to encourage closer political and economic cooperation at the regional level, among the Allies most vulnerable to supply manipulation in Central and Eastern Europe. Lack of seriousness about the need to increase North-South infrastructure in the space between the Baltic and Black Seas has been a contributing factor to Europe's geopolitical vulnerability in the East. We have prioritized U.S. engagement in regional groupings such as the Three Seas Initiative, Visegrad Group, Bucharest Nine, and Nordic-Baltic group as platforms for bolstering the region's resilience against energy coercion".²³

Although the digital development vector has largely been overshadowed by the other two, at the Bucharest Summit in September 2018 digitalisation was added to the list of TSI Multilateral Priority Projects,²⁴ thus becoming the third pillar of TSI. An additional boost for the inclusion of this thematic line for the platform was given by the European Cybersecurity Forum in Krakow, from 8–9 October 2018—the first panel discussed "The Digital Three Seas", reiterating that Poland is currently carrying out the biggest activities in the context of TSI.²⁵

Digital development in the region is particularly significant, considering the growing and changing regional strategies of non-regional players such as China and Russia. The large number of cyber operations and the use of psychological manipulation through digital devices has become a unifying element for not only the security environment of

Central and Eastern Europe, but in Europe as a whole. Additionally, the TSI platform has the potential to promote synergies that add value to the EU, the development of the single digital market and the CEF. On top of that, it also offers more scope for cooperation with the EU and NATO. Overall, although several TSI member states have expressed interest in the development of the digital pillar, there is currently little information available on its practical use in the public sphere. With that said, the most significant contributions in the context of this pillar are considered to be:

- 1) The so-called “three-sea digital highway”, which could be created through the construction of optical fibre cables and 5G infrastructures from north to south, along with planned transport networks;
- 2) The development of cloud computing and data storage centres, or so-called “data islands”, along the full length of the digital highway;
- 3) The free flow of data to avoid infrastructure duplication and thus promote a knowledge-based economy, based on knowledge of data use; and,
- 4) A secure and efficient telecommunications infrastructure network that, in addition to automated storage and customs systems, could contribute to the development of digital trading centres near physical transport hubs.²⁶

Although information on implemented projects is not available in the context of this pillar, it is important to note that the “List of Multilateral Priority Projects” includes projects such as the development of the Transport Exchange (including Albania and Serbia as third countries), the Smart City Forum for Central and Eastern European Countries (including Serbia) and interoperability solutions for a digitised and sustainable energy sector (including Moldova, Sweden and Germany).

Finally, it must be pointed out that the addition of the digital pillar to the TSI clearly overlaps with the US’s long-term strategy in the region. During the TSI Warsaw Summit, President Trump indicated that “The Three Seas Initiative will help your [Central and Eastern European] citizens develop, but will also ensure that your nations are sovereign, safe and free of external influence. [...] When your nations are strong, all free European nations are stronger and the West becomes stronger”.²⁷ The inclusion of the digital pillar at a Euroatlantic level (within the context of this initiative) is therefore considered to be an important step towards increasing sustainability.

EXTERNAL AND INTERNAL CHALLENGES FOR THE TSI

The TSI often provokes debate among analysts (this is reflected in the policies of the TSI member states in the context of the platform, which vary radically in terms of the level of involvement and interest). Moreover, the “cohesion” of the various regional formats that overlap with TSI is also important for Latvia, especially considering that the

platform is often associated with Poland's "special interests" in the region (referring to the idea of Jozef Pilsudski's [1867–1935] idea for the Intermarium Central and Eastern European Federation of States). Although Poland is currently the main driving force in terms of implementing and financing of the platform, the situation in TSI member states and on the European continent has changed drastically, particularly considering the regulatory, political and economic impacts of the EU and the US. The only seemingly constant "reference to the past" is the tension in Russia-West relations.

The priority sectors currently identified by the platform refer to two of the most important objectives. The economic aim is to improve the infrastructure and promote cohesion within the EU. All TSI member states are also members of the EU and NATO (with the exception of the "non-typical" partner Austria, which remains outside the latter organisation), and so the political aim of the initiative could be considered to be the promotion of sectoral cooperation amongst the EU's Central and Eastern European members. Despite the presence of the EU's overall political "crisis" on the continent, it does not currently seem that the TSI has any aspects that would split the EU—instead, the platform serves to complement it. However, the following analysis "turns a blind eye" to the political conflicts between platform members, the impact of China's and Russia's policies on the TSI, and the platform's "background" objectives of ensuring and enlarging the US's presence in the region. All these factors could have serious consequences for the platform's future form and content.

It is undeniable that the future of the TSI is linked to the ability of the platform's member states to overcome a series of challenges that have already arisen in the platform-building period. Firstly, external "hard" security challenges, particularly affecting the Black Sea, are causing serious headaches for countries such as Romania. The Black Sea is currently considered to be the "centre of gravity" of the TSI, taking into account both the size of the region's population and its economic and cohesion needs, which are well above those of the initiative's other member states. Compared to the Baltic Sea, which borders Scandinavia, there are clearly visible disparities that result in increased attention in the Black Sea region. Moreover, the region's problems are not simply economic. The ongoing transition of political structures to a democratic governance model hinders the successful development of business environments and cross-border infrastructure networks. The nearby conflict in Ukraine, which also affects Romania's exclusive economic zone, as well as the consolidation of authoritarianism in Turkey mean this part of the TSI (and the EU) is very possibly faced with an approaching threat. To a great extent, the geographical location of Bulgaria, Romania and Greece illustrates the complexity of the TSI member states, taking into account the various cultures and narratives (both political and economic) that encompass these countries. Various formats—including the Black Sea Economic Cooperation platform, GUAM (Organisation for Democracy and Economic Development) and the Community of Democratic Choice—have developed a number of approaches to the Black Sea region and its future.

“Soft” security aspects, which are very pertinent to Latvia, is another area that the TSI has the potential to resolve. For example, increasing digital speeds across Europe are closely linked to cyber security. The TSI’s ideological “predecessors”—projects such as the electricity supply ring for the Baltic Sea countries, Rail Baltica and Via Baltica (both currently listed as TSI priority projects), and the establishment of LNG terminals in the Baltic States, Poland and Croatia—can be considered as significant steps in addressing the Baltic States’ “island effect” and their dependency on Russian resources for imports.

Can politics be ignored? Of course, the “Visegrad Four” (hereinafter the “V4”)—alongside Slovenian, Bulgarian and other platforms, as well as the politics of EU member states—have been judged to be contradictory, and have now become the “classical” spiteful voice behind the scenes in Brussels, while also opposing the principles that were laid by the EU’s forefathers. However, given a lack of evidence for the claim that the TSI is a political project, and given that the platform’s member states would like it to become political, there is no cause for concern for the time being. An example of the abovementioned issues is the “melting” of Eastern Europe and Western Europe at its core: Germany is the “gateway to the West” for the V4; in practice, for several years now trade between Germany and the V4 states has been well over the volume of trade between Germany and France (at 240 and 180 billion euros, respectively, in 2015). Therefore, there are currently no clear indications of a “hidden” political agenda (though this should never be a reason to stop exerting caution).

Heading towards the next section of this article, it should be pointed out that the TSI cannot be understood without the presence of China or without the inclusion of the US in the “picture”. From the perspective of China, TSI member states offer a stable environment with low political risk, strong legal and personal security for entrepreneurs and their employees, relatively low levels of corruption, low transport and labour costs, and a broad consumer market with growing purchasing power. The 16+1 and the TSI have similar structural platforms and mutually compatible objectives, considering the strictly economic nature of both formats (at least in their current form), emphasising economic development and interconnections. At the same time, it should be pointed out that the TSI’s founding documents contain no references that clearly indicate an objective to ensure the TSI and 16+1 are mutually compatible initiatives. Moreover, the need for and reinforcement of the US’s presence has been emphasised on several occasions at both sectoral and national levels. At a time when there is a trade war between China and the US (an agreement was reached on 2 December 2018, as a result of which the US will postpone increasing tariffs until 1 March 2019, with the agreement that China will purchase more US agricultural products; no written evidence is currently available that would ratify the content of this agreement)²⁸ involving raising tariffs, the EU and the TSI member states were in a “strange position”, where their only choice was to stick to cooperation in the context of strictly non-political formats (particularly considering that the EU has “positioned itself on China’s side” on certain issues—for example, that

of US metals import tariffs in the World Trade Organisation).²⁹ However, given the rapid changes in the international order, a progressive increase in China's influence and presence in the region cannot be denied; at the same time, US activity attests to its growing influence in a region that has become China's "gateway to the West". The search for types of cooperation based on mutual principles will certainly be challenging.

OPPORTUNITIES FOR LATVIA IN THE CONTEXT OF THE INITIATIVE

Latvia, with its three non-freezing ports, its central location in the Baltic States, and its good sea and land connections, is a strategic location for the distribution of goods throughout Scandinavia and the Baltic States. Considering that the EU and China are actively working on defining transport corridors on the basis of the Belt and Road initiative and the TEN-T network, the TSI has been incorporated into the definition of the Belt and Road and TEN-T networks. Developing transport connections between EU countries is also important.

In the current context of the TSI, the following transport connections can be considered the most for Latvia:

- The Baltic and Adriatic Sea connection through the TEN-T North Sea-Baltic and Baltic-Adriatic Corridors.

This is considered to be the most important project in Latvia's case. Belgium, Estonia, Finland, Germany, Latvia, Lithuania, the Netherlands and Poland are involved in the development of the North Sea-Baltic Sea Corridor. The total cost amounts to 80 billion euros, combining 5,986 kilometres of rail network, 4,092 kilometres of road network, 16 airports, 32 ports and 17 railway stations.

It should be noted here that the Rail Baltica railway line project is of great significance, as it will allow for convenient and rapid connections between the Baltic and the Adriatic Seas—the route will cross Estonia, Latvia, Lithuania, and Poland, and will link to Helsinki in Finland through the port of Tallinn.

At the same time, it should be noted that Rail Baltica serves as an example of both the best and worst practices for cross-border infrastructure projects. Some examples include stakeholder management, the ability to "reach out" to the wider society, land acquisition, compensation for landowners, and the need to attract private funding, which will become especially pertinent within the framework of this project after 2020.³⁰ However, the usefulness of this project goes beyond its practical interconnectivity functions—operational activities linked to a common procurement

method, the design process, the management of stakeholders and conflict resolution methods will also become an important basis for promoting further political cooperation. This suggests that TSI offers similar opportunities as well.

- Baltic and Black Sea connections, using existing “ZUBR” container train services

This is the container train route that connects the ports of Tallinn and Latvia to the ports of Ukraine (Odessa and Chernomorsk). This has the potential to attract new cargo from both the Caucasus and Central Asia, and from southern Turkey and northern Scandinavia.

- The connection between the Baltic States through the services provided by the “Amber Train” container train, and the potential extension of the route towards Poland and Finland.
- Connections from China to the Baltic Sea region through Belarus, Russia and Kazakhstan.

The benefits of these over the next 20 years, accounting for both the dynamics of regional development and the opportunities provided by the EU, are considerable. Only one of the phases of the TEN-T network is expected to achieve significant objectives. The objectives to be achieved by the TEN-T clearly indicate the benefits of investment into road and transport infrastructure, considering in particular:

- 1) Connecting the railway network to EU standards. In Latvia’s case, this applies not only to railway track gauge, but also to factors such as axle load, railway speed and length. A large portion of TEN-T funding is already earmarked for projects that are mutually compatible with the TSI—including Rail Baltica, changes in the capacity of the Baltic States’ power lines, and improvements in Poland’s power lines;
- 2) Establishing multimodal transport systems by replacing maritime routes with railways and overland routes, as well as with inland waterways and air transport;
- 3) Achieving an interconnection of road networks with EU road networks. According to 2014 data, the compatibility of transport infrastructure with EU standards was 8% in Latvia, 7% in Estonia and 55% in Lithuania;³¹
- 4) Improving infrastructure connections between urban agglomerations and cities (in particular, Warsaw and Poznan [Poland], Vilnius [Lithuania] and Riga [Latvia]).³²

RECOMMENDATIONS FOR LATVIAN POLICIES

Given that the platform is currently only in the “formative stage”, it is recommended that Latvian policy-makers take several factors into account.

- 1) The TSI is not a politically motivated initiative that creates new borderlines in Europe. On the contrary, it can strengthen EU cohesion and even out imbalanced development data in the East-West and North-South directions.
- 2) The potential to make the Baltic States “centre stage” within the North-South vector is very real, were Latvia to implement a proactive policy in the context of the initiative. It is undeniable that the policy of the Arctic and Sub-Arctic regions will develop in the future in terms of convergence with Latvia’s close neighbours in Scandinavia; the already developed Tallinn-Helsinki tunnel clearly shows that future opportunities created by the TSI can extend well beyond the initiative’s current member states.
- 3) At the same time, it should be noted that caution and flexibility are two of the most important policy-making premises of the TSI. In all circumstances, the politicisation of the initiative should be avoided; the issue of raising funds for Latvia’s priority projects should also be addressed, particularly taking into account the Connecting Europe Facility, which will also be affected by amendments to the EU Structural Funds for 2021. The administrative resources that will be dedicated to coordinating and promoting the activities of the platform should be allocated adequately to deliver the desired results.
- 4) The opportunities provided by the TSI’s energy pillar allow Latvia to fulfil its long-term strategic objectives—to ensure diversification and energy security, and to increase the US’s presence on the European continent. However, it is important to note that a new market player or product may be all it takes for Latvia to fail to solve all the problems related to the country’s energy security; a large part of the efficiency of the LNG infrastructure will depend on its rational and efficient use.
- 5) Finally, the sustainability of the TSI is often called into doubt in both the press and official negotiations. Latvia’s policy-makers also have to take into account that the initiative is only a “club” composed of voluntary state initiatives and contributions, with no permanent source of funding. Additionally, considering the different regional formats, it is not clear whether the TSI will be “overtaken” by other, more capable regional initiatives.

Therefore, as Latvia strides into its 101st year, it is recommended—or desired—that Latvian policy-makers implement a policy that is representative of a mature, experienced state, based on the fundamental values of the EU.

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CHANGES IN THE ENERGY SECTOR: TO BE CONTINUED

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Each year, when creating the Latvian Foreign and Security Policy Yearbook, attention is also paid to energy and the natural resources needed to generate it. To date, energy security has been the central issue within this subject, because if any of the energy security risks materialise—such as a partial or total loss of energy or resource supplies, or continued energy supplies posing a risk to other states or societies—the consequences of that affect both national and regional security and prosperity. It must be acknowledged that this approach—examining the role of the energy sector in the context of Latvia's foreign policy through the prism of energy supplies or energy security—is justified. Energy security in the context of state security is obviously regarded as a matter of national security. It might even be said that the existence or mitigation of risks to energy security reflects a state's ability to carry out strategic planning for national development in an informed and qualitative manner, with a timely analysis of needs, opportunities, development scenarios, risks and risk prevention.

It is difficult to distinguish exactly where, when talking about the energy sector, the context of internal policy ends and that of foreign policy begins. Thus, a review of the role of the energy sector within an analysis of Latvia's foreign policy developments takes a slightly wider scope than a strict analysis of the situations and processes that relate exclusively to cross-border cooperation. In energy, cross-border cooperation is almost always related to domestic factors which lead to decisions about cross-border cooperation. Moreover, national energy systems are rarely built with the aim of creating a system that will work only in a so-called “isolated island” regime, with no exchange with other energy systems.

Latvia's energy sector should be examined not only in the context of regional processes, but also in the context of global processes. The main focus of attention of the EU's energy and climate policy is on actions that will reduce the negative impacts of the movement of energy and other resources on the climate, the environment and health. One of the predominant views in this area is that, for the purpose of reducing fossil fuel energy use, the impact of carbon dioxide (CO₂) must be priced into all processes and goods. Because the cost of CO₂ has long remained very low, the largest polluters have had little incentive to make their technologies more environmentally friendly. However,

an agreement should be reached in the near future about the optimal solution for a CO₂ pricing mechanism; these changes are expected to lead to an increase in the cost of CO₂. Sooner or later, this will have a significant impact on the choices made by energy producers and consumers.

EVENTS IN 2018 AND FORECASTS FOR 2019

In assessing developments in the energy sector, and the progress of those developments, it should be acknowledged that no radical developments are expected in 2019 when compared to 2018. As the most significant development objectives in the sector have been set for post-2020, an annual review of the development of the energy sector within the context of foreign affairs will be dominated by a certain level of monotony. While 2017 went down in history as the year that the natural gas market was opened in Latvia, in 2018 no crucial developments in the sector took place. Of course, it could be said that the National Energy and Climate Plan (NECP)¹ of Latvia, formulated within the framework of the European Union's energy and climate policy, outlines the future of Latvia's energy policy; however, the first publication and discussion surrounding the plan itself in late 2018 only marked the start of the journey, as the NECP in 2019 will undergo further discussion and clarification.

In 2019, the process of developing new energy production support systems could be underpinned by active debates about the most appropriate types of support, and whether there should be a higher level of stability and assurance or a more market-based approach. On the whole, 2019 will be characterised by the continuation and clarification of ongoing matters while moving towards the objectives set for subsequent years. Although the tone might be monotonous, it is worth examining and recalling the domestic and foreign policies that have shaped the environment in which the energy sector is developing.

THE IMPACT OF DOMESTIC POLICY

In the history of Latvia, 2018 will go down as the centenary year of the proclamation of Latvian independence, as well as a year of regular Saeima elections in which the citizens elected representatives to work in the 13th Saeima, in proportional elections according to parliamentary tradition. The difference in these elections, compared to previous years, was that the electoral battle had a direct impact on the energy sector. More specifically, it had an impact on the rhetoric that applied (and continues to apply) to the energy sector, which significantly affected the society's attitude towards energy,

and in particular towards green energy. The competition for the most appealing message to the electorate was huge, so parties and politicians had to stretch their imaginations in order to find ways to attract the voters. The key feature of the 13th Saeima elections in this regard was that many parties replaced their traditional theme of ethnic relations with the fight against, according to these parties, expensive electricity.

Combating the cost of electricity is undoubtedly a legitimate and rational ambition, and to some extent it corresponds to the need to implement a policy that reduces energy poverty, making energy more accessible not only physically but also financially. However, the election campaigns in these parliamentary elections chose not to go further than making promises of cheap electricity. The parties promised their voters electricity practically free of charge, mainly by means of reducing the final costs of electricity, promising to fight the mandatory procurement components (MPCs) for electricity, while paying very little attention to the other components that make up the final costs of electricity.

A second feature of domestic policy that needs to be considered in the context of the fight against MPC is that the parties positioned the MPCs as payments for green energy. The parties that ran for the Saeima elections led an active campaign against renewable energy sources (RESs), blaming them for the expensive costs of MPCs. None of the anti-MPC parties attempted to give in-depth explanations to voters about how the final payment for consumed electricity is formed, or what other measures could be taken to reduce electricity bills. As a result, the fight against MPCs, or the abolition of MPCs regardless of what this might mean from a purely practical point of view, became a major electoral theme, which would result in much less support from the electorate for any parties that did not make it a part of their platform.

The outcome of the rhetoric that was actively used in the election campaign is that, on average, society understands even less about MPCs and the principles of electricity pricing than before the election campaign. Contrary to the intended outcome of the European Union's energy and climate strategy, rarely does an electricity consumer examine the bill sent by their supplier beyond the final cost—however, the bills quite clearly demonstrate that MPCs are not the only cost-generating component of electricity end payments. Ironically, the MPCs, including the MPC for supporting RES, are in actual fact the smallest component in forming the final cost.

Electricity traders conscientiously fulfil their duty to provide consumers with information about the components that generate the final cost of electricity; however, a comprehensive campaign over many years to interpret the factors affecting the cost of electricity in a simple way means that it will be an important task in 2019 to issue comprehensible interpretations of electricity bills to electricity consumers. There were very few politicians in 2018 who attempted to understand why the cost of electricity fluctuates, how the cost of electricity in Latvia is affected by the situation surrounding energy production in the other Baltic States, or what impact the

uncharacteristically sunny, warm and long summer of 2018 had on water reserves in large hydroelectric power plants in Scandinavia, and how these do not only affect the cost of electricity in Sweden and Finland, but in all the electricity markets in the Nord Pool pricing areas. It is uncommon in Latvia's climatic zone to be sorry for summer, but the great paradox of 2018 is that a more normal and typical summer for Latvia and the entire Baltic Sea region would have made everyone happier about paying their electricity bills.

THE IMPACT OF FOREIGN POLICY

Considering the enormous significance of energy in international relations, it can be said that international relations to a great degree reflect the interests of and developments in energy relations, or even that it operates directly in the context of national energy relations. Countries with rich energy resources are in a more favourable position both economically and politically than those whose capacity to produce energy independently, or to generate income by selling fossil fuels, are limited or practically non-existent. Countries that are able to extract and export oil and natural gas have traditionally been in a more favourable position.

Latvia is an importer of energy and the resources needed to generate it. In regular conditions, Latvia itself produces approximately two-thirds of its electricity. Natural gas is imported and used for providing central heating (heat) and supplying electricity. If this situation is considered in the context of relations between Latvia and the Russian Federation, the scenario that existed up to the opening of the gas market was always particularly unfavourable for Latvia. Russia, as the only supplier of natural gas, has determined its own rules of the game, using local opinion leaders and unashamedly pointing to the potential consequences should Latvia try to change the situation, for example by opening up the natural gas market before 2017.

The situation has changed following the liberalisation of the gas market, and even the largest cooperation partners have adapted its operational principles to meet those defined by the European Union's common energy policy and its binding laws and regulations. As a result, Gazprom, as still the largest supplier of natural gas, has lost very little, but gas consumers in Latvia have gained the option of negotiating slightly with their suppliers.

Developments in the domestic gas market are also connected to global developments, with the cost of gas fluctuating alongside changes to demand and supply. The good news for Latvia's consumers is that with a drop in demand in large consumer markets, especially in Eastern Asia, more liquefied natural gas is travelling to Europe's markets, creating competition for pipeline gas.

Looking at developments in the energy sector from the perspective of Latvia's foreign relations, the aims and challenges for 2019 remain the same as in 2017 and 2018, while of course taking into account the progress made over the course of a year. A central aim in transnational energy relations is the synchronisation of the Baltic energy system with the energy system of continental Europe. In other words, there are plans to ensure the stability of energy systems in the region will be ensured, not through links with Russia's unified power system (IPS/UPS) but through Europe's synchronous energy grid, or the Union for the Coordination of Transmission of Electricity (UCTE). In mid-2019, there is a planned test of the operational stability of the Baltic States' energy systems in "isolated island mode", which is to say by disconnecting from the IPS/UPS grid. In line with the synchronisation of the energy systems, so too steps will continue to be taken towards a single Baltic (and Finnish) gas market, which would have a mutually connected infrastructure and common market space with no tariff barriers or so-called exit and entry points at national borders. The gas supply system operators and regulatory authorities of the Baltic States are focussed on maximising the benefits reaped by gas and energy consumers, as well as the consumers of gas-generated heat and electricity, by creating a single larger market space.

THE MAIN EVENTS AND FACTORS

The free market, cross-border cooperation and the climate

The first full operational year of a free gas market dispelled speculation about whether opening the market would have disastrous effects for natural gas consumers. In 2017, the cost of natural gas was more favourable for buyers than in the years before the market was opened, although in 2018 it increased slightly due to conjuncture on the global market. The number of registered and already operational natural gas traders with the Public Utilities Commission is also still considerable, reaching 11 in December 2018.

Another 17 traders are registered but have not yet commenced operations. In just under two years, since the natural gas market has been open for competition, the model for using the strategically important regional infrastructure facility, the underground gas storage system at Inčukalns (IGSS), has also changed. The Russian-owned company Gazprom is no longer the only gas supplier, and natural gas reserves at IGSS can be pumped for traders according to procedures—the hitherto monopoly company, Latvian Gas, is no longer the only natural gas trader using the services of IGSS. Prior to the opening of the gas market, Gazprom pumped and stored gas at IGSS so that it could be pumped back to Russia during the heating season.

Now, the situation has changed and IGSS is no longer fully loaded as per the standard timetable—with half a year of incoming and half a year of outgoing pumping. Russia has changed its gas supply model for consumers in the regions of Pskov and St. Petersburg, providing the necessary gas supply almost entirely directly, without the intermediation of IGSS.

The opening of the market should be considered a success, especially taking into account the business model applied by Gazprom—entering into long-term (at least 25 years or more) contracts for the supply of gas, ideally as an intergovernmental agreement and using the so-called take-or-pay principle, which creates an unfavourable environment for competition. It is precisely this business model that Gazprom concedes to be the most significant factor in its success² and that has to a great extent served as the driving force for the gradual and targeted changes to the European Union's energy laws and regulations, which are aimed at eradicating monopoly situations and the potential for the abuse of dominant positions, as well as at creating the conditions for free and effective competition in the energy markets of EU member states.

Once again, the significance of international cooperation in the development of the energy sector should be emphasised. Latvia's energy sector cannot be considered separately from developments in the region's neighbouring states. The energy systems of neighbouring states are also developing and changing, and that affects the opportunities and needs surrounding the import and export of electricity. For example, Estonia's energy producers could export more electricity to Latvia and Lithuania, but the limited capacity of the transmission system's cross-border links inhibit this. In order to overcome this, an agreement has already been reached (and is being implemented) between the electricity transmission system providers of Estonia and Latvia to build a third 330kV interconnection.³ At critical times and in certain conditions, Estonia's consumers will also benefit from an additional interconnection between the Baltic States, as the construction of a third interconnection will improve electricity supply to the western part of Estonia and, when required, will allow electricity to be imported from Latvia. This type of wider regional cooperation is beneficial to all stakeholders, not only those who usually have to import energy. Estonia produces the lion's share of its electricity by burning oil shale in thermal power plants, which is one of the most harmful types of fuel for the environment as it produces considerable CO₂ and other greenhouse gas emissions as well as solid particulate matter. Over the last year, Estonia's largest energy producer, Eesti Energia, has invested significantly in modernising its existing production capacity⁴ with two main aims—to make the electricity production process more efficient and to reduce the impact of electricity production on the environment.

Investments in efficiency are self-explanatory, because producing more energy using less fuel is beneficial and unequivocally pays off in the long-term. Large investments into reducing CO₂ and other greenhouse gas emissions are less self-evident if the cost per

tonne of CO₂ emissions is so symbolic that it could be said CO₂ costs nothing. A gradual increase in the cost of CO₂ over the last year marks a trend that will, probably sooner rather than later, result in CO₂ costs of at least 30 euros per tonne, and this price will lead to serious adjustments to spending estimates in various industries, including the energy industry. Therefore, energy policy must be geared towards a sustainable future, and to ignore the climate in the development of the energy sector would be short-sighted.

Electricity consumers and the free market

changes to the price of electricity in the second half of 2018 attracted the attention of electricity market consumers— compared with at least the previous three years, the prices became significantly higher. These changes led to increased interest, both by consumers and within the mass media, about market activity and factors affecting the price. It must be noted that in this case interconnections did not help, as the price of electricity rose in the entire Nord Pool exchange area around the Baltic Sea and were equally high in the Baltic and Scandinavian countries. The main cause of this was a significant change to resource availability. In this case, as a result of the long and dry summer, the water reserves in hydroelectric power plants dropped, and consequently the volume of electricity produced at the lowest cost on the market decreased. This situation is a good example of how interconnections and technologies are important factors in aligning market differences—but technical solutions may also be (and often are) dependent on external conditions. Therefore, consumers themselves must be able to react to unusual situations. The choices and behaviours of energy users are becoming increasingly important; therefore, educating consumers continues to be an the important priority.

Energy users are becoming increasingly informed and educated, and are gradually changing their energy consumption habits, affecting both supply and demand. In a report titled *Clean Energy for all Europeans*, published on 30 November 2016, the European Commission in particular emphasises that the first step towards placing consumers at the centre of the Energy Union is to provide them with better information about their energy consumption and its costs. The recommendations stipulate that consumers have the right to smart meters, comprehensible bills and simplified conditions for switching service providers.⁵

Whether and how electricity users understand the way electricity prices are formed, and the function of each component that makes up the final cost, plays a significant role in shaping consumer behaviour and habits. In turn, this will play an increasing role in the future operation and development of energy systems. Through smart networks, decentralised energy generation, and demand management, the effective involvement of consumers in the energy system is becoming increasingly commonplace, necessary, and inevitable.

Latvia's electricity market is integrated into the wider regional market, where the Nordic-Baltic electricity stock exchange, Nord Pool, provides the main business environment, determining the price of electricity throughout the entire exchange area. Legal customers have operated within a free electricity market for 10 years, and it could be said that effective competition mechanisms are already in place in this market sector. Legal customers are served by traders of Latvian, Estonian, Lithuanian and Russian origin, with a total of 28 registered and operating traders in late 2018. Another five traders have registered but are not yet operational.⁶ These statistics show that, even in Latvia's comparatively small market, merchants are sufficiently motivated to trade in electricity, even when it is not their primary business.

In the household sector, the situation is different—four years after opening the market, the former state-owned monopoly Latvenergo, with its brand Elektrum, continues to dominate the field. This situation illustrates the extremely high inertia of customer habits, which is considered to be the reason that energy merchants from neighbouring states haven't thrown themselves into the fight for household-consumed kilowatt hours. The second largest household electricity provider, Lattelcom with its brand "tet", estimates that by late 2018 (18 months after commencing operations) it had approximately 8% of the market share, with a tendency to grow gradually. As all electricity users are already customers of a provider, those that wish to increase their client base should formulate an effective means of communication to motivate lazy users to become more active in following the opportunities provided by a free electricity market.

On the whole, households are slow to change providers and are poor at navigating through the selection of products offered by providers, thereby contributing to market stagnation. However, due to NordPool's comparatively high electricity prices, in the last quarter of 2018 Elektrum announced that it was raising its fixed price, which could lead to a shift in the previously lethargic household electricity market. Such notional market shocks could have a positive impact on activity, and new players may enter the household electricity market—players who see potential in the household segment as well as the corporate segment.

CONCLUSIONS

The year 2018 saw the continuation of important projects and activities with regards to developing the energy sector, and it is expected that this trend will continue in 2019. This principle also fully applies to transnational relations. In 2018, there was a continuation of the uncertain situation with the sector's regulatory framework and unsuccessful public communications about support for the production of energy.

However, the most significant conclusion relates to communications about developments in the energy sector, in particular with regard to change. Professionals within the energy sector will continue to do their work, but it is important that industry developments are explained to a wider audience that is not professionally connected to the sector, especially regarding sensitive issues such as changes to energy prices, the construction of new infrastructure facilities, investments into energy efficiency measures, the impact of climate considerations on both the energy sector and support for energy production, and using specific resources and technologies, especially renewable energy sources. Demonstrating and clarifying these topics is no less important in the context of foreign relations, as it is necessary to ensure a better understanding by consumers about why there is a need to invest in new interconnections, why there is a need to invest in the creation of new electricity sources, why there is a need for smart energy metering and why the involvement of each consumer in changing their energy habits is important, not only at the household level, but at the national and regional levels as well.

ENDNOTES

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THE MOBILISATION AND POLITICISATION OF LATVIAN DIASPORA AND REDEFINING LATVIAN DIASPORA POLICY

Ilze Garoza, Latvian diaspora researcher

The country of Latvia, which has experienced mass exoduses during various stages and situations throughout its history, has redefined its relations with its compatriots worldwide in the centenary year of the proclamation of its independence by drafting the Diaspora Law, which was adopted by the Saeima to address this particular target group. By adopting this law, the Latvian state is signalling that the development of links with its compatriots living abroad and the promotion of their re-migration is a national priority that is becoming more acute due to the ageing of Latvia's society, the increasing demographic pressures and forecasts of labor shortages in the near future. Looking back at 2018, two sets of events have had the biggest impact on relations between Latvia and its diaspora globally—the centenary of Latvia's statehood along with the XXVI Latvian Nationwide Song and XVI Dance Celebration, and the 13th Saeima elections that took place on 6 October. If the first event led to a mobilisation of the diaspora, the second led to its politicisation, which is discussed in more depth in the following article.

THE DIASPORA: "AN INTEGRAL PART OF LATVIAN SOCIETY"

The Latvian diaspora, which according to statistics accounts for around 15% of the total number of Latvian compatriots worldwide, is a significant resource—a fact that Latvian politicians are becoming increasingly aware of, taking legislative far-reaching steps to develop relationships with this extraterritorially scattered community of Latvian nationals. In a report in January 2018, Latvian Foreign Minister Edgars Rinkevics told the Saeima: "The Latvian state is interested in developing a well-defined and foreseeable long-term relationship with its diaspora, therefore the time has come to prepare a legal foundation for supporting them. This would be an opportunity to promote the attraction of the diaspora's potential for Latvia's growth and defending its interests internationally".¹

The need for a legal framework for the diaspora was first argued at the Latvian European Congress in the summer of 2017, while the formal initiative for the draft Diaspora Law was put forward and spearheaded by a working group set up by the Saeima's Foreign Affairs Committee, under the chairmanship of Rihards Kols, a parliamentarian with the National Alliance, at the turn of 2017/2018. Less than 11 months later, Latvia's 12th Saeima, at its final sitting, endorsed the adoption of the Diaspora Law in its third and final reading (77 votes for, 5 against, and 4 abstained). The law not only identifies the Latvian diaspora as "an integral part of Latvian society"² for the first time in Latvia's regulatory enactments, but also offers a set of instruments for developing relations with this extraterritorial group of Latvian nationals. The purpose of the law is to strengthen the diaspora's role as an integral part of Latvian society, to promote the preservation of the Latvian language, culture and sense of belonging to the state, as well as to implement a policy of support for re-migrants. As acknowledged in the law's annotation, Latvia has to date lacked a full legal framework for the implementation of a systematic diaspora policy, which has been fragmented between different sectors of public administration. The aim of the law is to resolve this problem by ensuring the effective and transparent coordination of diaspora policy and establishing permanent and sustainable support mechanisms.

The Diaspora Law is composed of four parts. The first part includes general provisions, including clarifying the meaning and objectives of the law, identifying the diaspora as an "integral part of Latvian society", setting out the objective of providing the diaspora with the freedom to establish, maintain and extend their links with Latvia, creating provisions for fostering and maintaining the Latvian language and culture, as well as imposing an obligation on the state to develop and implement a consistent state policy directed towards the diaspora.

The second part of the law denotes the entities that are mainly responsible for the development and implementation of the diaspora policy, as well as the basic tasks and principles that need to be observed in the implementation of the diaspora policy. These include the principles of Latvian affiliation, promoting integration, equal opportunities, access to information and civic engagement in matters affecting the diaspora. As an additional important principle, the law safeguards the continuity and sustainability of the diaspora support policy, which has been one of the main obstacles to implementing a predictable and sustainable diaspora policy to date.

According to the law, the Latvian Ministry of Foreign Affairs will be the main coordinating body for the diaspora policy in Latvia, but the implementation of this policy, in accordance with each area of competence, also involves the Ministries of Education and Science, Culture, Economics, Welfare, the Interior, Health and Environmental Protection and Regional Development, as well as regional and local governments and other public administration institutions. In order to promote the harmonised implementation, monitoring and evaluation of the diaspora policy, in

compliance with cabinet regulations, it is planned to establish a Diaspora Advisory Board within the framework of the law, the work of which will be organised by, and the functions of the secretariat ensured by, the Ministry of Foreign Affairs.

The third part of the Diaspora Law defines the diaspora support measures that will be implemented by the various Latvian government institutions, the aim of which are to strengthen the link between the diaspora and Latvia, and to promote civic engagement in Latvia's economic, public administration and scientific processes, as well as creating support measures for diaspora representatives who have decided to return to or move to Latvia. The fourth and final part of the law determines the procedures by which funding for the implementation of the diaspora policy is to be allocated. It is important that, in accordance with the law, the formulation of further legislation will include an assessment of the impact of the policy on the diaspora, in a similar vein to established procedures for assessing environmental impact, NGOs, and other sectors. Despite a number of politicians' sharp objections to some paragraphs of the law, particularly surrounding the definition of the diaspora, the law was endorsed and adopted two weeks later, to come into force from 1 January 2019.

Those involved in diaspora policy have pointed out that the adoption of this type of law is to be welcomed, with the precondition that the law should work in real life as intended, and will not be merely a formal, political document with no real exposure. The main benefit of adopting the law is the resulting paradigm shift in Latvia's relations with its compatriots abroad—the law recognises their existence and their Latvian identity, as well as formally outlines and adjusts the state's relationship with this section of its extraterritorial society. This also sends a signal to the diaspora that their work and efforts are appreciated and that the state is prepared to give its support to the preservation of Latvian education and culture and to the development of closer links between Latvia and its compatriots globally. One of the risks, however, as comments from the legislators themselves highlight, lies in the broad interpretation of the diaspora concept itself, which states that “Latvian citizens who are permanently resident outside Latvia, Latvians and others who have links with Latvia, as well as their family members” are included in the diaspora. The initiator of the Diaspora Law and the head of the working group tasked with its development, Rihards Kols (National Alliance), shortly before the final reading of the law emphatically announced through various channels that the statutory definition of the diaspora was too broad and “very problematic”, warning that it could potentially create legal complications.

While they voted in favour of adopting the law, the National Alliance deputies emphasised that the new convocation of the Saeima would submit a legislative proposal to redefine the concept of the diaspora to a much narrower and more limited one, which might make use of clauses about ethnic origin and/or knowledge of the Latvian language.

In analysing scientific discussions on the definition of “diaspora” in the legislation of Latvia and other countries, migration researchers Mieriņa, Zača and Buholcs emphasise that “a modern and appropriate definition of the diaspora cannot be based solely on citizenship and ethnicity”,³ as, for example, is stated in the Repatriation Law, but “it must also include a sense of belonging and links to Latvia” and that the concept “Latvian origin”, which is read “as an ethnically restrictive concept”,⁴ is not desirable. At the same time, the researchers stress that “while self-identification as the foundation of belonging to the diaspora is democratic and non-discriminatory, it is also arbitrary. If it is linked to certain rights or benefits, it is necessary to define objective criteria and the way in which these are demonstrated, as is the case in other countries (different methods and documents showing ethnicity, etc.)”.⁵ The diaspora researchers point out that the practice in other countries that have regulated relations with the diaspora is for the law to define much narrower objectives, tasks and audiences. Given the broad scope and interpretation of the definition of the diaspora covered by Latvia’s Diaspora Law, which was vehemently opposed by several deputies elected to the 13th Saeima, there is a possibility that the Diaspora Law will be re-examined in the new convocation of the Saeima.

Another controversial issue that arose while drafting the Diaspora Law was the issue of Latvian taxes being applied to the pensions earned abroad by re-migrants. Despite objections initially raised by the Ministry of Finance, deputies from the 12th Saeima, at the request of the European Latvian Association, included a paragraph in the Diaspora Law stating that a non-taxable minimum would be applied to the taxable income of pensions earned abroad for repatriated seniors, in an amount determined by the relevant foreign state where the pension was earned. (Exceptions to this include the USA, Canada, Russia and Ukraine, with whom bilateral agreements were already concluded in the 1990s, including disclaimers regarding the non-taxation of pensions earned in these countries in terms of Latvian income tax). Opponents of this section of the law opined that such a proposal would put re-migrants in a more privileged position than Latvian residents who had earned their pension in Latvia. On the other hand, supporters of this initiative stressed that it would facilitate the return of Latvian nationals of retirement age to Latvia and would contribute significantly to the country’s economy.

While the Saeima was voting on the measures to support the diaspora, it made a very controversial step (from the diaspora’s perspective) regarding the Latvian Evangelical Lutheran Church Abroad (LELCA), which was formed by Latvian refugees after the Second World War, when Latvia was occupied and incorporated into the Soviet Union, to continue the work of the Evangelical Lutheran Church of Latvia. Namely, in the first reading it supported amendments to the Latvian Evangelical Lutheran Church (LELC) Law which would add a preamble on the continued operation of LELC in Latvia stipulating that LELC, registered in Latvia, is the only successor to the Lutheran Church that operated in Latvia until the 1940s. LELCA, which also considers itself to be a successor of the pre-war church, was strongly opposed to this. In the opinion of

Kristīne Saulīte, the Chairperson of the World Federation of Free Latvians (PBLA), the suggested amendments were an attempt to “remove the church from history”,⁶ which came as a surprise at a time when the adoption of the Diaspora Law was under review. “We are deeply disappointed by the passage of such an ill-considered, divisive draft law in the Saeima, which ignores and alienates the contribution of exiled Latvians and Lutherans to the development of our country and people... Please do everything in your power to prevent such ill-conceived norms from being incorporated into the relevant laws”,⁷ Kristīne Saulīte wrote to the Speaker of the Saeima in a public letter.

THE POLITICISATION OF THE DIASPORA

In comparison with previous years, in 2018, which coincided with the 13th Saeima elections, there was a pronounced politicisation of diaspora issues. This was manifested in different ways—both in the manner and intensity of political parties’ communications with the electorate that resides outside Latvia, and in updating various issues related to the diaspora on the Latvian political agenda. Namely, in the 13th Saeima elections, the diaspora, to which Latvian political parties had so far paid little attention, suddenly also become a political force whose activism and participation in the elections could influence the victory or defeat of individual political parties and politicians.

A key factor in the politicisation process of the diaspora was that the number of Latvian citizens with voting rights who lived abroad in 2018 reached a new record of 130,000—two and a half times more than in 2011. As a result, Latvian compatriots living abroad had the opportunity, with their vote, to fill eight parliamentary seats in Saeima—three more than in the 12th Saeima elections. (According to the Saeima Election Law, diaspora votes belong to the Riga constituency, as a result of which the number of deputies elected in Riga in 2018 exceeded one-third of the composition of the Saeima). In 2018, with the increased number of Latvian citizens abroad, there was also a significant increase in the number of polling stations. For comparison, while in 2010 there were 64 polling stations worldwide for the 10th Saeima elections, in 2018 that number increased to 121 polling stations in 45 countries, largely at the request of Latvian citizens living abroad. Latvian public television channel LTV1 also responded to this by holding Saeima pre-election debates that were broadcast live abroad for the first time in its history. On 15 September, 12 representatives of political parties running for election, who had met with Latvian nationals in London on the previous day, participated in a live LTV debate held on a Latvian-owned property in the UK named “Straumēni”.

During the pre-election period, a similar format of meetings between Latvian politicians and potential voters also took place in three US cities, the Irish capital of Dublin, the Belgian capital of Brussels, and elsewhere. On 28 August, the association

“With World Experience in Latvia”, which positions itself as the first and leading repatriation-oriented organisation in Latvia, organised a separate pre-election discussion in Riga with a live stream on the Internet—“Who should the diaspora vote for?”

While in previous years the Latvian diaspora provided a significant support function for Latvia’s fulfilment of its foreign policy objectives, in the year of the 13th Saeima elections it was encouraged to engage in safeguarding Latvia’s current pro-European and Euroatlantic foreign policy course. In particular, in the pre-election climate one of the main threats mentioned in political rhetoric was the unpredictable outcome of the elections, with the possibility of the Kremlin-friendly party “Harmony” being elected to government and the associated risk of changes to Latvia’s geopolitical course. One of the most frequent calls made by Latvian political parties that were formerly in power, both to the electorate in Latvia and to the one outside its borders, has been to safeguard Latvia’s current foreign policy course, the central axis of which is Latvia’s participation in the European Union and NATO.

Considering the election results, it is clear that the Latvian diaspora held to a Western course in its vote. Among diaspora votes, only 6.5% (in the US only 1.6%) were returned in favour of “Harmony” and 1.9% for the Russian Union of Latvia, compared to three times and two times the number of respective votes in Latvia. Compared to the elections in 2014 voter turnout in Latvia fell by 5% in 2018 to 54.6%, which is the lowest level of participation in elections since 1991, and outside of Latvia it slipped by 2% to 23.7%. Despite the drop in voter participation, it must be noted that in the 13th Saeima elections 31,946 voters outside of Latvia participated, which was 8,830 more than in 2014. In the US, 2,423 Latvian citizens voted in the 13th Saeima elections, while in Australia that number was 878, in Canada 706, in Russia 479, and in other European states the number reached a combined total of more than 27,000.

As noted by the social sciences researcher Martins Kaprans in earlier academic literature, the political choices of the Latvian diaspora may be interpreted as “permanent cycles of hope and disappointment”,⁸ supported by the fact that new parties or opposition parties have gained the most support in the last four parliamentary elections, now including the 13th Saeima elections. There were three clear leaders in the diaspora’s votes for the 13th Saeima, all of which are parties that as yet have not been represented in the Saeima—KPV LV with 35.7%, For Development/For! with 15.3%, and the New Conservative Party with 11.9%. Meanwhile, the party that controlled the previous government, Unity, which received 34% of diaspora votes in the previous elections, and the National Alliance, which previously received 21.4% of votes from Latvia’s citizens abroad, received 8.9% and 7.7% of diaspora votes in 2018, respectively.⁹ The results of the elections accentuate the fact that Latvian nationals living abroad want to see changes in Latvia’s domestic policy, but not in its foreign policy.

THE MOBILISATION OF THE DIASPORA THROUGH THE SYMBOL OF LATVIA'S CENTENARY

As a result of the symbolic centenary of Latvia's statehood, there was increased mobilisation of the Latvian diaspora, both in the diaspora's home countries and in cooperation with Latvia. The largest cultural events in Latvia in 2018 helped make it particularly resplendent—these include the XXVI Latvian Nationwide Song and XVI Dance Celebrations, including several events oriented towards the diaspora, the IV World Latvian Scientists Congress, the centenary sports games, and the World Latvian Economic and Innovation Forum, which took place in Latvia in June 2018.

The Latvian Nationwide Song and Dance Celebration, which took place in the summer of 2018, saw the highest ever level of participation from Latvian diaspora representatives. Of the 43,219 total Song and Dance Celebration participants, more than 5,500—nearly 13%—were diaspora Latvians, representing 56 Latvian choirs and dance groups from 21 countries. Moreover, World Latvian Day was incorporated into the Centenary Song and Dance Celebration, within which a conference titled “Latvians around the world—we belong to Latvia” took place on 2 July, in addition to a concert by Latvian diaspora groups titled “The Cycle of Life”, a chamber music concert, and an exhibition titled “Latvian Song Celebrations Abroad”. This was the first time that such attention was paid to Latvian diaspora choral, dance and folklore ensembles.

In preparation for the XXVI Song and XVI Dance Celebration, Latvian communities outside Latvia organised six prelude events, including the General Latvian Song and Dance Celebrations in the United States (which took place in Baltimore in the summer of 2017), Culture Days in Australia in December 2017, and following that a cycle of four regional cultural festivals in Europe—in Ireland, Sweden, the Netherlands and Turkey—bringing together several thousand participants and visitors.

The European Latvian Association (ELA), which has been energized about the Latvia's centenary since 2016, implemented a multiannual programme for diaspora artistic ensembles in Europe called “Towards the Song and Dance Celebration 2018” and has carried out projects such as “One hundred voices in the centenary”, “The longest midsummer song of the century”, “The big clean-up”, and more. As reported in the ELA's 2018 activity report, “These projects and co-operation [efforts] have given a strong impetus towards the formation and strengthening of Latvian artistic ensembles and the number of diaspora cultural activities in Europe has grown rapidly”.¹⁰ As highlighted in the same report, the activities of the ELA contributed to the international recognition of the Latvian Song and Dance Celebration tradition, strengthened an awareness of the community among Latvians living in different European regions and bolstered their patriotic links with Latvia, and improved the skills of Latvian diaspora communities in implementing regional projects, which has contributed to the cohesion and capacity of European Latvian organisations. In March 2018, at a general meeting of member-organisations in Vienna, European Latvian organisations agreed to develop

a platform for economic cooperation and investment in Latvia—this in addition to the traditionally important discussion topics of Latvian identity, education and culture, and developing closer cooperation and information exchange in the fields of the media, charity and sport. The meeting emphasised that maintaining a link between the diaspora and Latvia is also important for promoting equivalent coverage of the diaspora in regional Latvian media, as well as for improving the availability of Latvian TV and film productions outside Latvia. Following an initiative for European Latvian diaspora media in 2018, work has begun on the creation of a single diaspora media platform.

Meanwhile, the largest diaspora organisation outside Latvia—the American Latvian Association (ALA), which combines around 140 Latvian organisations and has more than 5,000 individual members—started fundraising in the context of Latvia’s centenary in 2016, raising around 150,000 dollars by 2018, which was used in support of Latvian centenary events throughout the United States. In terms of establishing a theme in connection with events surrounding Latvia’s centenary, the ALA had proposed promoting the visibility and recognition of Latvia and Latvians in the United States; it invited local Latvian centres to participate as well, providing support for their planned activities. The ALA began 2018 by organising a concert tour for the post-folk group “Imanta Dimanta and Friends” in 18 US cities. Thanks to the persistence of Latvians living in New York, on 7 April the New York “Knicks”, the NBA club of the Latvian basketball superstar Kristaps Porziņģis, dedicated one home game at the Madison Square Garden to the Latvian centenary. Around 700 Latvians came to watch the game in an arena with a capacity of 20,000. At the opening of the game, the US anthem was sung by the Latvian choir of New York, dressed in Latvian folk costumes.

On 4 May, a “White Tablecloth Festival” dedicated to the restoration of Latvian independence was held in several Latvian centres. Meanwhile, a “Baltic Advocacy Day” was organised jointly by the ALA and the corresponding Lithuanian and Estonian organisations on 3 May in Washington, at Capitol Hill. More than 80 representatives of the Baltic States participated, visiting the offices of more than 50 US congressmen from 18 states, to raise awareness of issues important to the Baltic countries. In September 2018, within the context of the Latvian centenary, the University of Nebraska—where the first Prime Minister of Latvia, Karlis Ulmanis, studied—hosted a conference that examined his experience in Nebraska and his role in the proclamation of Latvian independence. As the culmination of the Latvian centenary approached, in November 2018 several small and large events were organised in each area in the US that is inhabited by Latvians. These included the Baltic Centennial’s versatile programme, which featured exhibitions, film screenings, panel discussions and concerts in Boston, an exhibition of Latvian books at the Central Library of Minneapolis, and a Latvian cultural day for the local community held at the historic Landmark Centre in the town of St. Paul, with over 650 participants. During the national holiday week, in a show of close cooperation between local Latvian communities, Latvian honorary consuls and the Latvian Embassy in the United States, the San Francisco City Hall, the

Fountain at Los Angeles City Park, and Morrison Bridge in Portland were lit up with the colours of the national flag of Latvia. On top of that, the Latvian honorary consul in Pennsylvania, John Medveckis, at the start of the year sponsored the installation of a large-scale billboard dedicated to the Latvian state centenary on one of Philadelphia's highways, which could expect to have 645,000 views per week, or 7.5 million views over a three-month period. In November, a similar initiative was carried out by the Latvian community in Indianapolis, which set up a similar large-scale billboard on the side of the I-465 highway. The role of the US Latvian community in the implementation of Latvia's foreign policy objectives for the 2001-2018 period, may be read in the ALA's book, *ALA 50 to LV 100*, published in September 2018, which gives an overview of the ALA's role in promoting bilateral relations between Latvia and the United States and defending the interests of Latvia.

In celebrating alongside Latvia and utilising the centenary slogan "I am Latvia", the Brazilian Latvian Culture Association decided that "the biggest gift for Latvia and for ourselves—Latvians in South America—would be to raise our own self-awareness and identity—who are we?". In May 2018, Brazilian Latvians began a Latvian census in Brazil. In compiling the data collected in the first few months, Renate Albrehta, President of the Association of South American and Caribbean Latvians (DAKLA), speaking in Riga reported that nearly 1,400 Brazilian Latvians had already been counted. According to statistical methods for calculating population numbers, she estimated that there were approximately 26,640 people living in Brazil of Latvian origin. While the majority (86.6%) of respondents marked that they are not Latvian citizens, 11.6% of the surveyed Brazilian Latvians presented themselves as Latvian citizens, and another 1.8% of those surveyed were in the process of obtaining Latvian citizenship.¹¹ As explained by the chair of DAKLA, many South American Latvians lack information on the documentation needed to acquire Latvian citizenship, while those living in Brazil who are fifth or sixth generation find it difficult to prove their Latvian origins.

In November 2018, a DAKLA Congress took place in Nova Odessa, Brazil, with the support of the Latvian Ministry of Foreign Affairs, marking the first face-to-face meeting for representatives of Latvian organisations in South America since the transfer of the DAKLA leadership chair to Brazil. Participation at the event had been confirmed by representatives of Latvian organisations from Argentina, Venezuela and Brazil. The programme included an event titled "I am Latvia [in South America]" at the Nova Odessa City Theatre, where invited guests from Latvia, as well as existing and former leaders of Latvian communities in South America, presented lectures. Following the DAKLA Congress from 16 to 18 November, the first Latvian cultural festival took place in Nova Odessa, with support from the Latvian Ministry of Culture; this event included a variety of musical performances with the participation of choirs and dance ensembles, and it culminated in the musical grand finale "With Latvia in the Heart" at the Amerikana City Theatre.

Apart from the initiatives described above, Latvian communities in Australia, Canada and Russia actively participated in celebrating the Latvia's centenary, organising celebratory acts, concerts and exhibitions aimed at increasing Latvia's visibility in the host countries and promoting a sense of belonging to Latvia for Latvians living abroad. As a way of connecting Latvian communities in different countries, in 2018 a special woven Latvian flag concluded its journey through various Latvian centres in different countries—it started in December 2016 with a book of messages and travelled through 19 countries and 61 cities.

FROM PILOT PROJECT TO COOPERATION DESCRIBED IN LAW

Looking back at the overall development of the diaspora policy in recent years, 2018 saw a major breakthrough in coordinating the diaspora policy by determining the responsibilities and support mechanisms that fall under each the institutions involved in the management of the diaspora policy, as well as by making funding available to support the diaspora, which according to diaspora organisations has so far been increasing but at the same time unstable and unpredictable.

In 2018, the budget of the Ministry of Foreign Affairs allocated 226,000 euros for supporting the diaspora. The Ministry of Education and Science budget for 2018, under the “State Language Policy and Development” programme, provided financing in the amount of 733,191 euros in support of Latvian education in the diaspora. The Ministry of Culture's budget for supporting the diaspora activities was 691,538 euros in 2018, including support to Latvian centenary celebrations, maintaining the tradition of Song and Dance Celebrations in the Latvian diaspora, the “2 x 2” and “3 x 3” camps, as well as supporting diaspora media activities and coverage of diaspora-related topics in Latvian public media. In 2018, the Culture Ministry's budget also included funding (in the amount of 355,538 euros) for combined summer camps for diaspora and Latvian children in Latvia, as well as for supporting diaspora NGO programmes, which, as in previous years, were administered by the Society Integration Foundation. It should be noted that funding for the diaspora in the Ministry of Culture's budget in 2018 was twice as high as it was in 2014, and almost tenfold that of 2012.

In 2018, the Investment and Development Agency of Latvia (LIAA) started work on the implementation of the Latvian diaspora engagement strategy in support of LIAA functions between 2018 to 2020. This newly-created strategy was aimed at promoting the involvement of entrepreneurs and industry professionals originating in Latvia in the development of the Latvian economy, exports, innovation development, attracting investment, and tourism. LIAA created a senior project manager position and also allocated an initial funding of 32,000 euros for the implementation of the strategy. At

the same time, in its communications with the Minister for Economics, LIAA pointed out that without additional resources a number of measures within the strategy cannot be implemented.

In addition to LIAA and the wider work of the Ministry of Economics, under the leadership of which a plan for support measures for return migration was developed for 2013–2016, the Ministry of Environmental Protection and Regional Development (VARAM) also took an active role in addressing return migration issues in 2018, launching a pilot project aimed at facilitating return of Latvian expatriates. As part of this project, in spring 2018 five regional remigration coordinators began providing consultations to Latvian nationals living abroad about the opportunities that come with returning to Latvia, helping them to find job opportunities and place of residence, as well as addressing issues related to the integration of children into the Latvian education system. As reported by the VARAM in October, 124 families returned to Latvia between March and September (inclusive), which is a total of 314 people who benefitted from the advice of regional remigration officers.¹²

In a similar pilot project in May 2018, the Ministry of Foreign Affairs, LIAA, the State Employment Agency, the Ministry of Environmental Protection and Regional Development and the recruitment company “Your Move”, founded in 2018, started informing the diaspora about job and business opportunities in Latvia, and about services that institutions provide to people who want to return to live and work in Latvia, or want to cooperate with it. In parallel, telecommunications operator Tele2 launched the “Latvia Works” (*“Latvija strādā”*) social campaign in the summer of 2018, inviting companies, organisations and institutions throughout Latvia to voluntarily join a movement to attract Latvian nationals who are currently living and working abroad to the Latvian labour market. In a draft proposal, the initiators of the movement called on companies to provide specific jobs and to develop strategic communications with that audience.

As described above, to date many of the diaspora support measures have been implemented as pilot projects or funded by the state as either new policy initiatives or mid-term objectives and initiatives, as based on the priorities defined in the National Development Plan, the State Defence Concept and other development planning documents. The adoption of the Diaspora Law was seen by diaspora organisations as a signal of hope that funding for diaspora support could be included in the Latvian base budget and should not have to be fought for anew every year. However, the uncertain course of the formation of the Latvian government, delays in the adoption of the budget, and warnings that Latvia’s fiscal space in 2019 and 2020 will be negative, suggest that the expectations of diaspora organisations that diaspora support measures would be included in the base budget might not take place to the extent they hoped for.

CONCLUSIONS AND RECOMMENDATIONS

Considering that in the past only individual political parties and deputies have demonstrated any initiative to meet with the electorate outside Latvia, the 2018 pre-election process marks a significant change in the approach that Latvian political parties take to the diaspora—from ignoring this demographic to making active efforts to address it and involve it in the electoral process. In the election year of the 13th Saeima, the boundary between the diaspora as a foreign and a domestic policy entity began to blur; this takes into account its impact on Latvia's domestic political processes, in which there was a clearly evident politicisation of diaspora issues. Similarly, as described previously by migration researcher Makumi Mwangi (2011) when studying Kenya's relationship with the Kenyan diaspora, the politicisation of the diaspora contributes to bringing diaspora issues to the policy agenda—this was also confirmed by developments in the Latvian legislative process in 2018. Namely, in the pre-election climate, the draft Diaspora Law experienced rapid progress in the Saeima, while in other circumstances it might not have moved as quickly or achieved the support needed for approval by the Saeima.

While adoption of the Diaspora Law does not substantially alter the situation, it legitimises and enables the formal work of Latvian public administration institutions in planning and implementing the diaspora policy. It not only lays out the competences and responsibilities of the various ministries in terms of relations between the state of Latvia and its diaspora worldwide, but it also provides a legal basis for requesting permanent and sustainable funding for implementing the diaspora policy. The inclusion of remigration measures in the much broader diaspora policy is highlighted as an important factor in association with the Diaspora Law. The question remains, however, of whether the Latvian state will have sufficient political will and long-term sustainable and stable financial resources for the implementation of the policy and achieving the objectives set out in the law.

Taking into account the duties imposed on the Ministry of Foreign Affairs when the Diaspora Law came into force, the provision of financial resources is not the only issue that arises, as human resources are also necessary for the implementation of the specified tasks. In 2018, two people were directly involved in planning and implementing the diaspora policy under the auspices of the Ministry of Foreign Affairs. For comparison, in Lithuania, which is comparable to Latvia in terms of the size, intensity and extent of emigration, a separate department of 10 employees was established in the Ministry of Foreign Affairs for the development of cooperation with the diaspora. The issue of access to human resources for performing the necessary tasks and duties under the Diaspora Law is also topical in other ministries and their supervisory bodies.

One of the critical challenges in the implementation of diaspora policy is the development of communication channels between the state of Latvia and the

diaspora. As researchers on Latvia's diaspora policy concluded in a study published in 2018: "An effective and structured reaching out to diaspora representatives and informing them of the state's point of view is one of the biggest challenges".¹³ Expert reports have also previously indicated that "there is currently a shortage of mechanisms for mobilising and utilising the knowledge potential of the diaspora in Latvia's development".¹⁴

In attempting to achieve the objectives set out in the Diaspora Law, it is important to learn from experiences gained in previous years of cooperation with the diaspora. If support measures included in the law are not implemented in real life, the consequences of this may include a spread of civil and legal nihilism in the diaspora, which could further weaken the diaspora trust in the Latvian state. As described in earlier studies, there is a pronounced lack of trust between the Latvian diaspora and the state, and even a discourse of mistrust. Latvian nationals living in Britain are particularly critical of the Latvian government. In a 2014 survey conducted by researchers at the University of Latvia,¹⁵ 61% of respondents indicated that they did not trust the Latvian government at all, assessing it with "0" on a 10-point scale. Additionally, 84.5% of respondents considered the Latvian government to be uninterested in nationals who had emigrated, and only 9.2% of respondents thought that Latvian politicians actually cared about the situation of Latvian nationals living abroad.¹⁶

When implementing the diaspora policy, it is important to bear in mind that diaspora organisations are only involved with a small part of the Latvian diaspora living abroad. One possible way of extending the coverage of diaspora organisations is to connect the support allocated for diaspora organisations with targeted measures to reach new audiences. As the demand for labor grows, it is important that the Latvian state is not only increasingly looking towards the diaspora, but also cooperates with and supports Latvian businesses who are inviting Latvian nationals to return and develop their careers in Latvia. It would be worthwhile to involve these actors in the development of targeted dialogue and cooperation with the ex-territorially resident community of Latvian nationals.

Considering the demographic trends in Latvia and the interest that the diaspora showed in the Latvian centenary, this is the best time to involve Latvian state institutions and local governments in a targeted dialogue with the Latvian diaspora, as well as involving entrepreneurs and society in general, focussing on strengthening links with the diaspora and the promotion of cooperation and return migration. Looking ahead, legal preconditions have now been established in Latvia for the implementation of a targeted and sustainable diaspora policy. Real life will show whether Latvia's diaspora will continue to drift in politically contaminated waters, or whether the winds will blow them closer to the coast of their homeland—Latvia.

ENDNOTES

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LATVIA'S PUBLIC DIPLOMACY— THE BEST “SELFIE” FOR THE NEXT CENTENARY

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The Republic of Latvia marks the centenary of the proclamation of its statehood as one of approximately two hundred independent states worldwide. Latvia is among the dozens of countries that arose as a democratic state on the ruins of several European empires a hundred years ago and, in spite of wars and occupations, managed to regain its independence. It belongs to the world's most powerful military alliance, and to the largest economic union. Its capital is among the most politically, economically and culturally significant cities in its part of the globe. It is one of the states with an official language that is among the two hundred languages spoken by more than one million of the earth's inhabitants. Latvia is among the most democratic, affluent, educated, developed and safest countries. Democracy and the rule of law in Latvia, in spite of its shortcomings, are conscientiously implemented both at a regional and a wider global scale.

Without a doubt, this author, along with other Latvian nationals, knows that further growth in all the aforementioned categories is possible. However, how much do Latvian nationals—especially the official representatives, who are the state's voices and faces—know about these issues? Are they able to present the facts, as well as the conclusion that there really are not many better places on earth? This question can be answered in part with an explanation about Latvia's image and the shape of its national public diplomacy as the republic strides in to its next centenary, and this article will attempt to explain this as much as possible. Before continuing, a little stock-taking is required to understand the actual significance of public diplomacy in achieving Latvia's interests, identifying its challenges and opportunities, and listing and prioritizing the tasks that need to be carried out.

THE CURRENT MEANING OF PUBLIC DIPLOMACY

Public diplomacy is a set of measures (including rhetoric) that is openly aimed at creating and promoting a state's image outside its borders. The state's image is promoted based on nationally defined interests, as well as on its the most competitive qualities and the common values of the society. According to Žaneta Ozoliņa: "Values are extremely important for foreign policy as the creators of the national image. And if we do not create our own image, one that is rooted in our values, then the image of Latvia will be defined by others".¹ Public diplomacy messages are based on the government of the country in question, while the recipients of public diplomacy include the widest spectrum of societies of other countries.

Public diplomacy is necessary to achieve the mid- and long-term interests of a state's foreign policy by promoting the visibility of public representatives—individuals, organisations, and enterprises—and raising awareness of them abroad, as well as promoting an awareness of the peculiarities of communication, which is important for forming personal and professional contacts in the private and public sector of the specific country. Public diplomacy is one of the tools used for achieving national interests, especially considering the increasing role of social media in promoting a country's image in the eyes of individual nationals from other countries. Moreover, it can be used to promote security and stability. However, these non-military tools are frequently undervalued, as has been indicated by Ojārs Ēriks Kalniņš.² They are more difficult to observe and assess than, for example, conventional military capabilities. However, it should be remembered that security and stability have both tangible and non-tangible aspects, including factors such as reputation, credibility, and the impression that's made, as well as the impact of that impression on the public opinions and decision-makers in other countries. These are more difficult to evaluate or measure, and therefore put into operation, when planning public policies—however, even the most powerful of countries have been unable to achieve their goals with brute force alone, without the need to expose or excite the hearts and minds of others with their stories.

The impact of public opinion on foreign policy-making has been inevitable since US President Woodrow Wilson called for an end to secret diplomacy at the Paris Peace Conference in 1919, or perhaps since German Chancellor Otto von Bismarck in 1870 showed, with the Ems telegram, that even the societies of super powers can be manipulated with public diplomacy. Similarly, the role of public diplomacy is crucial in the decision-making process, and this may have a material impact on Latvia. Historically, for example, it played a role in 1920 when Estonian public diplomacy towards the British-led border commission was a crucial factor in the decision on establishing the border between Valka and Valga, which did not entirely satisfy either party³ and left most of the town of Valka, including the centre, outside the Latvian border. Similarly, in 1990, without the lobbying efforts of exiled Latvians in America

who were familiar with the US political decision-making processes and the meaning of public diplomacy, it would not have been possible to have meetings between Latvian and American politicians, which were necessary to regain independence, nor to explain the interests and image of Latvia in English to the extent and format required.

It is still as important today as it was one hundred, or three hundred, years ago. The foreign minister has pointed out that “Latvia’s ability to deal with hybrid threats is just as important as the military capabilities at its disposal”.⁴ A major source of hybrid threats in the context of public diplomacy is the unfavourable perception of Latvia’s image in countries that are Latvia’s allies and global partners. In particular, this relates to the perception of Latvia’s identity and socioeconomic aspects. It is very challenging to try to create a single narrative about the image of the country, its interests and the shared values of its society in the absence of such common denominators among the population. Moreover, if the image of the country that is expressed by statesmen and women regularly contradicts what foreigners learn from nationals individually, and Latvia’s partners may question the credibility of state representatives, the relationship between the government and the society, as well as the internal unity of the state and its future stability. It is therefore clear that the management and upkeep of the national image should be a delegated government function, but that its content must be based heavily on the public image.

Membership in Europe is one of the most vivid reflections of Latvia’s public image, and it is central to Latvia’s national interests and defined identity, as well as to how it is observed from the perspective of other countries. In a 2017 report on the progress of and planned activities for the state’s foreign policy and associated EU issues, the Minister for Foreign Affairs stated that “the European Union has the opportunity to change so that it becomes more politically uniform and cohesive”, adding that “Latvia supports serious EU reforms by actively participating in their formulation and implementation”.⁵ Latvia’s support and involvement in reforming and consolidating the EU will not be effective if it only appears in the decision-making process in Riga and Brussels. Its place should be demonstrated through systematic public diplomacy, to show the consistent presence of Latvia at the core of Europe.

In the context of the elections, neither the pre-elections nor the process of forming the new government have produced signals that would cast doubt of Europe’s position in Latvia’s scale of priorities. Although some parties talk about it more, and others not at all, euroscepticism was not a topic used by the most popular parties to gain support. The failure of eurosceptic parties such as “Latvia’s Russian Union”, “Latvian Nationalists” and “For an Alternative” to be elected to parliament in itself is an important signal that Latvia, unlike some other European countries, will not rock the European boat for at least the next four years. In general, the most popular parties support Latvia’s Euro-Atlantic position, and the most significant contradictions appear in the parties’

visions of the federalisation of the European Union. On this issue, for example, the National Alliance “All for Latvia!”/“For the Fatherland and Freedom/LNNK” and “For Development/For!” are on opposite sides of the spectrum. At the same time, NATO’s place in Latvia’s security (and the principles that underlie defence financing in the programme) has not been questioned by either the former coalition or opposition parties.

Also significant is the statement by the President of Latvia about the EU being essential regardless of any combination of government formation—both in light of a long-term political course that has not changed since the government’s establishment of a Western foreign policy course in 1994 and the electorate’s wishes declared in the referendum for EU membership in 2004. At the same time, one of the crucial aspects of the future of the EU is based on trust in the notion of a united Europe and its implementation. To this end, the signals given by Latvia’s public diplomacy about the state’s willingness to go along with other countries in following a collaboratively decided route will play a greater role in Europe’s critical decision-making than it may currently appear.

Interestingly, the Nordic countries (“Progressives”) and the Visegrad countries (“LSDSP/KDS/GKL”) were among the priority European regions that there is a wish to cooperate with or measure up to. Moreover, not one of the parties elected to the 13th Saeima addressed the issue of Baltic State cooperation and aspects of shared identity in their party programmes, although this has been a successful format for promoting the visibility of all three states since the Singing Revolution. Latvia has natural geographical advantages, as well as infrastructure for transport and conference diplomacy, which allows for greater use of this format. This is achievable both in general terms—by expressing the unified opinion of the Baltics, which is more prominent than the individual voice of each country—and by developing cooperation between the Baltic States and other parties, such as the Nordic countries, Western European states, the US or China, in the “3+” formats.

While the election results brought no surprises for Latvia’s partners in terms of the state’s foreign policy priorities, uncertainties arose from a lack of understanding of the constitution—specifically the proportional representation elections provided for in Paragraph 6, allowing foreign media to deliberately or unwittingly sensationalise the “electoral winners”, which led to the wrong conclusions being drawn in Brussels, Washington, Ottawa and Beijing.

A DESCRIPTION OF LATVIA'S IMAGE FORMATION

Latvia has implemented public diplomacy since the establishment of the state, both at a national level and within the framework of municipal and private initiatives. These have most often been individual events or series of events that have lasted for several months but not more than a year. Latvian artists and the applied arts have always played a significant role, demonstrating an overlap of local aesthetic values with Western countries. The first examples of this include the success of Latvian Ballet performances in Sweden and the porcelain produced by the Latvian Artists' Alliance "Baltars", which was displayed at a Paris decorative art exhibition in the 1920s.

Over the last 20 years, Latvia's public diplomacy at national level has regularly been implemented mainly by the Ministries of Foreign Affairs and Economics. Since 1998, the only national regulatory authority directly responsible for promoting the image of Latvia abroad has been the Latvian Institute (LI), established by the Cabinet of Ministers; since 2004 it has been under the remit of the Ministry of Foreign Affairs. The LI has provided advice (on-site, by phone, and electronically, in all foreign languages known by its employees) and informational materials about Latvia (fact sheets, brochures, posters, news surveys), as well as multimedia materials such as photographs (for example, about Latvian nature and cities) and video materials (for example, about the Song and Dance Celebrations), as well as virtual tours. The LI ensures the coordination of visits by official foreign delegations and journalists, as well as maintains and updates government websites and Facebook pages.

Similarly, the Latvian Investment and Development Agency (LIDA), which acts under the purview of the Ministry of Economics, plays an important role in promoting the image of the state. In 2016, the agency took over the National Tourism Development Agency (NTDA), which promotes Latvia's visibility as an attractive tourist destination. Looking further back, the Ministry of Defence played a central role in organising the celebratory events that marked Latvia's 90th anniversary 10 years ago.

Latvia's public broadcasting authority, LSM, also plays an indirect role in public diplomacy, using state resources to prepare information about Latvia in English and Russian. In 2014 and 2015, a temporary role in implementing public diplomacy at the national level was filled by the secretariat of the Latvian Presidency of the EU Council—this role is currently fulfilled by the Latvian Centenary Office, which has been coordinated by the Ministry of Culture since 2017. The Riga Tourism Development Bureau is the most significant executor of public diplomacy at the municipal level; the association "Riga 2014" had a similar role in 2013 and 2014.

The most significant opportunities for successful public diplomacy in the last five years have been the "Riga-European Capital of Culture" events in 2014, aspects of the public diplomacy programme under the Latvian Presidency of the Council of the European Union in the first half of 2015, and Latvia's participation in "Expo 2017" in

Astana. At the same time, some of the best examples of foreign countries implementing public diplomacy in Latvia include the United States, France, Germany, Japan and the Republic of Korea. These countries maintain systematic funding for a range of comprehensive public diplomacy tools through education grants, language courses, shows and exhibitions.

The Presidency of the Council of the EU has served as the largest platform for promoting Latvia's national image. The presidency's public diplomacy programme was prepared and confirmed before the beginning of the presidency (in the context of coordinating the presidency, which started three years previously). The activities capitalised on the focus given to Latvia by the Riga-European Capital of Culture project. The secretariat the Latvian Presidency of the Council of the EU coordinated the implementation of the cultural programme in Riga, Brussels and Luxembourg—the main areas of the presidency's activities—as well as elsewhere in Europe, North America and Asia, involving other local and foreign authorities, in addition to individual members and organisations in Latvia and abroad. The Latvian Institute engaged in these activities, both by continuing to reinforce the overall tasks and by helping to implement and promote specific activities covered by the cultural programme. The institute also formulated and implemented new written, visual and multimedia projects, making them easily accessible to Latvian authorities, Latvian citizens in Latvia (for use with foreign audiences), and abroad. Cooperation between the presidency, the LI, LIDA, the NTDA, LiveRiga, and other involved institutions was an essential prerequisite for planning.

Since 2014, Latvian public diplomacy has become more systematic in nature, drawing lessons from a series of international events that were part of the development of the centenary programme. Firstly, a comprehensive programme has been developed for four years—from 2017 to 2021—instead of a good but inconsistently intensive programme spanning a period of six to twelve months. Secondly, coordination of the public diplomacy programme is centred in the Centenary Office, to avoid function overlap, doubts over the use of resources, and institutional jealousy, which increases with the number of coordinating bodies involved. Moreover, the perennial programme, which has perennial funding and successfully “skips” the electoral cycle, is less exposed to having the quality of its proposals impacted by the annual budgetary process or the outcome of the elections.

The centenary programme has improved Latvia's image in several regards. Firstly, it includes historical, cultural, economic and educational considerations in one package. Previous flagship programmes of public diplomacy have for the most part only been able to succeed in one area or sub-area (fine art, literature, history, gastronomy). Moreover, the centenary programme has better fulfilled the above-mentioned prerequisite that public diplomacy reflects society, involving it in greater numbers, especially at the finale of events. This is in contrast to the achievements of individual

cultural or sports professionals who perform for a large foreign audience with limited potential for creating links with the wider community. Similarly, here in Latvia, the intentional balance between events taking place in Riga and beyond has helped make the programme all-encompassing. This experience should be taken as a model in preparation for the next Latvian Presidency of the European Union, as well as for Latvia's representation at institutions within the UN system, for the next Latvian city to become a European Capital of Culture, etc. Both the national government and the local governments involved should ensure that resources and work to be carried out are even more transparent to society, to avoid any ensuing disagreements between representatives of the creative community, and to promote a more general understanding and belief in the need for public diplomacy and its funding as separate from other needs. The involvement of the general public in the process of selecting the executors of programme events may also help here, making the process more objective and easier to justify.

CHALLENGES

The strategic planning of public diplomacy activities is crucial to achieving their aims. Stepping back slightly from celebrations, the resources allocated to public diplomacy on a daily basis should be highlighted as the first weak link. The Latvian Institute has long been the smallest public administration institution, with four employees and a basic budget of less than 100,000 euros (70,000 lats until 2014). Within the framework of the centenary programme, the resources allocated to the institution are twice as large as its basic budget. By comparison, Sweden, with a population 5 times greater and with 11 times the level of budget expenditure in 2018, allocates 30 times Latvia's amount of funding for the Swedish Institute (which according to its mission is comparable to the Latvian Institute) and employs 35 times more employees. Strategic planning in public diplomacy is all the more important for countries with fewer resources, because the organisation and monitoring must be very strong in order to deliver specific messages effectively. This requires a clear vision of the funding for long-term public diplomacy. The Minister for Foreign Affairs will play the greatest role here, given that the process of forming the new government, as well as any possible reforms of public administration, could reduce the function of public diplomacy and the resources allocated to it as a result of reshuffling and the consolidation of resources.

Equally important and directly related is the issue of human resources and talent management in the sector. Earmarking resources for specific projects without ensuring that the same unique personnel with relevant acquired experience will stay has created a situation in which many public diplomacy specialists from "Riga 2014", the presidency and other events, including those with several years of institutional experience, are

no longer professionally connected to the promotion of the state's image or are now working abroad. Employees with strong qualifications, patriotic motivation and a wide range of professional contacts from previous professional experience (as well as successfully maintained external contacts) have been the main drivers of public diplomacy. This raises the question of whether the cost savings at the time were worth it, and how much it will now cost to recreate many experience-based approaches and procedures from scratch.

Moving from form to content, issues involving public diplomacy professionals are not the only challenge. In separate cases, which still occur too frequently in terms of public diplomacy, the rhetoric of public administration officials and the response to various political events does not reflect the unified message that is required. For example, on the issue of state succession, sometimes referring to the interwar period as the first republic or free state while only listing senior state officials since 1990 is causing misunderstandings about how the state's succession doctrine should be assessed. A very undesirable international example of this arose through differing interpretations by individual national and municipal level representatives on the issue of Catalonia, bringing into question Latvia's strong official support for the territorial integrity of Spain, despite the presence of Spanish troops in Latvia and corresponding support for the integrity of Latvia. Although narratives of public diplomacy should be centralised, almost all public administrations in different formats, whether deliberately or unwittingly, create a national image—they must be reminded of this from time to time.

Similarly, there is a lack of wider interaction between public diplomacy planners and the private sector, particularly with regard to the centenary. This could have prevented the need to add the centenary “buzzword” to each and every product, discount deal or merchandise sale. Considering that the centenary programme will continue for the next three years, this situation may still be remedied, so that messages about the country's image conform to mutually defined aesthetic standards.

There are a number of challenges that hamper the successful implementation of public diplomacy. Criticism of Latvia in international independent media provides the first insight. When discussing language statuses in different countries and changes thereto (for example, by the BBC), Latvia is used as an example of a country where the status of various minority languages differs from the status of the official language. Here, the problem arises both due to Latvia's public diplomacy (which insufficiently explains the issue) and to poor research by international journalists regarding Latvia's general history and language policies and knowledge. Journalists claim that Russian is the native language or language spoken at home for at least half of the population, and that the majority of the population understands Russian. At the same time, this is not balanced out with information on the fact that Latvian is the native language of the majority of the population. Similarly, while in 1989 less than one-quarter of the

country's non-Latvian population considered themselves to know the Latvian language well, in 2007 this figure was four-fifths. Consequently, Latvian as the official language and an element of Latvian identity are not only ideological or "artificially created" considerations, but also very real ones.

The biggest problems affecting the country's image are related to Latvia's financial system. International trade relations and foreign investment are an integral part of the country's development. At the same time, any market, whether local or international, loves stability and confidence. The volume of foreign investment dropped in 2018 when compared with the previous year. Here, Latvia's image has not been helped by bank scandals and tax policy reforms. The content of tax legislation is, of course, a political decision, but in any case a good explanation about it should be given to both domestic and foreign audiences. This is needed, at the very least, to prevent disapproval of the Foreign Investors Council, which would result in taking two steps back for each step forward in promoting the reputation of Latvia. Those responsible for tax policy should involve public diplomacy specialists in order to reduce any doubts among Latvia's business partners about the security of their investments.

The third issue relates to the challenges that, paradoxically, arise from one of the most powerful elements of the country's image—Riga. On the whole, it is Riga airport that gives visitors the first impression of Latvia. Moreover, as one of the three fastest growing airports in Europe in terms of passenger numbers (according to Airport Council International data), the airport will continue to be Latvia's honorary gateway. It is interesting that Latvia has helped maintain security in various countries around the world, including through opportunities provided by the airport. Those countries also include ones whose security levels drop considerably when leaving airport territory. In light of the fierce competition of taxi services, a solution must be found (at least until the creation of the Rail Baltica connection between the airport and Central Station) so that Latvia does not begin inadvertently resembling those countries. The first steps have already been taken in this regard, with the involvement of the Ministry of Foreign Affairs and the availability of additional information in the airport area.

In addition to this, conference diplomacy is a traditional element of public diplomacy that would be suitable for Riga but is not sufficiently utilised. The National Library of Latvia has hosted the most notable conferences over the last five years, but it should be remembered that the basic function of the building is not as a congress centre and that there are regulations imposing restrictions on the use of the building (limiting it to 12 events per year). The constraints of the conference infrastructure could explain why 80% of events during the Latvian Presidency of the EU Council took place outside Latvia (mainly in Brussels), while in Estonia this was quite the opposite. When considering the next presidency and other international forums, it is important to recall that the transport infrastructure is well-equipped (Riga Airport can accommodate

intercontinental flights, and by 2025 Rail Baltica should be built)—however, for the complete use of this infrastructure by visitors, hotel and conference infrastructure must also be made available, so that Riga, as Latvia's capital, can become a regional centre for conference diplomacy and be remembered in history books and people's minds as an indispensable capital of public diplomacy, rather than just being remembered for one NATO Riga Summit or one type of high-level Riga conference.

OPPORTUNITIES

Many mid- and long-term opportunities for promoting the state's image can be identified for Latvia, which public diplomacy planners could take into account.

Firstly, upcoming anniversary years offer opportunities. Immediately after the proclamation of the state, institutions were established to carry out public administration duties. A significant number of these—such as Latvian Post and the University of Latvia—were established by 1921, which means they are included in the centenary programme period, which goes up until 2021. Moreover, a large number of authorities and institutions were established and started work after 1921, including the Saeima and the state presidency, which were both first elected in 1922. These were followed by the State Audit Office (1923), Latvian Radio (1925), and others. These centenary anniversaries provide new opportunities to host higher level visits, organise international conferences, issue new publications, organise expert mobility, hold competitions, issue grants, etc., and use these to further promote Latvia's image.

Additionally, apart from the anniversary dates, Latvia's history also provides opportunities for promoting Latvia's image. The state should support initiatives to mark intense episodes from Latvian history that connect with the most internationally recognisable processes and events in world history, such as the success of the film "Tēvs, Nakts" ["Father Night"] about Žanis Lipke, who concealed and thereby rescued 55 people during the Holocaust. This is both a successful example that makes Latvia's history more understandable to foreign audiences, and also a chance to show the inspirational side of extreme situations, which is often lacking in messages about Latvia's history. In Estonia, for example, the Museum of Occupation is called the Museum of Occupation and Freedom, thus providing not only a message of suffering but also a message of how the state and its society were able to overcome it.

In addition to history and the performing arts, which have traditionally proven themselves, the success of athletes is playing an increasingly important role in raising the profile of Latvia. Latvian athletes have not only won at least twice as many Olympic

medals per capita as Olympic “superpowers” such as the United States and Russia, but also continue to prove themselves in various disciplines such as basketball, tennis and boxing. Although the sustainability of sports careers has a greater risk than, for example, singing or conducting, winning an international game can create a first impression and spark an interest in what and where Latvia is to a much wider foreign audience. Additionally, individual representatives and teams from many public authorities participating in competitions (such as marathons, weightlifting, or boxing), both in Latvia and abroad, have proven themselves. The opportunity for public authorities to support their employees as national representatives by granting them additional leave for competitions or by helping to cover participation fees would create extra positive visibility overall.

It is highly possible that Stockholm could join with Sigulda to make a successful bid to organise the 2026 Olympic Games, although the reserved attitude of the new coalition in Stockholm’s municipal government towards the costs of such games could be a major obstacle to such an idea. Latvia, through high-level lobbying in Sweden and a political decision to allocate the necessary resources, could make this very realistic bid successful. This would be beneficial for the development of sport and would provide new economic opportunities, as well as promote bilateral cooperation with Sweden, creating public diplomacy perspectives that Latvia is able to remain at the same level as one of the most democratic and developed countries in the world—and even showing that Latvia is one of them.

The defence sector supplies an uncoordinated but very useful opportunity to provide the state with the necessary message on security and stability. Here, the deliberate visibility of the increasing presence of armed forces can provide reassurance of security guarantees for visitors to Latvia, as well as show an investment in their safety. Similarly, the allied soldiers in Latvia, as well as the family members that potentially visit them, make up an audience of thousands, who, by visiting regularly, will serve as a long-term source of information about Latvia to their relatives, friends and colleagues in their home country. This has been a particularly topical opportunity since the launch of NATO’s enhanced forward presence in 2016, and a targeted approach to public diplomacy should be systematically planned for at least the next four years, involving as many foreign troops as possible.

Although the emigration of Latvian residents may be negative from the perspective of the demographic situation, a numerically large Latvian diaspora also provides positive opportunities, enabling civic diplomacy to be carried out as a type of support for public diplomacy. A new generation of Latvian representatives in prestigious positions in international organisations in Brussels, the decorative arts in London, or the creative industries in New York have taken over the baton from the generation that carried forward Latvia’s name in the financial sector, literature, architecture, and decorative and fine art in San Francisco, Melbourne and Münster. Connecting representatives of

the diaspora not only to the state but also to specific populated areas creates a capital of public diplomacy that can be used in urban diplomacy. One such successful example is the town of Cēsis, which organised the Worldwide Days of Cēsis Citizens and established the Global Centre for Latvian Art.

CONCLUSIONS AND RECOMMENDATIONS

A consideration of the nature of the situation, as well as assessing the challenges and opportunities involved—some of which have already been listed—the work that needs to be done to improve the process of promoting a positive image of Latvia and bring results in the shape of good visibility should be defined.

A strategy for public diplomacy can be useful for systemically matching areas of responsibility and planning resources according to priority functions. Considering the options already identified in this article, such a strategy could be prepared for the long-term—for example, for the 12 years following the end of the centenary programme in 2021. The development of such a strategy could be led by the Ministry of Foreign Affairs, involving the Ministries of Economics, Culture, Defence and others. Possible reforms to public administration, alongside a review of functions that is being considered by a number of potential new government deputies, may allow for the establishment of a first (or only) stopping point that is definitively responsible for public diplomacy and implements it both nominally and with adequate resources. This would also make it easier to identify the most important anticipated events and processes and allow those to be used in a timely fashion to promote the state's image. With no clear long-term plan, public diplomacy, as a manifestation of the country's soft power, risks becoming part of the background noise of social media, a heating element for local creative industries, or something only revered at home and unknown abroad.

A fundamental principle that should be followed by public diplomacy actors is to choose a more specific message, holding on to certain niches with which that particular country has stood out and which allow it to distinguish itself from other countries, and to constantly emphasise these. Another important principle is to maintain the recruitment of highly qualified creative staff who are able to work at a level of quality that is internationally recognised (through project management, the management of arts, and language competences), to maintain a single message and maintain the quality of that message. Often, the challenge of public diplomacy lies not only the nuances of content, but in the availability of content as such. More basic information needs to be prepared and expressed simply in English, French, German and other priority languages. Existing fact-sheets, articles, infographics and video materials can be used repeatedly, and more modern materials can be designed on the basis of these. This is needed so that foreign

audiences understand not only the narrative of the particular niche, but also the context—what is Latvia, where is it located, how does it fit into the Baltic, European and global contexts. This should also be taken into account when planning resources, without allocating disproportionately higher funding to one-off projects than messages that need to be delivered regularly, thereby contributing to the overall resilience of the image to the audience.

Taking a lesson from the experience of “Riga—European Capital of Culture”, funding for media visits provided extensive publicity, and furthermore, even greater coverage could be achieved through cooperative funding from the three Baltic States. Thus, by using events common to all three countries, such as the Pope’s visit, or by coordinating the process of various (almost simultaneous) events in all three countries, one international airline ticket and three reports or articles requiring inland transport should drain fewer resources than three international flights for three separate reports. This would pay off in particular by supporting visits from media based in America, the Middle East, and Central and East Asia.

Understanding that foreign policy and public diplomacy (as a sub-instrument thereof) are not, and will not be, among the first priorities of the government, ways of achieving an equivalent result with the smarter use of resources should be sought. Just like smart defence, smart public diplomacy can be based on international cooperation that benefits each country involved. The 2012 UEFA European Championships organised by Poland and Ukraine and the potential bid of Latvia and Sweden to organise the Olympics are two such modern-day examples. However, just as with some pre-election campaigns, it is also possible to look closer. As long ago as 1937, there was a common pavilion for the three Baltic States at the World Fair in Paris. If this could be done more than 80 years ago, why could it not be repeated today? Especially if one country cannot organise it individually. It is therefore necessary to continue to take advantage of the untapped potential of Baltic cooperation in manifesting the recognition and shared values of all three countries. The three countries have already demonstrated this, with the heads of state and government openly showing solidarity with Georgia by arriving in Tbilisi in 2008, in the middle of the Russian-Georgian war. Another example is the meetings of the three Baltic presidents with US presidents, attracting the kind of attention that other European leaders cannot achieve individually. All that remains is to repeat the words carved in to the facade of the Ministry of Foreign Affairs: *Concordia parvae res crescunt*—small things grow in harmony.

Unlike 2004, when Latvia had just become an integral part of the Euro-Atlantic area, today Latvia’s flag is being raised instead of the Austrian flag, as seen in Skopje and even Vienna this year, and not the other way around. Perhaps this also shows that the shoots of Latvia’s image and public diplomacy have broken through the snow, and in the next century they have an excellent opportunity to grow from the roots created by Latvia’s public diplomacy professionals and representatives worldwide during the state’s first one hundred years.

ENDNOTES

- ¹ *Nacionāla un starptautiskā drošība pēc Krimas okupācijas*, a discussion organized by the Latvian Institute of International Affairs in cooperation with Vineta Porina, the head of the Latvian delegation of the Organisation for Security and Cooperation in Europe, 01 September 2014, <https://youtu.be/sBcPF2AESkM?t=5241>
- ² Ojārs Ēriks Kalniņš, "Latvija – turpinām ticēt un saglabājam kursu", *Latvijas ārējā un drošības politika. Gadagrāmata 2018*, <http://www.lai.lv/publikacijas/latvian-foreign-and-security-policy-yearbook-2018-669>, p. 15
- ³ Ēriks Jēkabsons, *Stāvoklis Ziemeļlatvijā 1919. gada sākumā. Valkas latviešu sabiedriskā darbinieka Oto Hasmaņa liecība*, Latvijas Vēstures institūta žurnāls, Nr. 3, 2011, https://www.lvi.lu.lv/lv/LVIZ_2011_files/3numurs/E_Jekabsons_Stavoklis_Ziemellatvija_LVIZ_2011_3.pdf, p. 140
- ⁴ Edgars Rinkēvičs, "Ārlietu ministra ievadvārdi", Ārlietu ministra ievadvārdi. *Latvijas ārējā un drošības politika. Gadagrāmata 2018*, Latvijas Ārpolitikas institūts, <http://www.lai.lv/publikacijas/latvian-foreign-and-security-policy-yearbook-2018-669>, p. 8
- ⁵ Ārlietu ministrija, Ārlietu ministra ikgadējais ziņojums par paveikto un iecerēto darbību valsts ārpolitikā un ES jautājumos, 21 December 2017, <https://www.mfa.gov.lv/aktualitates/zinas/58797-arlietu-ministra-ikgadejais-zinojums-par-paveikto-un-icere-to-darbibu-valsts-arpolitika-un-eiropas-savienibas-jautajumos-2017-gada>, p. 5

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