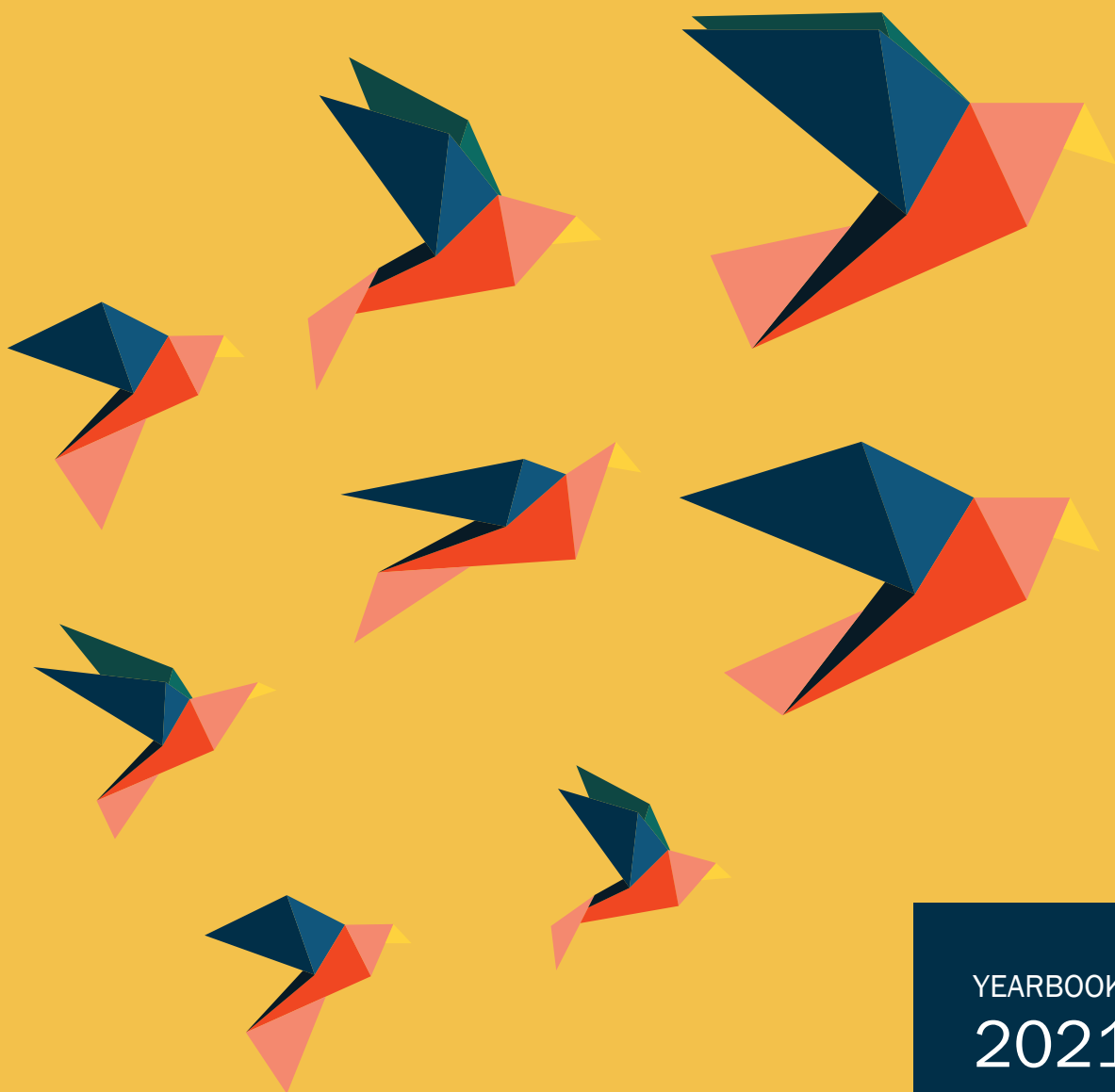


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# LATVIAN FOREIGN AND SECURITY POLICY



YEARBOOK  
2021

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LATVIAN INSTITUTE OF  
INTERNATIONAL AFFAIRS

The Latvian Foreign and Security Policy Yearbook 2021 aims to examine and evaluate various spheres of Latvia's foreign and security policy. It looks at what has been achieved in 2020 and draws up development scenarios for 2021, informing the public and offering recommendations to Latvian policymakers. In 2020, Latvia's foreign and security environment experienced significant and unpredictable challenges. The global pandemic has profoundly affected both people's daily lives and international relations in general. The development of global geopolitics and the background of the pandemic will bring a number of new challenges and opportunities to Latvia in 2021 as well.

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**Editors:** Andris Sprūds, Sintija Broka

**Authors:** Māris Andžāns, Reinis Āboltiņš, Satenik Avetisyan, Una Aleksandra Bērziņa-Čerenkova, Artūrs Bikovs, Sintija Broka, Ilvija Bruģe, Kārlis Bukovskis, Jānis Eichmanis, Daniels S. Hamiltons, Rihards Kols, Imants Lieģis, Beāte Livdanska, Inta Mieriņa, Aleksandra Palkova, Gunta Pastore, Gunda Reire, Edgars Rinkēvičs, Toms Rostoks, Silvestrs Savickis, Andris Sprūds, Inna Šteinbuka, Vita Anda Tērauda, Viljars Vēbels.

**Project coordinator:** Sintija Broka

**Translation from Latvian:** Līvija Anna Uskale, Santa Pelše

**English language editor:** Talis Saule Archdeacon

**Layout:** Oskars Stalidzāns

**Cover design:** Mikus Kovalevskis

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# FOREWORD

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## **Andris Sprūds**

Director of the Latvian Institute of International Affairs |  
Professor at Rīga Stradiņš University

The foreign policy and security environment of Latvia faced significant and unforeseen challenges in 2020. The global pandemic has profoundly affected the daily lives of people, as well as international relations. However, no matter how unexpectedly eventful this year has been, international and national foreign policy benchmarks remain invariably important. Therefore, in the annual Latvian Foreign and Security Policy Yearbook 2021, we continue to evaluate the events and decisions of 2020, as well as dare to outline the challenges and development scenarios of Latvia's foreign and security policy in 2021, reflect on diplomatic opportunities, and offer actionable policy recommendations.

Despite the obvious impact of the COVID-19 pandemic, 2020 has been a year saturated with current and significant events for Latvia. The US presidential elections, the violence of Lukashenko's regime against the Belarusian people, Britain's withdrawal from the EU, the controversial geopolitical dynamics in the Middle East, the activities of Russia and Turkey, as well as the growing ambitions of China have all shaped the international environment of Latvia. The choices and interactions of the geopolitical foursome of the United States, China, Russia and the European Union will be an important factor influencing Latvia's foreign policy opportunities and challenges in the nearest future. The United States remains an important ally for Latvia and a guarantor of NATO's sustainability, therefore we can only wish for the newly elected president to overcome the challenges of domestic political polarisation and promote the reputation of a reliable leader operating in a strong transatlantic family. The meeting of NATO foreign ministers organised by Latvia in the spring of 2021 will provide a favourable platform for strengthening the solidarity of the Alliance and expressing Latvia's position.

The further development of the European Union is particularly important for Latvia. In 2020, the European Union experienced trajectories and instances of both border closures and solidarity. With the availability of a vaccine against COVID-19, a trade

agreement with Great Britain and an ally open to a dialogue in the White House, the development of the European Union could enter a new phase with seemingly more favourable waters. The European Union's recovery plan demonstrates the ability of member states to agree on goals important to the community and provides an important tool for growth. Nevertheless, the internal ideological disagreements between individual member states, the change of leadership in Germany, as well as the tasks concerning the European Green Deal and digitisation will keep us busy in 2021.

Following on from this, the development of global geopolitics and the background created by the pandemic will bring Latvia a number of new challenges and opportunities in the nearest future. The understanding and participation of Latvian society in the promotion of the country's international role becomes an important precondition for the successful implementation of Latvia's foreign and security policy. The Latvian Institute of International Affairs has trusted this task to a team of talented and professional experts, inviting them to look at and evaluate various foreign and security policy areas and their progress in 2020, as well as to consider development scenarios for 2021 in order to inform the public and offer recommendations to Latvian policy makers.

This publication is a joint result of a successful partnership. This annual assessment would not have been possible without the support of the Ministry of Foreign Affairs of the Republic of Latvia. We are grateful to the Ministry of Foreign Affairs for its long-standing trust and inspiring and productive cooperation. This cooperation promotes mutual understanding and dialogue between policy makers and implementers, think tanks, and the public. We also thank the Saeima, particularly the Committees on Foreign Affairs and European Affairs, for their support in drawing attention to foreign policy issues and informing the public. We deeply appreciate our cooperation with the Friedrich Ebert Foundation, which has been an invaluable partner of the Latvian Institute of International Affairs, making a significant contribution to the development of an informed discussion. Finally, the Latvian Institute of International Affairs is grateful to its followers and readers. It is an honour that you follow our activities and are interested in understanding the dynamics and challenges of international and regional events that affect the development of Latvia's foreign and security policy.

# ADDRESS BY THE MINISTER OF FOREIGN AFFAIRS

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**Edgars Rinkēvičs**

Minister of Foreign Affairs of the Republic of Latvia

Dear readers,

We will remember 2020 as a year coloured by the COVID-19 pandemic and the crisis that it brought in its wake, but we can see now that this danger to global health was also a catalyst for positive change, exposing problems, promoting greater awareness of our vulnerabilities, and moving the world to act.

Changes have been made in the international approach to healthcare and to national healthcare systems, and the pandemic has had a major impact on economic and technological development. No field has been left untouched. In learning to live with the ongoing crisis, we have changed how we view our lives and how we interact with one another. The effects of the pandemic have permeated all aspects of human endeavour, and international relations are not excluded. The past year has been a stress test for multilateral cooperation and solidarity.

From the time of the renewal of independence, Latvia's main foreign policy goals have been to ensure that this independence is irreversible and can never be taken away, the promotion of security, and the strengthening of the values found in the Constitution (Satversme). This is all pursued with an eye to partnership and to Western values and norms. EU internal processes have shown in the past year that it is possible not only to overcome the new difficulties that have come along with the pandemic but also to resolve existing differences by looking for and finding compromises. This can be seen in the negotiations on the Multiannual Financial Framework for 2021–2027 and in the understanding that was reached on Europe's Recovery Instrument, both of which are clearly achievements to the benefit of all Member States and both of which took place with Latvia's active participation.

In Latvia's foreign and security policy, NATO and the transatlantic partnership are crucial for upholding and guaranteeing Euro-Atlantic security and stability. The Alliance has provided critical support to Allies with air transport and the provision of supplies, strengthening efforts to tackle the coronavirus. At the same time, NATO remains committed to fulfilling its core task of offering credible deterrence and collective defence. In this context, it should be underlined that we began the year

by implementing political decisions made after an extended review process on an enhanced defence plan for the Baltic States and Poland at the 2019 NATO Summit of Heads of State and Government in London.

The question of Belarus and its future was another important aspect of foreign and security policy in 2020. Latvia, together with its partners in the European Union, reacted sharply to the falsified 9 August Belarusian presidential election. We do not recognise the results of the election and we do not see Alexander Lukashenko as the legitimate president. We strongly condemn the violence against peaceful demonstrators and the inhumane and brutal treatment of those who have been detained. Latvia is offering assistance to Belarusian civil society in its fight for the rule of law and respect for human life. We believe the future of Belarus should be in the hands of the people of Belarus.

The digital security dimension of foreign policy is taking on a greater and more bitter meaning than it had previously. The pandemic this year has had a marked influence on the digital world. Cyberattacks and campaigns to spread misleading and false information have taken place on an unprecedented scale. Certain countries, already for quite some time and across a wide canvas, have been actively employing the destructive force of disinformation, using the digital environment to disseminate narratives about history, politics and economics that reinforce their political goals and objectives, and thereby, in a concerted manner, attempting to sway the general public in their favour. A good example was the way in which the Russian Federation spread disinformation on the occasion of the 75th anniversary of the end of World War II; Russia worked with great vigour in conveying a revisionist approach to the history of the time, with twisted interpretations of events meant to justify or lessen the crimes committed by the totalitarian Soviet regime, not to mention an outright denial of the Soviet occupation of the Baltic States. The Latvian Ministry of Foreign Affairs reacted strongly and persistently to these efforts to rewrite history, putting forward facts to counteract the falsehoods.

Drawing from such experience, today's imperative in international life must be to facilitate resilience in the face of disinformation and targeted influence operations by simultaneously enhancing multilateral responses to disinformation campaigns through international organisations and standing up for freedom of speech and internet freedom.

Diplomats are adapting to the digital environment and learning to communicate with modern technology. They are modifying their daily routines. It would be wrong to presume that diplomatic tasks and assignments can be fully accomplished in the digital sphere. Diplomacy is done best when it is done first-hand and in person. Diplomacy is at its strongest when the human factor is at the forefront.

For each one of us who shapes foreign policy, feedback is important, and even more important is scientific reflection and a passion for analysis. Therefore, I welcome very



much the contributions made here by researchers from the Institute of International Affairs, and by all the authors, in characterising and evaluating key foreign and security policy questions; I appreciate how they have delved into difficult questions without shying away from them, and considered issues that are priorities for my country and are tied to the latest developments and trends in today's rapidly changing world environment.

I wish you good reading!

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

# WORDS FOLLOWED BY ACTIONS – THE ONLY WAY FOR INTERNATIONAL POLITICS IN 2021

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## **Rihards Kols**

Member of the 13<sup>th</sup> Saeima |  
Chairman of the Foreign Affairs Committee of the Saeima

### **CRISES ARE VERY REVEALING – THEY SHOW US ABOUT OURSELVES AND THE WORLD WE LIVE IN**

The world will remember the year 2020 for the shocks caused by the first and second waves of COVID-19, not only for everyone individually, but also for countries and the international system as a whole. It was a dividing line for the international community, a turning point. No country in the world was spared, and, unlike natural disasters or outbreaks of regional military conflicts, it seems that for the first time the whole world is experiencing such an issue together – as humanity, we are trying to adapt to the threats posed by the virus.

COVID-19 struck like a lightning, ruthlessly leaving a path of destruction. This coronavirus is also called “the enlightening virus” because it not only revealed existing trends in world politics, but also, more importantly, accelerated and highlighted them. Therefore, it is also a transforming virus. It helps to crystallise the obvious, sometimes diplomatically concealed trends – the mutual China-US rivalry, which escalated as a result of the pandemic, the power and leadership vacuum caused by the US’s isolationism, and the crisis of multilateralism (which has been foreseen for a few years already). The latter has been illustrated very precisely by mistakes made by the World Health Organisation at the beginning of the pandemic – serious mistakes, the consequences of which are severe and will not be easily repaired.

The history of this pandemic is not yet written. The world will only feel the consequences of COVID-19 in the long term, with the first “enlightenment” coming in the form of the results of this year’s US presidential elections. It would not be prudent to rely on the amount of information available at the end of 2020 to provide any realistic forecasts of developments in 2021. This storm is not over yet. However, I will try to highlight some potential trends in international relations for the year to come from today’s perspective.

## **COVID-19 DID NOT CAUSE THE CRISIS OF MULTILATERALISM – IT MERELY SHED LIGHT ON IT**

The COVID-19 pandemic constitutes an acute public health and economic crisis that is further destabilising the already weakened international law-based multilateral system. This international system has allowed most of the world to experience several decades of peace, accompanied by an unprecedented increase in prosperity and the establishment of individual freedom at the zenith of national and societal values. However, this system was under strain even before the pandemic.

The aspirations of revanchist powers to reform and destabilise the international system, together with boiling unrest and clashes of values in democratic countries, have created unprecedented pressure on the world order based on international law. This process is still going on, but the virus created a huge strategic shock. The COVID-19 pandemic is, perhaps, the greatest disruption of the global order since World War II. It tore apart the first countries to be hardest hit, sending shock waves and additional blows to the already undermined legitimacy of the international system. The global economy experienced a huge decline, and meanwhile the US–China rivalry has intensified, the transatlantic alliance is at the lowest point in its history, and seemingly incapable international institutions face a serious crisis of legitimacy. The post-pandemic restructuring and the new world order may lead in various directions in the future – ranging from a complete disintegration of the international rules-based global system to the rebirth of the same system in a new form that is capable of responding to the needs and challenges of the 21<sup>st</sup> century.

The international system, led by the transatlantic alliance, was born at the end of World War II. Its core is formed by the US and European democracies. This framework reflects a set of norms and principles in the areas of global security, economics and governance. It has the following main characteristics: 1) a set of rules promoting the peaceful, predictable and cooperative conduct of states in line with democratic values and principles; 2) formal institutional structures, such as the United Nations and NATO, which serve to legitimise and enforce these rules and provide a platform for dispute settlement; and 3) the inevitable role and responsibility of strong democratic countries to ensure and defend the sustainability of this system.

In recent years, revisionist and revanchist powers such as Russia and China have sought to dismantle the multilateral system, while both Iran and North Korea continue to violate the principles and values enshrined in the very foundations of that system. As for the Alliance – it is facing internal problems, with populist movements challenging globalisation and transatlantic partners spending recent years in a very formal partnership, accompanied by doubts about the other party's willingness to work together to address these existential threats. Along with the pandemic, the pressure on the system is so enormous that, for the first time in very many years, real questions arise as to whether the very foundations of the values and principles of the international law-based system can survive in the current circumstances.

All these challenges and uncertainties become even more severe due to incomprehensibly rapid changes and innovations in technology, as well as ideological and economic competition. The speed of change has outpaced the ability of overwhelmed national leaders to react in a timely manner, and others, too, wish to create traffic rules in hitherto internationally unregulated areas. False information spreads as fast as the truth, and infectious diseases move faster than treatments and medications. Leaders of the same countries wishing to undermine the international law-based world order are now using the same technologies that only a while ago opened up so many new opportunities for people's education, growth and communication, in order to track down their citizens, repress them and restrict their fundamental freedoms and their ability to take responsibility to help create even the slightest hope for the restoration of order and regular daily life in the future. There is a lack of organisational capacity able to grasp this chaos of challenges and to stabilise the geopolitical competition, which in turn could mobilise the international community to respond to unknown challenges that are beyond the capacity of any individual country.

## **THE AMBITIONS OF CHINA AND THE “UNWAVERING COURSE” OF RUSSIA**

In the early stages of the COVID-19 pandemic, Beijing turned masks and personal protective equipment (PPE) – respirators and the like – into a weapon to strengthen its geopolitical interests. China successfully exploited the struggle between EU member states over the supply of masks and PPE, as this irreplaceably essential equipment for doctors was in short supply all across the EU. Moreover, although this shortage was partly due to the huge amount of protective equipment sent to China a few weeks earlier, China during this time purposefully constructed a story to project itself as a saviour in times when the EU had turned away from Italy, Spain, Serbia and other member states. The strengthening of China's position as a practically equal global player, at least in terms of economics, was to be expected. It is China's growing influence in international institutions that is a matter for concern.

As for China's actions in the context of COVID-19, they were more difficult to predict. Today, the Chinese story to the rest of the world rests upon its swift recovery from the crisis caused by the pandemic, thus attempting to demonstrate the superiority of its governance model. One cannot unequivocally predict the outcome of these aggressive diplomatic manoeuvres, but this does not mean that a waiting period has set in. The international community must keep a close eye on how and whether China pursues its undisguised goals of strengthening spheres of influence and establishing clientelist<sup>1</sup> relations in Africa, several regions in Europe, some Middle East countries and Central Asia, via the Silk Road and elsewhere.

Unless the situation suddenly rapidly changes and the Chinese economy significantly suffers due to COVID-19, the world will have to face even more aggressive manoeuvres coming from Beijing in the post-crisis period as it seeks to strengthen its influence. China will likely direct its focus on European technology and manufacturing flagships or on strategic assets and critical infrastructure in various developing countries. One can also expect China's active use of soft power to discreetly gain loyalty and support where needed, thus further reinforcing China's influence (as is the case in Central Asia). China may also need to be doubly aggressive in foreign trade to ensure a rapid economic recovery.

Globally, the United States and China are engaged in a struggle for soft power and influence. The pandemic provides an unprecedented opportunity for China to try to demonstrate the superiority of its model of authoritarian capitalism as opposed to the open market democracy models of the United States, Europe and like-minded Asian countries. To achieve this, China is trying to change the current narrative of the beginning of the pandemic, a narrative which included both restricting the flow of information about the new virus and silencing "whistle blowers". For these decisions, China has faced a storm of criticism around the world – namely, for its response to the pandemic at its outset, allowing the virus to take over the world. During a visit to several European countries at the end of August, the Chinese foreign minister expressed the opinion that the coronavirus could not have originated in China. Chinese politicians, the media and diplomats are making extraordinary efforts to reduce the damage to China's global image caused by the coronavirus pandemic and to fight back against criticism of Beijing's policies in Hong Kong and the ethnic Uighur area of Xinjiang province.

China shipped medical equipment to the worst hit EU countries. However, a large portion of that equipment had suffered from damages. China's most aggressive diplomats are often referred to as "wolf warriors" who appear to be trying to apply the "divide and conquer" approach of the Chinese political apparatus in the West, inadvertently creating associations with the Wild West film-based approach to diplomacy. It is these diplomats that Beijing is currently blaming for China's growing alienation from Europe and the United States. China's image has also suffered in the eyes of Asian and African countries, where it has invested heavily in infrastructure projects under its Belt and Road Initiative. Many Chinese workers have been forced to return to China, and factories have not been able to produce the required materials, thus delaying project implementation. African officials have also criticised cases of xenophobia against Africans living in China. China's early failed steps and the following inconsistent and sporadic efforts to expand its soft power through various avenues can be considered – for the time being – as not too successful, and in some countries even creating problems on an official level.

In turn, the clash between the United States and China is not going anywhere. It is quite possible that it will even intensify during the presidency of the newly elected US President

Joe Biden. Both Republicans and Democrats in Congress, and the general US public, rather widely share a feeling of antagonism towards China. The tone and tactics may change, but the general view of China as a rival and opponent will remain the same.

The confrontation between the US and China will be a key feature of 21<sup>st</sup> century international politics, regardless of who will hold the White House at any given time. The enhanced US-China confrontation, given Joe Biden's reluctance to enter into trade agreements with authoritarian leaders and genuine concerns about democracy, human rights and the rule of law at the national level in China – and in particular in the cases of Hong Kong, Taiwan and the South China Sea – could put the EU in a rather difficult position. That position might prove more difficult than the one EU has faced over the last four years.

Russia is a nuclear power that, despite its declining influence, is still capable of undermining the stability and interests of the transatlantic allies, but it has nevertheless made real efforts to limit the spread of the virus. Recently, there has been a huge increase in the number of people infected, reaching 500,000 people in the country, which poses a serious threat to Russia's already fragile healthcare system. However, the pandemic has not stopped the Kremlin from carrying out disinformation campaigns abroad, including spreading conspiracy theories about the origin of the virus in an attempt to create distrust and confusion in Europe. And the messages of disinformation from Russia and China increasingly seem to be whistling the same tune.

## **TODAY IS JUST A REHEARSAL**

A crisis always comes with opportunities. To paraphrase Winston Churchill, one should never waste a good crisis. The plague of the 14<sup>th</sup> and 15<sup>th</sup> centuries, through tragedy and unimaginable loss, brought Europe the Renaissance. The pandemic has revealed the instability of the current rules-based international system, but it would be madness to abandon it altogether. That said, there is no option to keep stepping on the same rake anymore.

To start paving the way towards a revived multilateral system, we must first finally give up some myths. The first and foremost myth is that the COVID-19 pandemic is an unpredictable force majeure, for which no one was and could have ever been prepared. But in fact – and we all know this – public health experts and epidemiologists have been raising concerns for years about the systemic risks posed by the possible spread of coronaviruses and different types of influenza. Both TV shows and online platforms have informed the public about this subject. The world's leading intelligence services, international organisations and military experts have also talked about it. The indescribable severity of the current crisis, and the depth of this metaphorical chasm, is

the result of our collective inability to think non-linearly and to listen to the warnings of scientists. Even more alarming are the further scientific predictions that the COVID-19 pandemic could only be a general rehearsal in preparation for the global disasters we can expect due to climate change. The beginning of the next decade is of particular concern, as this is the time when according to estimates the threshold of 1.5°C of warming in comparison to the pre-industrial levels will be exceeded.

## **HEALTHCARE**

Healthcare, its security and stability, like other areas of international life, rest upon both cooperation and competition at the same time. We live in a time of mutual interconnections – people, goods, information and, of course, microbes move across borders at an ever-increasing pace and volume. This free movement brings huge benefits, but it also poses risks to public safety and health, as the pandemic has shown. Countries can restrict these flows. However, the costs of such a decision are very high – for the economy as a whole, for culture, and for individual people.

People expect that their elected and appointed institutions – governments – will be able to protect their citizens from the threats caused by the close and co-dependent systems created by globalisation even in times of a pandemic. Society expects that governments will maintain their strategic independence and will be able to maintain their capacity to decide the fate of the whole nations. As recent events have shown, the ability to create and maintain an effective healthcare system – namely, one that can withstand the shocks of pandemics and other crises – is a key element of strategic independence.

Creating a strategically independent and resilient healthcare system is not an easy task. To achieve this, paradoxically, but predictably, countries absolutely need effective international cooperation. To provide healthcare personnel and institutions with the necessary resources and equipment, countries need access to global markets and supply chains. The treatment of diseases requires medication as well as information on foreign experiences and recommendations from international organisations. The exchange of experience and information in international research networks is indispensable for advancing treatment and prevention.

Building cooperation in the context of today's conditions of geopolitical rivalry will not be easy. In the case of European Union member states, the key part of the solution rests upon cooperation at the European level. In order to maintain their capacity to provide effective healthcare, they need to be able to work effectively with other member states, both within the EU institutional framework and through other mechanisms made available by establishing regional cooperation partnerships.

Preparing for crises is an arduous, expensive and a time-consuming task, and it is one that in many cases, ultimately, gets no appreciation. However, not investing in preparedness can be catastrophic.

## **ECONOMICS**

The COVID-19 crisis is a geo-economic one which has highlighted the interdependence of systems such as economics, healthcare, technology, people and culture. It does not cancel national responsibilities though, as both healthcare and safety fall primarily and exclusively in the domain of states. In fact, this situation has brought national sovereignty to the fore and is a reminder of the benefits of nation-states to those who have forgotten it.

In the short term, countries must focus on diversifying supply chains, which is an idea that was a part of international discussions already before the crisis. The use of the concept of socio-economic stability has a much wider resonance today. It will not be possible, however, to explain the economic impact in a short way, as the number of problems is practically endless. Both the support for developing countries, whose economies have suffered hard under the global recession, and the falling prices of raw materials and oil are increasing the burden created by the pandemic. The situation in Sub-Saharan Africa demands attention, especially now, when there is the risk of a new wave of migration.

The pandemic has caused a deep shock to the world economy and has threatened to throw off the progress provided by decades of globalisation. COVID-19 has made the world's largest economies partially suspend their actions in order to limit the spread of the virus and prevent a possible overheating and collapse of their healthcare systems. The negative impact of the pandemic on the global economic situation clearly manifests itself in the form of numbers in various areas such as: the scale of unemployment, the ever-increasing number of credit defaults (especially in mortgages), volatile oil prices, even more volatile stock markets, and global supply chain disruptions resulting from constraints imposed on factories and enterprises.

One way of tackling global economic turmoil is through, for example, the G7, which could serve as a platform for developing common principles for the safe resumption of international trade and travel, allowing people to return to work, and strengthening supply chains, for example by introducing specific requirements for cargo disinfection. These small changes could perhaps increase the undermined confidence in the continued operation of supply chains and thus start "revving up" international trade.



In addition to economic recovery, the transatlantic partners should work to strengthen their economic resilience by addressing the weaknesses of the economic system that were highlighted by the pandemic. This task includes the restructuring of global supply chains, especially in the critical areas of pharmaceuticals and medical equipment, creating stocks of medicine and equipment, as well as working hard to reduce our economic dependence on our more unpredictable trading partners. One can also view this crisis as an opportunity to build a global economic system based on free and fair trade that meets the needs of the 21<sup>st</sup> century. This means adapting to the ever-growing trade volumes of e-commerce services.

The World Trade Organisation must face reforms to be able to respond to today's challenges and current trends in trade and e-services. Within this framework, it is possible to work meaningfully to reduce trade barriers, including in the context of 50% of the trade in services that currently takes place in the digital environment. Trade agreements in the 21<sup>st</sup> century should be designed in a way that they facilitates the flow of digital data while protecting privacy, strengthening cyber security and ensuring free access to these data by financial supervisors.

## **THE EUROPEAN UNION IN THE NEIGHBOURHOOD AND GLOBALLY**

Looking at the EU's neighbours, one must conclude that, with all our passion for reciting our values and soft power principles, the EU seems to be increasingly isolated from global developments. Global developments require practical engagement. The growing instability of international politics poses new dilemmas for the European Union, which is in real danger of becoming even more unheard – not only globally but also regionally and in its neighbouring countries. The EU's role in Syria and Libya is shrinking, the bloc itself has a divided position towards the Turkey-Eastern Mediterranean conflict, the EU is not using its diplomatic means and has not engaged in finding a solution in the context of the Nagorno-Karabakh conflict. In addition, the future of EU-US relations is uncertain.

The European Union is trying to adapt. In recent years, the EU's political priorities have increasingly shifted towards a more ambitious foreign policy and a strengthening of its position. The European Commission and many member states are in favour of the EU being more ambitious in the international arena and more confident in using its influence to achieve its goals. However, everyone is talking about something different. Ursula von der Leyen, the President of the European Commission, talks about building a more geopolitical Europe, while Josep Borrell Fontelles, the High Representative of the Union for Foreign Affairs and Security Policy, calls on the bloc to use the "language of power". French President Emmanuel Macron is in favour of EU strategic autonomy,

though he forgets to reveal the strategy to others, and looks forward to realising Europe's foreign policy ambitions. There are various versions of the form, but there is a clear and broad consensus that the EU needs to pursue a stricter policy in its international relations. This naturally means increasing the position and institutional "weight" of the EU institutions and representation, and not the position of leaders of individual member states. With the EU implementing its common foreign policy, the increased capacity and mandate of the European External Action Service would allow for more effective and productive cooperation with third countries and a strong defence of EU principles and values. The EU must also be able to act in accordance with the expectations of third countries, international organisations and other international actors, as well as its own interests and needs so that it might play a significant role in tackling regional and global challenges and becoming a stronger player in international affairs. This would include the creation of a meaningful EU institution responsible for foreign policy, which would be able to represent the interests of the European Union most effectively and comprehensively, for example in areas such as trade agreements. There is one action we can enthusiastically follow in this context: namely, how Michel Barnier will succeed in concluding the Brexit talks.

Over the last decade, the EU has invested billions of euros in aid and loans to its eastern neighbours. The EU has held dozens of summits, strengthened its diplomatic presence, concluded strategic partnership agreements, improved energy security and liberated visa regimes. There have been many achievements. However, some of them can be countered. The EU eastern neighbours are constantly fighting propaganda, flows of foreign and illegal funding to political parties, cyber-attacks on critical infrastructure, the destabilisation of intelligence services and even open military conflicts.

One can find a number of reasons why the EU and most of its member states have avoided meaningful cooperation in the field of security with the EU's Eastern Partnership countries. During this period, the fight against terrorism and international "stabilisation" missions became a security priority in many member states.

Meanwhile, the Eastern Partnership countries mainly face corruption and dysfunction in the field of security. In addition, these countries have not always been reform champions either. Russia's location and interests have also been one of the reasons that some EU member states are trying to limit the security ties of the Eastern Partnership countries with the West, hoping that this will help to find a new balance of power between the EU and Russia. It is often argued that it would be useful for the stability of EU-Russia relations if both sides were to respect each other's "geopolitical sensitivities".

Improving relations with Russia is a worthy strategic goal. However, these rapprochement efforts rest upon the false assumption that historically the balance of power has found its ground on promises and the show of mutual respect, and, of course, one should not forget the "gentleman's agreement". This is a naive fantasy. International relations have rarely been "gentlemanly". Moreover, the balance of power has tended to persist only when

these geopolitical competitors were willing to exert economic and military pressure to maintain that balance.

No regional power, and certainly not Russia (nor, for example, Turkey), has ever made any effort to respect the EU's security interests and sensitivities in its neighbourhood just because the bloc has been reluctant to engage in security cooperation with its neighbours. The restraint showed by the EU has not contained Russia's aggressive policy. In fact, the contrary is true, as the events of recent decades have shown. Whenever the EU has avoided a strong and strict response to crises, from Georgia in 2008 to Belarus in 2020, Russia has accelerated its engagement and increased its scale. This took the form of a direct military presence in Georgia in 2008, sending experts to support Russia's friends in Belarus in 2020, and the application of both of the above methods in Ukraine in 2014. In this respect, Moscow has been rather consistent.

The distortion of transatlantic relations did not contribute to fostering geopolitical change in our interests or even to maintaining a basic dialogue. Russia, China, Turkey and Iran, on the contrary, have become more confident in pursuing their ambitions and expanding their influence by all available means, including military force. The EU faces an ever-increasing number of targeted murders, cyber-attacks and aggressive information operations within the EU, and these attacks have direct links to these ambitious countries mentioned above. The EU, with its wish for an equal balance of power, falls into the role of a victim. The EU's gentle and cautious approach to the Eastern Partnership region will not change the EU's relations with Russia, nor will it help to stabilise the region.

If we as a bloc are actually ready to become more geopolitically and strategically autonomous, we should stop being afraid of our own shadow – at least where security issues are concerned. By not addressing and continuing to ignore long-standing problems, we will limit our influence, efficiency and autonomy. It is high time to start investing more actively in security cooperation, primarily with our eastern and southern neighbours.

## **THE FUTURE OF MULTILATERALISM**

During the pandemic, many international institutions have showed themselves as incapable and ineffective. These pillars of the international law-based system are too weak and "broken" to deal with this crisis. The WHO, the main international body responsible for the governance of global public health, has faced criticism for its slow response to the pandemic and, at least on the part of the United States, for the WHO's siding with China. The WHO welcomed China's alleged transparency and its efforts to contain the spread of the virus, ignoring China's obvious huge mistakes in crisis management. The US withdrew from the organisation, while China increased its contributions.

Other international bodies, such as the United Nations Security Council (UN Security Council), are also nowhere to be found during the crisis. The UN Security Council has been silent during the pandemic, unable to agree on a collective solution to the multifaceted set of problems posed by COVID-19. To some extent, this failure reflects the deterioration of US-China relations, both of which have veto power.

Transatlantic relations continue to play a crucial role in maintaining a stable, peaceful and prosperous global order, but tensions in these relations have grown significantly in recent years, especially during the pandemic. Although the United States and many European countries blame China for not containing the spread of the virus, the EU and the US have neither discussed nor coordinated common positions in this regard. Thus, they have not seized the opportunity to find global solutions to either the challenges posed by the pandemic or in the context of China's insistent rhetoric and policies.

## **STRATEGIC AUTONOMY?**

EU member states have lived through the first wave of the coronavirus in very different ways, but almost all have discovered that their national healthcare systems and public health security depend – to a much greater extent than previously thought – on third countries. This dependence has undermined Europe's ability to respond independently. EU bodies coordinating responses and providing the early warning system have acted too slowly, and requests from EU member states pleading for assistance were left unanswered, creating a sense of abandonment in the worst affected countries. The EU must immediately correct these mistakes by improving early warning systems, supply chain resilience, medical research and manufacturing, as well as improving cyber security and the availability of technology in order for it to be able to respond adequately, swiftly and decisively when future public health emergencies arise.

The COVID-19 crisis is probably the largest social experiment of our lives. We do not know when and how it will end. It is too early to predict how radically this will change the way Europeans see their society. However, we can already see that the pandemic has changed the way Europeans view the world outside their borders, and therefore the role of the European Union in their lives.

At the beginning of the crisis, politics practically came to a standstill, and public opinion closely followed the decisions and actions of national governments. Governments sent their residents to the inner exile of their homes, and many felt almost paralysed for fear of the unknown and uncertainty. Governments acted swiftly to implement emergency measures to contain the spread of the disease, strengthen the capacity of the healthcare system, maintain jobs and save businesses from bankruptcy as quickly as possible. The

next phase of the crisis will require leading countries towards the economic recovery. It will not be enough to write up a policy that looks great on paper. Governments and EU leaders will need to find the right language and framework to secure public support for their chosen policies. To do this, they will need to understand how COVID-19 has changed or not changed public fears and expectations.

Before the crisis, many liked to divide the European Union into pro-European cosmopolitans on the one side and eurosceptic nationalists on the other. At the beginning of the pandemic, French President Emmanuel Macron cautioned that the virus could change the balance between the two “camps” in Europe, warning of an impending wave of radicalism. A few weeks later, these apocalyptic warnings were replaced by a rather simple conclusion: the time for a great opportunity for federalists to form a federal EU is approaching! These different messages perhaps are due to a lack of awareness of the fact that, as surveys show, the virus has separated the two camps instead of strengthening either of them. On the one hand, many people with more nationalistic leanings have realised that European cooperation provides a way to maintain the role of their nation states. On the other hand, many cosmopolitans have seen that in a world squeezed between the China of Xi Jinping and the United States of Donald Trump, Europe’s greatest hope for preserving its values lies in the strengthening of its own “strategic sovereignty” rather than relying on global multilateral partnerships. This new mood creates a surprising amount of space to revitalise the European project.

Most EU citizens see the 21<sup>st</sup> century as a time for blocs and regional organisations. Europe’s position in this new era will depend on the EU’s ability to work together. This worldview changes the traditional line of separation between globalists and nationalists. On the one hand, the nationalists are beginning to realise that being a part of the European bloc does not threaten their country’s national rights and sovereignty, but rather directly helps to strengthen them. On the other hand, disappointed globalists have realised that their dream of multilateral global governance cannot materialise with Donald Trump, Xi Jinping and Vladimir Putin at the helm of power. It was not COVID-19 itself, but the failure of the international community to offer effective joint responses that undermined public confidence in the EU. People and whole countries felt abandoned – however, perhaps due to this very reason many people now want the EU to respond to global threats and challenges in a more united manner. This does not mean building a “Fortress EU”. On the contrary, Europe needs to step up its work on global institutions and treaties.

We have the opportunity to build a Europe that provides economic and physical security and has an influential voice on the international stage. Such a Europe would support a greater global preparedness for the next crisis, be it a climate issue or something else. There is growing public support for an EU capable of shaping a new international order – by defending European values such as the rule of law, human rights and democracy, and by taking the lead in implementing and representing those values.

Therefore, the main task of European leaders is to generate ideas and visions and to communicate publicly the benefits of international cooperation and the importance of multilateralism, rather than repeating abstract calls for “more Europe”, which alienates many people because it does not solve the “here and now” problems. Despite their different experiences and views, member states can find the common ground that Europe needs to build its resilience against all kinds of future challenges. This would not be a step towards federalisation, but rather towards a growing consensus of Brussels serving as a source for strengthening the options and influence of nation states.

## ENDNOTES

- <sup>1</sup> Clientelism – a political system where individuals are interconnected on the grounds of the exchange of benefits and financial resources.

# THE LIGHT AT THE END OF THE PANDEMIC

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## **Vita Anda Tērauda**

Member of the 13<sup>th</sup> Saeima |

Chairperson of the European Affairs Committee of the Saeima

The main event of 2020, the pandemic, has shattered Europe. The health disaster, the lives lost – this is only the harsh, visible part of the iceberg. The experience of the pandemic will not only force us to re-evaluate the healthcare systems and coordination mechanisms of European Union member states, but it will also shape our actions and our vision of the future for a long time to come. The pandemic will leave deep marks on European political choices.

## **2020**

### **The COVID-19 crisis**

In the spring of 2020, with the rapid spread of the COVID-19 virus, the member states of the European Union reacted sharply but individually. The swift action taken to close borders, restricting the free movement of people and goods, has been a clear indication of how fragile the freedoms that the citizens of the European Union take for granted can be. The pandemic became the new constant challenge in the EU's daily work routine. Policy-making in European Union takes place as a constant dialogue between the 27 member states. However, the new circumstances made face-to-face dialogue no longer possible. The organisation of EU work transformed and moved to the virtual environment. In this context, Latvia stood out as a member state that had successful and innovative solutions, with the *Apturi Covid* application being among the first in the world and e-Saeima being a solution for the distance work of the parliament. These solutions also earned a positive evaluation from the representatives of the Latvian Information and communications technology association (LIKTA), which granted them the *Platinum Mouse 2020* awards. Cooperation between the Baltic States and Finland allowed for the creation of a single movement area in the summer of 2020, which made it possible to preserve the freedom of movement of people and ensure the economic functioning of the tourism industry, which was affected by the pandemic.

The second wave of the virus has severely hit the whole of Europe and destroyed the Baltic and Finnish bubble. As concerns the response to the second wave, this time we saw better coordination between the European Union and its member states, including through various EU and national assistance programmes. The EU has lifted the deficit restrictions on member states in order to provide governments with more room for manoeuvre to help citizens and save their economies. It is clear beyond any doubt that the EU's economy has heavily suffered due to the pandemic – and the end is not yet in sight. In this unprecedented situation, Europe has come up with an unprecedented solution. The EU, for the first time in its history, is going to jointly borrow money in order to finance its economic recovery. At the onset of the pandemic, the responses of EU countries were swift and individual. However, now they have realised that the EU would be more successful in facing the pandemic if EU countries acted together and coordinated their actions, e.g., when purchasing medicines and vaccines, as well as when mobilising resources for economic recovery.

## **The European Green Deal**

The pandemic brings its own paradoxes as well. In the spring, we heard that the effects of the coronavirus on industry and travel had led to significant improvements in air quality, not only in the centre of the world's production facilities in China, but around the world. European Environment Agency (EEA) data confirm large decreases in air pollutant concentrations – of nitrogen dioxide (NO<sub>2</sub>) concentrations in particular – largely due to reduced traffic and other activities, especially in major cities. Reductions of around half have been seen in some locations (based on average data from around 3,000 European monitoring stations).<sup>1</sup>

At the same time, due to the enhanced epidemiological safety conditions, we have become larger polluters in terms of the waste we are generating, namely, additional plastic packaging, disposable facemasks, gloves and the like.

Against this background, there is an ongoing policy debate on the EU's commitment to become climate neutral by 2050, requiring a staged reduction in emissions. With regard to the EU Climate Law, the European Parliament adopted a position in October stating that emissions should decrease by 60% by 2030, while the Council approved a target of 55% in December. Latvia has supported raising the overall EU GHG emission reduction target for 2030 to at least a 55% reduction by 2030 compared to the levels of 1990. After the adoption of the EU Climate Law, political promises will become legally binding.



## Tensions in neighbouring countries

EU member states, including Latvia, do not recognise the results of the presidential elections in Belarus on 9 August, nor do they recognise Alexander Lukashenko as the legitimate president of Belarus. Since the presidential elections, there have been ongoing protests against the results while the authorities have responded with brutal and violent repressions against protesters. The EU must listen to the demand of Belarus's people, who are asking for the fundamental democratic right to free and fair elections, and it must continue to insist on a peaceful transfer of power in Belarus and on holding new presidential elections. Even in such a clear-cut situation of massive, systemic human rights violations in a neighbouring country, it was not easy for EU member states to reach an agreement on joint action. It was only in early October that the EU managed to agree on sanctions against Belarusian officials. The joint position was blocked by Cyprus, which was seeking EU support for sanctions against Turkey. This case showed the dark side of EU decision-making: if the 27 countries fail to reach an agreement, there is no possibility for a timely and rapid response.

On the other hand, Latvia together with Estonia and Lithuania adopted national restrictive measures against Alexander Lukashenko and 29 Belarusian officials who were responsible for the falsification of election results and violence against protesters already on 31 August. Additional restrictive measures followed on 25 September. By now, 159 officials have already been recognised as undesirable persons (*persona non grata*). In addition to restrictive measures, Latvia has allocated funds for practical assistance to Belarusian civil society, support for independent media, and the victim rehabilitation programme in Latvian medical institutions.

Events in Belarus were echoed in Russia, with repressions against the democratic opposition, including another attempt to retaliate against one of its leaders, Alexei Navalny, by repeatedly using the chemical nerve paralyzing substance Novichok. This case, together with the country's long-standing non-compliance with the Minsk agreement on the settlement of the Russia-Ukraine conflict, has prevented the European Union from reviewing its sanctions against Russia.

Since this year, the European Union has a new tool for tackling human rights abuses anywhere in the world. It has adopted its own *Magnitsky Act* – namely, the right to impose substantial individual sanctions on persons responsible for the violations of human rights. As a result, the European Union will be able to respond more quickly, purposefully and diversely to human rights violations anywhere in the world.

## Transatlantic expectations

Transatlantic unity is indispensable for European and global security. Despite the difficult US domestic political agenda and the recent US presidential elections, there has been ongoing political dialogue and practical cooperation with the United States. The election

results and the inauguration of a new president in January 2021 give hope for the return of multilateralism, for renewed progress on climate change, and for an openness to dialogue on divisive issues such as trade or the development of a new global framework for the digital economy. The EU and the US share common long-term strategic goals, including our security, tackling the negative effects of the pandemic, combatting disinformation, strengthening the security of cyber/5G networks, reducing China's influence, restricting Russia's aggressive behaviour, maintaining transatlantic unity concerning the coordination of sanctions, supporting democratic reforms in Ukraine, as well as strengthening the resilience of all Eastern Partnership countries.

## **Turbulent waters in the European Union itself**

The year 2020 for the European Union has been full of internal tensions. Brexit talks have been dragging on for years, and at the close of 2020 all the deadlines have been missed, making an orderly, contract-settled Brexit impossible. Despite the impossible mission to sign an agreement by 1 January 2021, EU–UK talks are still proceeding in the last weeks of December. With or without an agreement, relations between the European Union and the United Kingdom next year will be on different terms.

Issues concerning the values of the European Union have moved to the centre of discussions with member states, with arguments about different interpretations of the rule of law in some member states. Article 7 proceedings against Hungary and Poland remain open, with no prospect of closure. For the first time, the European Union has issued a report on the rule of law in all the member states of the European Union, evaluating each member state on one scale and providing a basis for discussions on the rule of law at the level of the Council of Europe. The new mechanism is promising, but slow, as the Council of Europe will dedicate approximately two years to discussions on the rule of law in each member state. Meanwhile, doubts about the rule of law in some member states lead to non-compliance with a European arrest warrant, and to member states taking each other to the European Court of Justice for breaches of the rule of law. These diverging views on the rule of law shifted from a theoretical dispute to a very real deadlock, with two member states vetoing the approval of the EU's multiannual budget and Recovery Fund.

Member states have agreed on a new mechanism linking respect for the rule of law with access to European Union funds. The European Commission will be able to suspend payments from the next EU multiannual budget and the Recovery Fund if there are reasonable doubts as to whether the EU's financial interests are respected. Two member states did not agree to the new mechanism and used their veto power to suspend the approval of the next multiannual budget and the COVID-19 Recovery Fund. The issue was resolved at the end of the year; the two countries lifted their veto as the member states agreed on an additional declaration providing for a

narrower scope and a slower, more complex application of the new mechanism. The growing gap concerning the understanding of values has been put aside for a while in order to address all the necessary work on economic recovery, but it has not disappeared.

## **WHAT TO EXPECT IN 2021?**

### **Overcoming the pandemic**

Overcoming the pandemic and its aftermath will be the key challenge for European Union policymakers next year. The availability of vaccines will allow for the normalisation of both economic and daily life activities for people over the course of the year. The planning and implementation of an economic recovery will be on the agenda of each member state. The funds available for economic recovery from the European Union are substantial. Our future economic success will depend on how forward-looking our investment planning is. Will we invest in the future or prop up the past? How green will we be, how digital, and how innovative?

### **A neighbourly shoulder to lean on**

The Belarusian people will continue their civic activism. Our task is to help the activists to not grow weary, as well as not allowing the European Union to weaken its support for civil society and keeping the issue on the global agenda.

The focus must be on civil society. Any restrictive measures taken by the EU in reviewing EU–Belarus relations should not have an adverse impact on Belarusian society. The EU should provide support to civil society and the independent media, as well as maintaining close contacts with Belarusian society. It must also maintain Belarus’s involvement in the Eastern Partnership, with practical cooperation focussing on civil society and the participation of young people. The EU’s support for political prisoners and calls for an end to human rights abuses must have a prominent place in the EU–Belarus negotiations.

Though unable to anticipate developments in Belarus, the European Union must be ready to provide economic support to Belarus once it is on the path towards democratic development. In October 2020, the European Council instructed the European Commission to draw up such a plan.

## **Strategic autonomy – a broader framework**

The lessons learned from the pandemic have expanded the scope of discussions on strategic autonomy. The pandemic alerted us to the dangers that can arise if supply chains collapse and production stops on the other side of the world, because it may turn out that one single facility is in fact the sole global supplier of key items. In the future, strategic autonomy will not be just a matter of defence. It touches on security in a broader sense – supply chains for a wide range of goods, the capacity to respond in a crisis, as well as the autonomy of infrastructure, including digital infrastructure. This new understanding of strategic autonomy will force us to review our economic ties and relations, to weigh and measure the areas in which we can reap the benefits of the global economy, as well as the areas in which we must be able to cope on our own.

## **How will the European Union change?**

The European Union will be smaller when stepping into 2021, with no Great Britain; harsh lessons have been learned in the pandemic; Europe has an ailing economy; and disagreements persist about fundamental values. At the end of the year, the dispute about fundamental values became painfully tangible, jeopardising the approval of the EU multiannual budget and the much-needed Recovery Fund. The pandemic has forced the postponement of the Conference on the Future of Europe, which was set to begin in 2020. The intended aim of this conference is to engage in a broad, inclusive conversation in all member states, to give all European citizens the possibility voice their concerns and express what they consider important for the future of Europe, and to highlight what needs to change in the EU framework and in relations between members states. When the pandemic recedes, it will be possible to launch the conference. At the conference, we will talk not only about what changes are necessary in the context of EU procedures and decision-making, but also about what the future challenges are and how Europe should face this new future. What are the priorities and important issues for the European Union to solve – climate, economic development, innovations, social issues, security? And what is the best way to proceed: by delegating more power to European Union institutions, thus creating a closer union, or by strengthening the autonomy of the member states within the European Union?

### ENDNOTES

- <sup>1</sup> “Air pollution goes down as Europe takes hard measures to combat coronavirus,” European Environment Agency, <https://www.eea.europa.eu/downloads/4af3d2f4196345848b1cfe9571df271c/1591869417/air-pollution-goes-down-as.pdf>

# THE ANSWER IS SHELTERIN' FROM THE WIND

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**Imants Lieģis**

Senior Fellow at the Latvian Institute of International Affairs

The Latvian foreign minister's quote about Latvia temporarily being in a sheltered position, beyond the reach of the wind, was used as the headline in an interview published in late October 2020.<sup>1</sup> It was mentioned in reference to Latvia's relations with Russia. Meant, presumably, as a message of reassurance, the headline's quote leaves open the question of how long such a state of affairs can last.

Perhaps it will seem to be an illusion that Latvia in fact remained sheltered from the broader storms and winds of foreign policy challenges during 2020. Looking back at the Latvian Foreign and Security Policy Yearbook for 2020 and Foreign Minister Rinkēvičs's address to Latvia's parliament in late January 2020, of course there was no mention of the looming global pandemic – the “black swan” of 2020. COVID-19 has, during 2020, added a great deal of fuel to the existing disarray in international affairs. The health of populations was affected, with consequences extending to the social welfare, economic, security and internal political situations of countries throughout the world. After the pandemic spread like wildfire in many countries during the spring, its apparent relapse over the summer led to a certain false sense of security. Autumn witnessed a second wave with a vengeance, far fiercer than the first. From October 2020, there appears to be no shelter from the pandemic's winds for Latvia, as in many other countries in Europe and beyond. Is winter coming?

In assessing Latvia's foreign policy during 2020, the COVID factor looms large. As does the heritage left by US President Donald Trump. Given that the main foreign policy highlight for the domestic audience in Latvia during 2020 was the official visit by President Emmanuel Macron and his wife Brigitte at the end of September, perhaps we can ask – is there, or should there be, a Latvian “pivot to France”? (My recent four-year tenure in France inevitably influenced my views on this topic!) A few words should also be mentioned about Latvia's ongoing success in obtaining pivotal international positions.

## **COVID-19, MACRON AND TRUMP**

The pandemic hit diplomacy and foreign relations in an unforgiving and unforgettable way during 2020. My personal experience as Latvia's Ambassador in Paris until the end of July is, perhaps, illustrative. Confined to lockdown together with the rest of France from mid-March, embassy staff worked from home. The lifeblood of diplomacy – personal contacts at receptions, small informal meals and other events – were suspended for some three months. Foreign Ministry staff in Paris, together with the Croatian Presidency of the EU, adapted to the circumstances as appropriate, organising EU ambassadorial meetings online. Travel to other parts of the country was off-limits.

Consular functions took over the agenda of embassies as staff dealt with repatriations so that citizens caught abroad could return home. I was amazed and delighted to witness the selfless devotion to duty of consular colleagues both in Paris and Riga. Some of the Latvians who benefited also began to praise and thank Latvia's Foreign Ministry consular officials. This was an acknowledgement that these colleagues, for the most part, rose to the challenges posed by this crisis. Diplomacy was well-profiled during the first part of the pandemic and probably ensured that foreign affairs were viewed in a positive light in the opinion of Latvia's public.

Diplomatic reporting to capitals focused on the measures the host country was taking to deal with the spreading pandemic. This reporting enabled Latvia's government to gauge the response of other countries and react swiftly in keeping the pandemic under control during the spring.

The lack of a coordinated European response hit media headlines, but was rebutted by pointing to the fact that the EU leaves health issues primarily to member states, with the Commission having little say. The shortage of masks became a political hot potato, with national concerns about stocks effectively overriding talk of "European coordination and solidarity". Italy, particularly hard hit during the early stages, initially received scant support from European partners, leaving opportunities for China and Russia to gain propaganda points. While Latvia, with its neighbours Estonia and Lithuania, coped well in avoiding the pandemic spring storms, the situation seemed far more dramatic towards the year's end.

During the pandemic's lull over the summer, plans were firmed up for the long-awaited visit of President Macron at the end of September. The second wave of COVID-19 infections was beginning to emerge in France, but it held off until October in Latvia. So, with hindsight, the timing of the visit was fortunate. Hints about the visit were already given by French colleagues at the end of 2019, when a close adviser to the president, Clement Beaune, attended Latvia's annual ambassadorial meeting in December. The French delegation arriving in Riga was large. It included Minister of Foreign Affairs Jean-Yves Le Drian, Minister of the Armies (i.e. Defence) Florence Parly, Clement Beaune in his new capacity of Minister of State for Europe at the MFA, and a number of

parliamentarians engaged in Latvian and regional issues. Macron's special adviser dealing with the president's policy of outreach to Russia, Ambassador Pierre Vimont, was also included in the visit. France's representative on NATO's reflection group and the person said to influence the president most on Russia issues, Hubert Vedrine, was due to join, but ultimately unable to do so. It was particularly endearing to see that the president's wife, Brigitte Macron, had decided to join her husband on the trip to Vilnius and Riga.

Emmanuel Macron is undoubtedly one of Europe's leading figures on strategy, and he is anxious to use the momentum of Brexit and Chancellor Merkel's exit from Germany's leadership to consolidate his European leadership role. His own window of opportunity will begin to close towards the end of next year, as French presidential elections are scheduled for 2022.

Given France's consistent engagement in NATO's Air Policing Mission and enhanced Forward (troop) Presence in the Baltics, regional and transatlantic security issues were high on the agenda of the visit. As were relations with Russia, where post-visit impressions indicate that the French side may have been positively impressed by a certain pragmatism in Riga, which may not always be apparent from media reports in the public space. Events in Belarus following the August presidential elections made issues relating to regional security and Russia even more pertinent. The visit also highlighted an important French-Lithuanian-Latvian initiative on the protection of democracies, including developing resilience relating to disinformation. Already touted at a lower level as a possible Baltic-French EU initiative, the joint declaration of 28 September offered Latvia and Lithuania an excellent opportunity to promote these issues amongst other European partners.<sup>2</sup>

The weak point of the visit, apart from its lack of focus on economic ties, probably surrounded discussions on defence. Latvia's Ministry of Defence remains particularly cautious about stronger cooperation with France. This seems primarily based on some previous negative experiences with military engagement in French operations, combined with a lack of a "meeting of minds" on ideas about strategic autonomy.

Although ambitious and with a revolutionary streak, Macron is also a good listener. For that reason, the visit served as an excellent tool for a consolidation of relations with Latvia's leadership. Prime Minister Kariņš had already made his mark on Macron in May 2019 at the Romanian Presidency's Sibiu informal summit, when Latvia joined France's EU initiative on climate. He further enhanced his reputation at the Brussels Summit during fraught negotiations over the EU recovery funds. As reported by the *Financial Times* on 21 July, together with Chancellor Merkel, Kariņš "worked on a compromise plan that would allow a weighted majority of EU governments to block payments to a country over rule-of-law violations."<sup>3</sup>

Latvian President Egils Levits had not had any earlier direct contact with his French counterpart, in spite of Latvian requests to meet at various international events. By

all accounts, Levits's considerable legal experience in Europe and his undisputable intellectual skills meant that the contact established in Riga laid the foundations for a solid rapport between the presidents, which is particularly beneficial from the Latvian perspective.

For Latvia, working with the Trump presidency during 2020 was "business as usual", with ongoing pragmatism on the Latvian side. Elections (and COVID-19) were more on Trump's mind than foreign policy.

The US under Trump's leadership had agreed to engage with 20,000 troops in the planned NATO exercise "Defender Europe" during the spring of 2020. It was touted as the largest NATO exercise in Europe in 25 years. COVID-19 put a spanner in the works. In the event, some 6,000 US troops were deployed across the Atlantic to Europe, with supporting equipment being moved from both the US and other parts of Europe. It was the third-largest military exercise in Europe since the Cold War. Nevertheless, for a broader look at the reduction of US engagement in such exercises, here is an interesting comparison – 125,000 US personnel deployed to Europe in 1988 for NATO's operation "REFORGER."<sup>4</sup>

The movement of forces and equipment across the Atlantic and within Europe remains a crucial aspect of NATO's role in the Baltic region – which was not part of NATO territory back in 1988. Though modified due to the onset of COVID-19, "Defender Europe" still served as an illustration of ongoing US commitment to European security.

No doubt Latvia's decision (following those of Poland and Estonia) to distance itself from China's (Huawei) involvement in 5G by signing a memorandum with the US in February gained positive traction in Washington. The memorandum was reported as containing a commitment by Latvia to check whether 5G technology providers present security risks.<sup>5</sup> Given the growing concerns about China for both the US and Europe, the signing of the memorandum placed Latvia firmly in the US camp at a time when it still seemed unclear how other European countries would react on the Huawei and 5G issue. President-elect Biden is unlikely to soften Trump's stance on Huawei.

It also seems that Trump's announcements relating to the reduction of US troops stationed in Germany may have been scuppered by checks and balances within the US system. Irrespective of whether such reductions actually take place, after the announcement, it seems that Latvia joined Poland in offering to move some of these troops to Latvia. America is Latvia's closest ally. This message was reiterated by all three Baltic foreign ministers at their meeting in Tallinn on 7 November – the day that the Biden presidential victory was called.<sup>6</sup> The prevailing view in Riga seems to be that in spite of Trump's rhetoric, US engagement during his four-year term proved to be even more solid than during the Obama presidency.



## **THE “SNAKES AND LADDERS” OF PERSONNEL SUCCESSES**

High-level positions in international organisations are difficult to achieve. Latvia’s Executive Vice President in the EU Commission, Valdis Dombrovskis, was handed the trade portfolio after his Irish colleague resigned. Given the importance of EU trade negotiations with the US, the UK and China, this was a significant expression of confidence by President Ursula Von der Leyen in her Commission re-shuffle. In addition, Latvian diplomat Ilze Juhansone went from being acting Secretary General of the Commission to Secretary General on 14 January 2020. She is therefore the Commission’s most senior civil servant.

In late January, news appeared about the high-level appointment of another top Latvian female diplomat to a position in the other Brussels multilateral organisation – Baiba Braže took up her appointment as NATO’s Assistant Secretary for Public Diplomacy in May 2020. As with Juhansone, her success was probably more to do with her professional experience and prowess than lobbying by Latvian authorities. Nevertheless, Latvia can be proud that two top female diplomats currently hold high-level positions in both NATO and the EU.

Behind the scenes, attempts to get a Latvian representative onto the NATO reflection group on strengthening NATO’s political dimension were, however, unsuccessful. Joint Baltic support for a Latvian candidate failed to help, with the NATO secretary general choosing a former Polish minister of foreign affairs to represent the region.

Latvia has also internally recognised the important contribution made by diplomats during 2020. State decorations were awarded to consular officials, as well as to the Foreign Ministry’s official spokesperson Jānis Beķeris, for their achievements. Likewise, diplomats engaged in negotiations for the EU’s seven-year budget and the recovery fund during 2020 were perceived as having contributed to a successful outcome for Latvia. A number of them (mostly female!) were awarded a governmental letter acknowledging their outstanding professional work.

## **COVID-19, MACRON AND BIDEN: PRIORITIES AND RECOMMENDATIONS FOR 2021**

During 2021, Latvia’s foreign policy needs to prioritise a combination of the effects of COVID-19, the ambitions of Macron and adjustments of US policy post-Trump. Clearly, China’s rise and the ongoing risks to security posed by Russia are also underlying factors to be taken into account. These issues are frequently interrelated.

## COVID-19

The pandemic will affect strategic stability globally. Ensuring the health of a population has numerous implications, not only for the economy, but also security and defence. On a practical level, once a vaccine becomes available, key personnel who maintain the security of the state – health workers, the police and the army – will need to be amongst those prioritised for vaccination.

Keeping borders open during the pandemic needs to be perceived as a strategic security necessity. This is particularly important in order to maintain essential services, medical supplies and military mobility – i.e. the movement of troops and equipment across borders. Interestingly, the latter issue was picked up by the French press during the first wave of coronavirus in the spring. It was noted that the Elysée (the office of the French president) had been irritated by Poland's decision to close its borders, which, as the daily newspaper *Le Monde* pointed out, theoretically could prevent NATO military personnel being moved to the Baltic States if they were attacked.<sup>7</sup>

The threat to security posed by pandemics needs to be entrenched in crisis management planning. I have heard anecdotal evidence of discussions about a year ago between Latvian and French foreign ministry officials, where French references to the need to plan for pandemics were dismissed out-of-hand. This does not mean that France was necessarily any better prepared for the dire consequences of the current pandemic. Shortages of face masks and hospital beds in the regions worst affected during the onset of the coronavirus caused concerns within France. Latvia will also have to extract lessons learned for future planning and accept that mistakes were made during the current crisis. For example, in early November it seemed clear that the government had failed to use the summer lull to plan for a second wave or prepare a timely strategy.

Society's resilience should be built up and considered in terms of how the current crisis is being dealt with. Healthy lifestyles need to be prioritised and incentivised. The considerable economic consequences of the pandemic should not lead to a reduction in the defence budget. Overdue structural reforms to the healthcare system need to be carried out with the effective use of available EU recovery funds. Sound leadership involves demonstrating a willingness to learn, admitting past mistakes and encouraging learning and innovation.<sup>8</sup> Maintaining trust in the government is crucial.

The battle against disinformation also needs to be continued. There is no lack of people in Latvia who deny that COVID-19 is anything more than a bout of flu. Just as in other European countries, anti-mask advocates have been vocal. Whilst fault lines about such issues may already exist in Latvia itself, there are many malign external actors ready and waiting to exploit splits in society for their own benefit.

Forceful arguments have appeared about European defence needing to be saved from the coronavirus pandemic by urgently shaping joint answers to deal with the strategic, political and financial harm that has been caused<sup>9</sup>. Should Latvia focus on Europe when prioritising foreign policy in 2021? The road to a stronger European defence leads not only through London and Berlin – the key is in Paris.

## A pivot to France?

Latvia needs to take more seriously French leadership aspirations on security and defence. Previously negative experiences in military cooperation should not hamper future decisions. This of course has to be done without detriment to the transatlantic link and on the assumption that the US will return to being more predictable in its handling of international relations. Notions of strategic autonomy or a European army need to continue to be rejected, whilst accepting the need to focus on increasing European capabilities and European defence expenditure within NATO. The realisation that France, following Brexit, is the only nuclear power and permanent member of the UN within the EU needs to be factored into Latvian foreign, defence and security policy. Greater attention should be paid to Estonia's approach towards France on defence and security issues. Estonia and all Nordic countries are part of the French-initiated "European intervention initiative". Should Latvia continue to show a lack of political interest in joining?

The opportunity for deeper discussions on foreign and security issues should be taken quickly. Already at the end of January 2021, to mark the centenary of Latvia's (and Estonia's) *de jure* recognition, which took place in Paris in January 1921, a visit of Foreign Minister Le Drian to Riga is scheduled along with the first joint meeting of Baltic and French foreign ministers. Latvia should press for this to become a regular event, perhaps annual, at the ministerial level. Looking at the Weimar cooperation (France–Germany–Poland) as a possible precedent, consideration could be given to enlarging the format to take in Germany.

Indeed, in pivoting more towards France, use has to be made of the Franco-German "motor" as well as the close Franco-British cooperation on defence and security. Latvia should seek French support in requesting that Germany pull its weight in NATO. The positive signals given recently by German Minister of Defence Annegret Kramp-Karrenbauer should in turn be pointed out to our French partners. This quote in particular should be highlighted to our French partners: "Illusions of European strategic autonomy must come to an end: Europeans will not be able to replace America's crucial role as a security provider [...] There is no real reason why Europeans should not be able to show more of a presence — and more muscle, when needed — in the Baltic Sea".<sup>10</sup>

Latvia should therefore continue to stress to these key European partners the importance of NATO upholding robust defence and deterrence measures in our region, focussing on what it takes to deter aggression. France's traditional links with Italy and Spain should also be exploited (in a positive sense), especially bearing in mind the Spanish and Italian military contribution to NATO's enhanced Forward Presence in Latvia.

In pivoting towards France, no doubt Latvia will need to press for French support (if it has not been already obtained) for Latvia's bid to become a non-permanent member of the UN Security Council, as well as seek assistance in lobbying francophone countries to this end.

Latvia does not want to be seen as seeking a "free lunch" from France. What can be offered in return? Latvia needs to show more understanding about how crucial the East Mediterranean is for France. Perhaps more robust Latvian support for France in its dealings with Turkey are called for? Likewise, Latvia could provide support for efforts in the Sahel region, given that this is where Europe's fight against terrorism is taking place. For example, Latvian special forces could join their Estonian colleagues, who were recently mentioned in an article in *The Economist*, by providing support to the new joint taskforce, Takuba<sup>11</sup>. After all, post-9/11, Latvia showed no hesitation in supporting the US's fight against terrorism by sending soldiers to Iraq and Afghanistan.

The momentum from President Macron's visit to Riga needs to be exploited to the fullest. Agenda items relating to climate, democracy-building and disinformation need to be built upon. French technology is world class, so Latvian expertise in niche areas (e.g. nanotechnology, big internet, AI, algorithms, and computers) should be promoted for joint projects with French partners, especially in the EU context.

## **Joe Biden**

US President-elect Biden has a formidable foreign policy record and a familiarity with Latvia. There will be little chance of him confusing the Baltics with the Balkans! On the assumption that he takes the oath of office on 20 January, what should Latvia's priorities be concerning the Baltic States' "closest ally"?

It is already clear that dealing with the effects of the coronavirus crisis will be the administration's top priority during next year. Latvia will need to bear this in mind and try to mitigate the potential risks this will present to America's global role. But US foreign policy will be in safer hands – they will be more predictable, with a greater reliance on the apparatus. The prestige of multilateralism and traditional diplomacy is likely to return. There will be a continuation of the US's focus on China, which could further strain the transatlantic link.

Latvia's current government has gained a positive image in the US, based on: firstly, a defence budget meeting the 2% demands, secondly, a cleaning-up of the banking and financial sector following the US Financial Crimes Enforcement Network demarches in 2018, and thirdly, a speedy response to US Magnitsky Act sanctions for corruption against Aivars Lembergs at the end of 2019. Issues about values and the rule of law are likely to resurface on the US agenda, so it will be important that Latvia continues to show progress on these questions.

This positive image needs to be built upon by continuing to show that Latvia is a trusted and reliable partner of the US. To this end, Latvia needs to show that it is doing everything to encourage France and Germany to bolster the European pillar of NATO and to encourage both countries to realise that they need to play a greater role in the defence of continental Europe. A change of administration in Washington will not diminish American demands that European partners to pull their weight in financing defence. The tone will be different, but the substance will remain. Latvia should continue to lead by example in this respect by continuing to prioritise defence within its annual budget. Latvia should not hesitate to point out that the US's military commitment to defending Europe through NATO is, however, still paramount. Latvia should seek US guidance about dealing with unexpected scenarios in the Baltic region at a time when US military forces are overstretched in other parts of the world.

## **Personnel**

It probably goes without saying that Latvia needs to maintain close contact with the Brussels trio (Dombrovskis, Juhansone and Braže) when shaping foreign policy during 2021. Although they are public servants of the institutions in which they work, this does not prevent them from cooperating with Riga. The party links between Latvian Prime Minister Kariņš and Executive Vice President in the EU Commission Valdis Dombrovskis are strong, although Kariņš has on his own merits gained a sound reputation amongst fellow European heads of state and government. The other trio – Levits, Kariņš and Rinkēvičs – will need to continue to ensure that Latvia's foreign policy profile retains a solid, professional image both at home and abroad.

## **CONCLUSIONS**

Winds of change that are blowing from the global pandemic and a new administration in America will fundamentally affect foreign policy during 2021. In Europe, the "2M motor" will run out of steam, with Chancellor Merkel's departure and President Macron at year's end looking increasingly towards elections in 2022. Latvia's foreign policy will remain

resilient. Will there be new “black swans” on the horizon – that is to say, unpredictable monumental events that will test policy makers in Latvia during next year – from which it will be difficult to find shelter?

To quote Nobel laureate and famous song-writer Bob Dylan, “the answer, my friend, is blowin’ in the wind.”

## ENDOTES

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# LATVIA'S CANDIDACY FOR A NON-PERMANENT SEAT ON THE UN SECURITY COUNCIL: THE NEW CONTINUATION OF THE FOREIGN POLICY OF A SMALL COUNTRY

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**Kārlis Bukovskis**

Deputy Director at the Latvian Institute of International Affairs |  
Assistant Professor at Rīga Stradiņš University

The foreign policy of the Republic of Latvia has matured, and it is the right time for it to evolve further. As is the case with each country's efforts to ensure its sovereignty, sustainability, prosperity and prestige in the international system, Latvia, too, is rapidly approaching the final stage of the fulfilment of its fundamental goals. The prevailing enthusiasm of the 1990s, when the Latvian state was restored, was both an occasionally naïve and simultaneously also a mobilising factor. Throughout the years, the calls of Latvians in exile for "the re-integration of the state in the West" won over the opinions of the supporters of neutrality, as well as the ones advocating for the "Eastern direction". Latvia, as once again a sovereign, small, geographically Northern European country without significant accumulated capital or natural resources, had to learn to be an independent and viable part of the modern international political and economic system. After the sad experience with the Eastern direction, its people and leaders leaned towards their Western neighbours.

Latvia plans to become a non-permanent member of the United Nations Security Council (UNSC) on 1 January 2026. This goal is not a random choice for Latvia, as it has already joined all of the international organisations, alliances and unions, as well as their integration cores, that it has wished to join and been eligible to join. Most of them were necessary for the goal of fulfilling Latvia's immediate geopolitical interests. Striving for membership in the UNSC is a different kind of step. It shows not only the country's desire to be present in world politics, but also to promote it. If the Latvian presidency of the Council of the EU in 2015 was the final exam to becoming an equal and credible partner among the friendly circle of EU countries, then UNSC membership is an application for a more active individual foreign policy.

Therefore, based on the assumption that with its candidacy for the UNSC Latvia will start a “new continuation” in the country’s foreign policy, one which is more proactive, global and self-confident, this article will first analyse Latvia’s current progress towards securing UNSC membership. Then the article will focus on the plans and tasks to accomplish in 2021 and the following years. And, third, it will provide a conceptualisation on the topic of the onset of a new cycle in the foreign policy of a small country. Finally, conclusions and recommendations regarding Latvia’s potential priorities in the UNSC will be provided.

## **MORE FOCUS ON LATVIA’S UN AMBITIONS (2020)**

Latvia became a member of the United Nations on 17 September 1991. Less than a month later, on 14 October, Latvia also became a member of the United Nations Educational, Scientific and Cultural Organisation (UNESCO). During these less than 30 years, Latvia has been a relatively active member of the UN, which, in turn, has provided an important format for Latvia to strengthen its statehood at the international level and to show potential and existing partners its ability to be a predictable and supportive friend, who is able to make decisions for the common good and values. During the last decade, Latvia began to engage more actively in the work of the UN and its institutions, especially by directing and supporting representatives of Latvian origin in various UN structures.<sup>1</sup> The former president of Latvia Vaira Vīķe-Freiberga has even been a candidate for the post of the UN Secretary General.<sup>2</sup>

Latvia has made other similarly unsuccessful attempts to run for a position in UN bodies, such as its candidacy for the UN Commission on Human Rights in 2004, in which the country was let down by several of its supporters and partners.<sup>3</sup> Running for a seat on the UNSC itself is not a new goal in the country’s history, as it already sought to gain this position for the first time at the beginning of this millennium. However, the Baltic State withdrew its bid in favour of Slovakia, which took this post from 2006–2007. These failures have not scared the country, and it is now clear that perseverance has paid off. Shifting diplomatic and political resources and focus to larger geopolitical goals – namely, membership in the European Union, the Schengen area and the euro area, as well as NATO and even the Organisation for Economic Co-operation and Development (OECD) – have been much more important goals that Latvia has managed to achieve. At the same time, the UN remains a goal that Latvia has not yet fully “conquered”.

The Cabinet of Ministers approved Latvia’s running for a seat on the UNSC as an official political goal already in 2011 with the Order of 24 August 2011, which clearly instructed the Ministry of Foreign Affairs of the Republic of Latvia to prepare and



implement Latvia's participation in the elections of 2025.<sup>4</sup> This task has been present in the activities of the Ministry of Foreign Affairs. However, other, immediate, more urgent and more important tasks have been at the top of the country's diplomatic agenda. At the same time, this has also been a long-term task, with its most active phase starting in 2020 by introducing a series of public events and announcements.

The premonition that running for the UNSC post is being more actively facilitated was also demonstrated by 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 (2019)*. The document of 2018 only modestly touched upon Latvia's preparations for running for the seat, stating that "it is vital in the UN context that EU Member States pursue an active foreign policy as permanent or non-permanent members of the UN Security Council. For these reasons, Latvia has launched preparations for elections for the non-permanent seat on the UN Security Council during the term of 2026–2027. Latvia's experience and knowledge of foreign policy are sufficient for the achievement of that objective."<sup>5</sup> The 2019 report, though, already defined this task as a self-evident matter: "Latvia's candidacy for the seat of a non-permanent member on the UN Security Council for the term of 2026–2027 is both a contribution to the security of the Latvian state and an opportunity to take part in resolving global issues of peace and security. At the international and national level, the Ministry of Foreign Affairs is leading and coordinating the campaign for the election of Latvia to the UN Security Council."<sup>6</sup>

Moreover, in the 2019 report, UN-related issues had a more prominent role than they generally have had before. It is therefore surprising that the 2020 report does not mention Latvia's candidacy for the UNSC in its central summary and does not define it as a self-evident, everyday activity. "At the international and national level, the Ministry of Foreign Affairs manages and coordinates Latvia's preparations for the UN Security Council elections to acquire a seat of the non-permanent member state for the term of 2026-2027. There are ongoing diplomatic efforts to gain support by strengthening diplomatic relations with UN countries in various regions, as well as by planning and developing Latvia's diplomatic representation."<sup>7</sup> At the same time, the main text of the report clearly demonstrates that Latvia increasingly sees itself and presents itself in the context of the UN and as a promoter of international law, democratic principles and multilateral cooperation. The evolution of this issue in the "minister's reports" confirms the country's indisputable devotion to continue the plan.

Following separate interviews in the media in 2019,<sup>8</sup> the first most active phase of the plan's implementation began in 2020, when the Ministry of Foreign Affairs, as the institution responsible for the UN and for running in the UNSC elections, received an endorsement for the idea from the President of Latvia Egils Levits in July 2020.<sup>9</sup> This "validation" greenlighted the discussions in Latvia that followed: a public debate of experts in October,<sup>10</sup> including a presentation of an analysis of Latvia's interests in

running for a seat in the UNSC developed by the Latvian Institute of International Affairs;<sup>11</sup> publications in the media;<sup>12</sup> explanations of how to push incentives via UN structures;<sup>13</sup> as well as a wider series of events taking place in Latvia marking the 75th anniversary of the UN.<sup>14</sup> However, the Ministry of Foreign Affairs in 2020 has not only worked on popularising and legitimising within Latvian society the country's efforts to gain a seat on the UNSC. The country actively lobbies for the presence of its representatives in UN bodies<sup>15</sup> and for participation in addressing and emphasising issues of national importance in them,<sup>16</sup> including by holding thematic discussions with UN member states.<sup>17</sup>

Therefore, it is clear that Latvia not only takes the running for the seat on the UNSC seriously, but also strives to act accordingly. It is evident that the COVID-19 pandemic both actually disrupted a timely public debate and overshadowed the efforts of the Ministry of Foreign Affairs and the president of Latvia to raise this issue to a visible level. At the same time, one should note that Latvian society in general is neither widely aware of the phenomenon of the UNSC itself, nor understands its significance. Considering that the members of the parliament (Saeima) are the ones to most actively aggregate, express and create opinions, as well as to mobilise the interest of mass media, the “real” debate is still to come.

The tentatively planned separate discussions in various commissions of the Saeima on Latvia's candidacy for a seat on the UNSC will present the actual test of support for this commitment among Latvian society and the political elite. Moreover, taking into account both the experience with preparations for the Latvian Presidency of the Council of the European Union and the fact that the most intensive – and potentially the most important – stage for state budget expenditures will begin only around 2023, the most intense discussions and diversity of opinions are still in the phase of maturing. Nevertheless, the technical phase of unveiling ambitions in 2020 has ended without any problems.

## **THE FULFILMENT OF LATVIA'S AMBITIONS IN THE UN (2021)**

The process of fulfilling Latvia's UN ambitions has begun and will continue until 2025, when the UN General Assembly will vote on one of the candidate countries. Latvia's current competitor is Montenegro. The process of lobbying for one's country using diplomatic means and “outplaying” competitors is one that Latvia is currently actively learning. While the diplomatic service is already gradually starting to introduce close and distant potential partners with Latvia's desire to have a seat on the UNSC, the most critical political lobbying will take place from 2023 onwards. The year 2023 will also be important from the point of view of Latvia's domestic policy, as it is not clear whether the leaders who promote the current idea and its political managers will still have their current positions. Based on author's interviews with the Chair of the Foreign Affairs

Committee of the Saeima Rihards Kols, Foreign Affairs Adviser to the President of Latvia Solveiga Silkalna, Ambassador, Permanent Representative to the United Nations in New York Andrejs Pildegovičs, and Director of the International Organisations And Human Rights Department of the Ministry of Foreign Affairs of Latvia Dr. Ilze Ruse, this chapter will discuss the next steps and foreign policy logic of fulfilling Latvia's UN ambitions in the coming years.

From a political point of view, the opinions of all the leading Latvian foreign policy institutions are in consensus about the need for Latvia to run for a seat on the UNSC, as well as on the need to win. They see Montenegro as a beatable adversary. However, there is also a realisation that it is too risky to underestimate the second-newest member of the UN and to be arrogant. Plus, there is also always a possibility that another country from the group of Eastern European countries may suddenly announce it is running for this seat. The Latvian diplomatic service is firmly convinced that nothing less than a victory is acceptable. This allows Latvia to stay on its toes. Latvia has a wide range of "non-traditional partners" with which it needs to acquaint itself and to which it needs to introduce itself. In order to ensure that Latvia is able to mobilise for a clear goal, clear settings and a clear position in a timely manner, it is necessary to achieve a greater synergy between the development of bilateral relations on a daily basis and the resolution of comprehensive issues. Directness and consistency in a country's wishes and principles are an essential part of a successful strategy in dealing with partners.

The formulation of wishes, principles and central ideas is a process that will begin in 2021 and continue for a few more years. This takes place through topical discussions on the climate and sustainable development, the rule of law and democracy, the opportunities for women, and digital issues, through the annual foreign policy debates in the Saeima, and through the closed formats of decision-makers and the "kitchen of diplomatic strategies" at the Ministry of Foreign Affairs. This is a natural and normal process, resulting in a defining of topics for Latvia to emphasise and advance. One should not underestimate the significance of these topics, as they will have to gain approval from Latvian society and politicians. Moreover, these topics will have a long-term impact on defining how Latvia sees itself in the world and on determining the cornerstones of its image. The decision-makers will also take into account the topics that will be important to the UN and the world. Finally, Latvia must proudly carry its status of being a small country. The world has more small countries than medium or large ones. Therefore, convincing other small countries to associate themselves with Latvia is one of the tactics. However, there is a myriad of differences between small countries and the issues of different world regions. Therefore, the topics cannot be marginal and the topics cannot be too restricted.

The choice of topics and priorities is an important task that needs to be accomplished to maximise the support of UN member states. The result once achieved by Lithuania –

187 votes – can be estimated as *only adequate* if one strives to be ambitious and aims at unanimity, and *excellent* at the same time if one looks at the complexity of achieving such a result. Diplomatic skills and the ability to remind of Latvia's earlier efforts for the seat and withdrawal from the campaign in favour for another country also form a part of an image of a reliable and responsible partner. Giving up on the goal in this context is not uncommon, with the closest examples showing that, for instance, Georgia withdrew in favour of Lithuania, while Bulgaria did so in favour of Poland. One could make a heretical comment here, though, and say that world politics is a very volatile place, and therefore Latvia must also prepare itself for the worst-case scenario where it once again may suddenly have to withdraw its candidacy for a seat on the UNSC in the name of a "higher goal". However, this would in no way diminish the importance of this process and the significance of the lessons to be learned.

Some of these lessons will be definitely related to the issues of 2023, when the most active phase of preparations will have to start – lobbying diplomats and presenting specific topics, as well as informing Latvian and foreign media and the public about Latvia's intentions and the country itself. In the case of Latvia, the year 2023 will mark a newly elected 14<sup>th</sup> Saeima and a new government, which might have a composition and positions on foreign policy issues that do not coincide with the views of the previous governments. Moreover, in 2023, Latvia's parliament will again elect the president. One can expect that the current president of Latvia will also have the opportunity to try to gain the right to continue to carry on his work, including the "path already taken" – i.e., the preparations for Latvia to run for a seat on the UNSC. Therefore, as in the case of neighbouring Estonia, it is essential that at the helm of this process there are stable and strong leaders in the diplomatic service, who ensure the institutional memory and continuity of the process. The Ministry of Foreign Affairs is responsible for setting up an inter-institutional working party to coordinate the process of Latvia's candidacy for the UNSC seat.

The permanency and longevity of the process is not limited to the issue of running for the seat itself. This applies to Latvia's foreign policy in its entirety and its manifestation through the candidacy. Namely, Latvia's candidacy for a seat on the UNSC is a part of Latvia's foreign policy, which is based on the preservation of the country's sovereignty in a rule-based world order. The foreign minister's report of 2019 warns on this issue, stating that "International institutions, international law, free trade and democratic values are no longer self-evident and the need to stand by them and stand up for them has never been higher. As history shows, with shifts and fluctuations in the global balance of power, crises flare up and risks increase."<sup>18</sup>

This only confirms that Latvia's bid for a seat on the UNSC is important from the point of view of Latvia's statehood. It is important and relevant from the point of view of promoting the environment of international law and multilateralism. It is important in order to show support to Latvia's partners and to demonstrate that Latvia is not

only a consumer but also a shaper of the international multilateral environment. It is important in order to finally start forming a unified global image of Latvia – in the eyes of both closer and further partners. It is important in order to make a clear statement that “Latvia is able to advance and resolve other issues and not only the ones arising from our national interests”,<sup>19</sup> as was pointed out by Kols. This illustrates the fact that Latvia’s candidacy for the UNSC marks a new continuation in the foreign policy of the small country.

## **THE NEW FOREIGN POLICY CYCLE OF A SMALL COUNTRY**

This new extension of Latvia’s foreign policy marks a new cycle in the foreign policy of a small country. The task of this chapter is to provide a brief conceptualisation of Latvia’s progress towards the UNSC from the point of view of small state interests and necessities, considering the technical solutions discussed in the previous two chapters and the further development of the situation. Latvia’s bid for a seat on the UNSC at its current stage appears to be a rather technical and diplomatic process led by the Ministry of Foreign Affairs as a public administration institution. The essence of the issue has not yet been thoroughly debated in society. One can see Latvia’s striving for the seat on the UNSC only as a technical process that will require in total a couple of million from the state budget over several years and will not have a deep effect on Latvia’s society and domestic policy. With this process not directly affecting society, a citizen will mostly trust that professionals and experts of the field might be right. Therefore, and this is also what the interviewed decision-makers indicated, the primary action for 2021 is a clear and unmistakable agreement about how ambitious Latvia’s overall foreign policy will be with regards to the UN.

However, there is another approach under which this process defines the entire foreign policy of Latvia and, accordingly, society as a whole. Latvia’s foreign policy, as has been mentioned many times before, has undergone several stages after regaining its independence – namely, the restoration and confirmation of its statehood and the country’s durability in the international system. The foreign policy and the diplomatic service of Latvia have gone through various phases and moments of maturing and learning. There was accession into the European Union and learning to be a part of the international democratic and bureaucratic environment. There was the joining of NATO and learning to be not only security consumers but also security facilitators and supporters through missions in different regions of the world. There was the rise in self-confidence that came with joining the OECD and executing an active opposition in the Council of Europe a few years ago. Finally, there was the strengthening of its place and role in all the formats of international cooperation, including increasing membership and representation in various UN formats, not yet counting its candidacy for a seat on the Security Council itself.

Thus, while Latvia has carefully rooted itself in Western international organisations, the path of country's image-building still has a long way to go. Latvia's prestige or image in the international arena over the past 30 years has, objectively speaking, improved. Meanwhile, domestic political events and "unfinished homework" still often cause damage. Latvia's image suffers not only from the fact that the country has not had a unified, vast and visible image campaign abroad since Latvia's presidency of the Council of the EU, but also from the fact that the country does not have an internally unified consensus about its image. One can hope that, together with striving for a seat on the UNSC, this will be an issue that will finally find its remedy through the work of the Council on the Policy Coordination on the External Image of Latvia (*Latvijas ārējā tēla politikas koordinācijas padome*), established already in 2014.<sup>20</sup> One can hope that the Latvian state image, this "stepchild of Latvia's foreign policy", will finally get the attention of proper parents.

It is clear that improving prestige and ensuring qualitative participation have become the main goals of Latvia's current foreign policy. Running for a seat on the UNSC will allow the country to reach these goals in a qualitative and comprehensive way. It is also obvious that Latvia's foreign policy eventually had to face changes to avoid stagnation and falling into dangerous self-satisfaction on the part of its diplomatic service and foreign policy. The world is constantly changing and therefore demands constant vigilance, presence and participation. This new extension of Latvia's foreign policy is a long-term goal. The Latvian diplomatic service considers running for the seat on the UNSC to be a three-phased process, where the first is the candidacy process itself, the second is being a non-permanent member, and the third is Latvia's overall participation in the UN and international system. In fact, 2020 was the beginning of what will last for almost a decade, not just 2021.

It is therefore particularly important to realise that competing for a seat on the UNSC can be both a technical process and a process that will further define the country. Respectively, it can define the extent to which the UN will actually characterise Latvia's new foreign policy cycle as a whole. This will depend on Latvia's own level of self-confidence and ambition. It is time for Latvia to become more proactive, global and assertive. From now on, given the country's determination and the foreign policy situation, there is reason to believe that Latvia's foreign policy is entering a new cycle relatively safely – it has a new continuation.

## **CONCLUSIONS AND RECOMMENDATIONS**

An overall conclusion can be drawn that the candidacy of the Republic of Latvia for the seat of a non-permanent member on the United Nations Security Council is a long-term process that began 10 years ago and will continue for about 10 more years. However, the current decade will also bring a new cycle in Latvia's foreign policy, where

the country will seek to promote its prestige by creating an image throughout the world and by advocating for the strengthening of international institutions and organisations. The year 2020 marked the technical stage of process preparations and the public announcement of the goal to run for a seat on the UNSC. From 2021 onwards, Latvia will have to determine a clear strategy on how to reach this aim and define whether and how these preparations will affect the country's overall image-building process. With Latvia's foreign policy becoming more active and more visible in the world, its current approach will change as well.

If Latvia wants to maintain its legitimacy in the eyes of its partners in the long run, it will have to take steps similar to Nordic countries, which though being small in size have gradually expanded their foreign policy visibility, including through the promotion of multilateralism, the rule of law and human rights in the world. Latvia can no longer be just an apprentice, a consumer of the security and the regional economic regime. The Baltic State must also be a creator and an active supporter in this setting. Being an active member of the international community is our duty as a mature country.

Currently, discussions on the topics for Latvia to promote and the image to present are still in their early stages. Therefore, it is important to be aware that it will be necessary not only to talk, but also to know what to say. Whether the public, experts, politicians and the mass media will be fully and satisfactory involved in the discussion on these topics will depend on the leader of the process, namely, the Ministry of Foreign Affairs. It is important for Latvia to choose well-grounded and justifiable topics to pursue. The most classical theme is about Latvia "being a green country". Although this could resonate particularly well with the globally topical issue of climate change, it is also a controversial area, as the actual "green thinking and behaviour" of Latvia and its people is widely disputed. Among other topics that Latvia could more successfully promote in one form or another to show its achievements is the already mentioned issue of the role and opportunities of women in Latvia and the world.

At the same time, if we think about linking Latvia's candidacy for the seat on the UNSC with the building of the overall state image, one could recommend a discussion on the following three characteristics. The first refers to the achievements of modern-day Latvia in the field of democratisation, where Latvia has received objective recognition in world rankings among consolidated democracies. The second one relates to the field of economic growth, where Latvia has achieved much despite limited natural resources. The third and final one refers to the diplomacy of a small country – searching for compromises, conceding in the name of collective interests, and self-awareness as a partner who promotes cooperation, including in relations with the other Baltic States. These general and broad characteristics provide Latvia with credibility and must be instrumentalised in more detail.

Therefore, Latvia's commitment to competing for a seat on the UNSC is essential for Latvia to expand and develop its foreign policy and foreign policy thinking. It is also

necessary to “record” the foreign policy of Latvia in its national history, as well as in the history of the world. However, the most important aspect, of course, is to recognise that the country’s candidacy for joining the UN Security Council will test the very capacity of Latvia to advertise itself.

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# INTERNATIONAL SECURITY DURING TIMES OF PANDEMIC

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## **Toms Rostoks**

Senior Research Fellow at the Centre for Security and Strategic Research,  
National Defence Academy of Latvia

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 (EU) in 2019* describes the current international environment as “dynamic” and “changing”. It also points out that “international challenges are of increasing complexity”<sup>1</sup>. This is a polite way of describing concerns about the growing uncertainty in the international system – namely, that it is becoming increasingly difficult to predict various developments in the international security situation. As a result, it is becoming increasingly difficult for countries to prepare for challenges they are going to face in the future. If at the beginning of 2020 someone still had illusions that it was possible to predict the materialisation of various threats, then the COVID-19 pandemic might have dispelled these illusions. It has been known for years that there are risks of a pandemic and that the next pandemic is only a matter of time, but it was impossible to predict exactly when it would start and what it would be like. The experience of 2020 calls for a consideration of the impact of the COVID-19 pandemic on international security processes. Therefore, the purpose of this article is to look at the impact of the pandemic on international security. First, the author will consider the impact of the COVID-19 pandemic on the course of international conflicts, while the second part of this article will consider its possible long-term impact on international security. In conclusion, the author will outline some possible development scenarios for 2021 and offer some general recommendations for policymakers.

## **COVID-19 AND INTERNATIONAL CONFLICTS**

How has the COVID-19 pandemic affected the course of international conflicts? International security is a multidimensional phenomenon. Since the expansion of the concept of international security in the 1980s, it has become a common practice to refer to economic security, environmental security, social security and human security alongside the traditional (namely, military) security. Today, the concept of cyber security has also become an integral part of the international security debate. However, military

security still has a special place in the discussion on international security, as it symbolises the worst that can happen – namely, the physical destruction of people and infrastructure and the total or partial loss of national sovereignty. As a result, a natural question arises: how has COVID-19 affected international military conflicts in 2020, as a pandemic can both reduce and increase mutual hostilities?

On the one hand, the COVID-19 pandemic can reduce the risks of the rise of conflicts and their intensity, as the conduct of military operations requires the mobilisation of significant forces in one place. When there is a need to observe physical distancing, the conduct of military operations poses additional health risks to the soldiers involved. Moreover, in the worst-case scenario, the spread of COVID-19 could be asymmetric, meaning that one of the conflicting parties might suffer from its spread more than the other one. Before the conflict has broken out, however, it is impossible to predict which of the conflicting parties would suffer more. The caseloads when large numbers of soldiers stay together in cramped spaces, such as aircraft carriers and submarines, have clearly demonstrated the risks of gathering. Publicly available information shows that significant COVID-19 outbreaks were registered in the spring of 2020 on the US and French aircraft carriers *USS Theodore Roosevelt*<sup>2</sup> and *Charles de Gaulle*<sup>3</sup>. It is possible that similar problems have affected the armed forces of other countries as well. However, it should be borne in mind that in many places information on the state of health of soldiers in the armed forces may not be publicly available. States may choose to take extensive security measures to reduce the risks of the spread of COVID-19 by isolating soldiers from the rest of society. States may also take precautions in cases where there is a risk of infecting allied soldiers. In spring, the participating parties significantly scaled down the military exercise *Defender-Europe 2020*.<sup>4</sup> In turn, the plane that was to deliver another Canadian rotating unit to Latvia on 2 July returned back when it turned out that its passengers had been in contact with a person infected with COVID-19.<sup>5</sup> Of course, this kind of consideration would be rejected in the event of a military conflict, but the risks posed by the spread of a disease must be taken into account by all parties involved. Hence, the readiness of countries to start a military conflict could be lower during a pandemic.

As a number of studies on the causes of military conflicts emphasise, an important precondition for war is pre-war optimism.<sup>6</sup> While assessing the impact of pandemics on the course of military conflicts, Barry R. Posen writes that the COVID-19 pandemic might have had a positive impact on international security, as it increases the risks associated with the course of military conflicts.<sup>7</sup> Historically, the risks of various diseases have increased during military conflicts, and diseases have often proved to be a more important cause of death than dying on the battlefield. If military conflicts occur in an urban environment, the risk of getting infected increases even more. During a military conflict, the risk of getting infected increases not only among soldiers, but also among the civilian population, while at the same time reducing the ability of the healthcare system to combat the spread of a virus. The economic crises caused by pandemics also

reduces national optimism towards the initiation and continuation of military conflicts. The consequences of the current economic crisis are still difficult to estimate, but there is a significant chance that the negative economic impact of the pandemic could be long-term. Therefore, countries have to take into account that military conflicts during a pandemic can constitute even greater risks than usual.

However, there are a number of reasons to question this relatively optimistic view of the pandemic's ability to suppress military conflicts. It is worth considering three groups of arguments in more detail: namely, actual information about the course of military conflicts during the pandemic, general arguments about why the pandemic could contribute to and exacerbate conflicts, and the relationship between great powers during the pandemic. Firstly, it has been a year since the beginning of the pandemic, which makes it possible to assess the impact of COVID-19 on international conflicts since its onset. According to information gathered by the International Crisis Group, the call made by UN Secretary-General António Guterres in March 2020 for parties to military conflicts to ceasefire and focus on containing the spread of COVID-19 fell on deaf ears.<sup>8</sup> The UN Security Council had a belated response to this call, and only on 1 July did it agree on resolution No. 2532, which called on all parties to armed conflicts to cease hostilities or conclude a truce for 90 days. Although at first it seemed that belligerents in at least a small number of the world's conflicts could heed to the UN Secretary-General's call, it became clear in the summer of 2020 that global violence had not decreased.<sup>9</sup> The border conflict between China and India has escalated during the pandemic, with casualties on both sides. Although it is unlikely that this conflict will grow into a larger-scale military collision, the escalation of the conflict suggests that the pandemic has not prevented the two countries from defending their interests through military force.

Secondly, while a pandemic might lower the level of readiness of armed forces and increase their pessimism about their possibilities to achieve their goals by military means, there are a number of reasons why a pandemic could contribute to conflicts rather than reduce them. The pandemic has offered countries windows of opportunity. At a time when national attention mainly focuses on the internal situation, one can do things that would normally meet with the loud condemnation of other countries. Even during a pandemic, some actions are met with condemnation. However, each country is mainly busy solving its own problems. For example, China has used the pandemic to further strengthen its control over Hong Kong. Due to the pandemic, a series of bombings in Iran in July 2020 also did not attract a significant attention. These events did not catch the attention of the mass media and the public, as the year 2020 was very saturated. If one needed additional evidence that the spread of COVID-19 has not reduced the chances of international military conflicts, then one must turn to Azerbaijan and Turkey, as they have used the COVID-19 crisis as a window of opportunity to exacerbate the conflict over the Nagorno-Karabakh region. The defeat of Armenian forces has allowed Azerbaijan to regain control of some of the territories it lost in the early 1990s.

Thirdly, the trajectory of relations between a number of countries is a cause for concern. The spread of COVID-19 has intensified the negative trends in interstate relations. China has faced blame for delaying the implementation of restrictive measures, which resulted in the spread of COVID-19 beyond its borders. The US government has repeatedly referred to the coronavirus as the “Chinese virus”. This aggravation of relations is taking place against the background of the trade war of recent years and US efforts to reduce China’s influence in the world. The sudden US decision to impose travel restrictions due to COVID-19 and without prior consultation with EU partners has made relations between the US and the EU to deteriorate as well. The pandemic has increased concerns about *vaccine nationalism*, fuelled to some extent by the US attempt to acquire a German company working on a vaccine against the COVID-19 virus.<sup>10</sup> Moreover, tensions have increased between China and India, as well as Greece and Turkey, and there was a risk that relations between the EU and the US, on the one hand, and Russia, on the other, would deteriorate further due to the protests in Belarus following the presidential elections. Russia’s initial calls for the lifting of economic sanctions following Russia’s military aggression in Ukraine have been fruitless. Even Russia’s assistance to Italy and the United States in the fight against the pandemic has not yielded any positive changes. It is difficult to imagine that there could be any positive changes in relations between the West and Russia, following the attempted poisoning of Russian opposition leader Alexei Navalny.

The pandemic has exacerbated disagreements among countries, making it difficult for international organisations to function effectively. In the summer of 2020, the United States decided to withdraw from the World Health Organisation (WHO), as it has accused the WHO of concealing information about the true extent of the virus’s spread in China in the early stages of the pandemic. The economic consequences caused by the pandemic in developing countries, which could push many million people back into poverty, give cause for alarm as well. Conflicts and disagreements are not the only characteristics of the times of pandemics. However, the overall condition of interstate relations has deteriorated in 2020. It is possible that these factors could even have a greater negative impact on international politics in the long term than the short-term fluctuations in the number of armed conflicts in the world.

## **THE POTENTIAL LONG-TERM EFFECTS OF COVID-19 ON INTERNATIONAL SECURITY**

The long-term impact of COVID-19 will likely be uneven and will depend on the availability of the vaccines, as well as the economic damage caused by it. Every crisis gives the impression of creating long-term consequences, but this is not necessarily always the case. If vaccines become widely available in 2021, many restrictions concerning work, travel, distancing and leisure will fall away. In order to understand

the possible consequences of the pandemic, it is worth looking at several aspects of international relations in the context of COVID-19. The following paragraphs will address three issues relevant to the modern international system: the distribution of power among countries, the role of military power, and the role of technology in the international relations.

If we look at the potential impact of COVID-19 on changes in the distribution of power in the world, one should remember that the debate on changes in the distribution of power, i.e., the transition from a unipolar to a multipolar or bipolar system, has been going on for more than 10 years. In considering the impact of the pandemic on international politics, Richard Haass argues that COVID-19 could accelerate the course of actions rather than reshape it significantly.<sup>11</sup> The increase of international rivalry was a reality even before the pandemic, which makes it just another major event with aspects of competition. Relations between the US and Russia, as well as the US and China, have witnessed a downward trajectory for some time already. The weakening of international institutions is also nothing new for observers of international relations.

The course of the pandemic has not fundamentally changed the global distribution of power in terms of military, economic or soft power. The military balance between countries has not changed significantly, and neither has the balance in terms of economic power. Almost all governments have had to implement economic stimulus measures in order to avoid an even deeper economic recession and adverse social consequences. The consequences of the pandemic could be more severe in the United States than in China. However, it should be borne in mind that the information provided by China may be less reliable. Despite the enormous economic costs, which in the case of the United States will reach several trillion US dollars<sup>12</sup>, there is no evidence yet that the balance of economic power in the world has changed decisively. Admittedly, it may still change, as the pandemic is not over and government spending will continue to rise.

There have also been no significant changes in terms of soft power. The actions of China, Russia and the United States during the pandemic have been far from perfect. China initially was not sufficiently open about the spread of COVID-19, and its initially indecisive actions allowed the virus to spread around the world. Although China introduced strong measures to contain COVID-19 later on, its actions have not increased sympathy towards it. If the pandemic could have been a great Chinese opportunity in a situation where the US did not want to take the lead, then that opportunity was wasted. The US's soft power may have suffered the most. US domestic politics has become a never-ending horror story. Moreover, the actions of the Trump administration to contain the spread of COVID-19 have been belated and ineffective, resulting in the deaths of well over 200,000 people. The fact that divisions and inequalities in US society have increased has not gone unnoticed either. However, the attitude of people from other countries towards the United States could change rapidly. The victory of the Democratic candidate

Joe Biden in the US presidential elections could lead to a swift renewal of US soft power. Besides, this would not be the first time this happened, as the US's image improved rapidly when Barack Obama replaced George W. Bush in the position of the US president in 2009.

Russia's efforts to improve relations with EU countries and the United States during the COVID-19 pandemic have been unsuccessful. Russia and China face the same problem when dealing with the West, namely, that their efforts to strengthen domestic political control have a negative reflection in their relations with countries that see human rights and the rule of law as an important part of their foreign policy. In the case of Russia, the cultivation of the soft power suffers from actions such as the poisoning of opposition leader Alexei Navalny, the constant flow of disinformation, and the centralisation of power.<sup>13</sup> In the case of China, it is the strengthening of control over Hong Kong and repression against Uighurs in the province of Xinjiang that cause problems. The pandemic has not created favourable conditions for enhancing the position of the soft power in any of these three countries.

The second issue worth discussing is the role of military power in international politics today. The importance of this issue stems from the nature of the threats posed by the pandemic. People are dying because of the spread of COVID-19. In total, more than 1 million people died from COVID-19 worldwide in 2020. This is not a traditional military threat that one can eliminate through military means. In the fight against COVID-19, the most important role belongs to medical personnel and the general populace, whose task is to distance themselves physically and to observe responsibly the restrictions introduced by the authorities. It is not surprising that due to the pandemic there is a more intense discussion on the view that the new international security agenda will be more about human security and less about military security. This is not surprising, as, for example, the terrorist attacks of 11 September 2001 killed 2,977 people in the United States, while the number of deaths in the United States in 2020 as a result of the spread of COVID-19 is incomparably higher. There have been suggestions that the new international security agenda could focus more on the strengthening of human security, while national defence spending could decrease.<sup>14</sup>

However, there are also a number of reasons why the importance of traditional military security may not diminish. While short-term defence spending cuts are possible in many countries, increasing international competition will require countries to strengthen their military security. In addition, national defence spending resumed growth after a recession in the 1990s, and this trend has continued until 2019, when the total global military expenditure reached 1.9 trillion USD.<sup>15</sup> Moreover, interstate relations in the current international system are not in a condition that would allow countries to reduce defence spending. With an increase of interstate competition and a decrease of the role of international institutions, countries do not see another option but to engage in military competition. There is also no reason to believe that the economic turmoil caused by the

pandemic will last long. If the COVID-19 vaccine becomes widely available in 2021, there could be a swift economic recovery, and people's daily lives and interstate relations could return to their former level.

The third issue worth discussing is the triangle of relations between international politics, COVID-19 and the development of information and communication technologies. Although the concept of technological development is very broad and covers a wide variety of fields, two aspects of technology have become particularly important due to the pandemic: the growing role of information and communication technologies in overcoming the economic recession brought on by COVID-19, and the intensification of US-China competition in the field of technologies. In the first case, the growing importance of information and communication technologies is self-evident. If people need to distance themselves physically in order to slow down the spread of the virus, then the only way to reduce the negative economic impact of the pandemic is to use, as much as possible, possibilities for remote working. As a result, the value of major information and communication technology companies has risen sharply. According to estimates, the value of the five largest US big tech companies – *Apple*, *Amazon*, *Alphabet*, *Microsoft* and *Facebook* – has risen by 37% in the first seven months of 2020, accounting for about 20% of the total US stock market value.<sup>16</sup> Secondly, US-China competition in the field of technology has increased rapidly. One should note that this is not a new phenomenon, and that competition between the US and China was gradually increasing in recent years as well. US companies were dissatisfied with restrictions on access to the Chinese market, and there were concerns that the Chinese authorities and companies were actively involved in stealing technology held by the US and other foreign companies.

Despite the different foreign policy styles of different US presidents, foreign policy towards China has moved in the direction of an ever-growing policy of containment. There was a gradual increase in the US's military presence in the Asia-Pacific region during both of Barack Obama's presidencies. China also received increased attention during Donald Trump's presidency. No matter how one estimates the US-China trade war he initiated<sup>17</sup>, the course of aggravation of US-China relations has helped to crystallise US foreign policy in the field of technologies. According to Adam Segal, US foreign policy towards China rests on three elements: restricting Chinese access to high technologies, restructuring global supply chains, and investing in emerging technologies at home.<sup>18</sup> The US has put pressure on its partners in Europe and elsewhere in the world not to choose *Huawei* technology for the provision of 5G networks. In turn, in the summer of 2020, the US government turned its focus on a Chinese application named *TikTok*, owned by the company *ByteDance*. On the grounds of national security concerns, the authorities were contemplating the possibility of denying this application access to the US market.<sup>19</sup> These are manifestations of the decoupling process in the field of technologies. The US's foreign policy in this context is likely to continue in the same direction in the years to come, regardless of the outcome of the US presidential elections in November 2020.



## WITH WORRY TOWARDS 2021

The year 2020 saw a hectic beginning. In the first days of January, Major General Qasem Soleimani, the commander of Iran's Islamic Revolutionary Guard Corps the *Quds Force*, was killed, which in the following days led to Iranian missile strikes on a military base in Iraq where US (and Latvian) troops were stationed, as well as to the shooting down of a Ukrainian passenger plane in Iran. Indeed, one can say that 2020 has been a year full of alarming events, and this gives cause to look forward to the coming year with worry. Therefore, in conclusion, it is worth pointing out two potentially positive opportunities and a negative possibility, which one should consider in anticipation of the year 2021. First, positive changes in international politics are possible. There are considered to be three levels of international policy analysis: the individual level, the national level and the level of international systems.<sup>20</sup> Although there is a widespread view that international political developments are driven by fundamentally macro-level processes, recent global events have marked something of a renaissance for the first level of analysis – namely, the individual.<sup>21</sup> This is mainly due to the extraordinary personality of US President Donald Trump. However, one must also take into account the examples of China, Russia, Germany and other countries, where it is precisely the personalities of national leaders – or institutional conditions strongly influencing national foreign policy – that give individual political leaders a great deal of influence concerning domestic and foreign policy. This means that significant changes in the nature of international politics can also result from changes of heads of state. In this respect, significant changes are likely to take place after the US presidential elections.<sup>22</sup> As the victory of these presidential elections belongs to Joe Biden, US foreign policy could become more conventional in 2021.<sup>23</sup> Although US President Donald Trump did not admit defeat in the first days after the presidential elections, there was no evidence to call the election results into question. It is true, though, that Trump's reluctance to acknowledge defeat in the elections and his readiness to sue over vote counts in individual states could make the transfer of power more hectic and undermine the legitimacy of the democratic process in the United States.

The second opportunity relates to the fight against the global spread of COVID-19. If the COVID-19 vaccine is not yet available in 2020, it is likely to be available in 2021. In early November, the US company *Pfizer* released information stating that the vaccine it has developed together with German company *BioNTech* showed an effectiveness of over 90%.<sup>24</sup> Other pharmaceutical companies soon followed suit with vaccine announcements of their own. If Joe Biden, after assuming the position of the US president, wishes the United States to take on an international leadership role and revive international institutions, then it might be possible to do so. International cooperation suffers from the lack of collective action, which in turn hampers interstate cooperation. However, there are many global challenges (e.g., climate change) that can only be solved collectively. It would be easier to build cooperation if there were a strong country committed to it. The only country that could be able to reach this goal today is the United States. International institutions have significantly weakened during Donald Trump's presidency, but their

role can be revived. Joe Biden has made a pledge that the US would re-join the Paris Agreement as soon as he became the president of the United States.<sup>25</sup>

The third possibility, the negative one, relates to the future trajectory of US–China relations. A change in the ownership of the US White House could lead to a return to strengthening international institutions and the US alliance system, and that is a doable task. However, US-China relations are likely to remain on a downward trajectory. If neither of the two superpowers experiences sudden fundamental upheavals that would rapidly change their position in the international hierarchy of power, then the world is on the way to a bipolar balance of power, with all the consequences this represents.

## **WHAT COULD LATVIA EXPECT FROM THE YEAR 2021?**

The year 2020 was rather harsh for Latvia, as it brought COVID-19 and unrest in Belarus, where security forces loyal to the ruling regime have been beating, torturing and humiliating their fellow human beings for months. What could 2021 bring for Latvia? There is reason to believe that this could be a better year, as COVID-19 vaccines are likely to be available. With Latvia being an EU member state, one can expect vaccines to be available in significant quantities to the population of Latvia. The Latvian economy could see a recovery, hopefully a swift one. At the beginning of the summer of 2021, life could return to its usual (albeit slightly different) track.

Changes favourable to Latvia could also take place in the international environment. With Joe Biden becoming the president of the United States, one can expect three changes favourable to Latvia. Firstly, Joe Biden, while still a presidential candidate, made it clear that he will normalise relations with NATO member states. An article published in *Foreign Affairs* magazine in 2020 outlines the foreign policy programme of Joe Biden, in which he states regarding NATO that “[...] the alliance transcends dollars and cents; the United States’ commitment is sacred, not transactional”<sup>26</sup>. The request for European countries to increase defence spending will remain, but NATO will once again look more like an alliance than organised transatlantic racketeering.

Secondly, the United States will pursue an uncompromising foreign policy towards Russia, being well aware that Russia poses not only a military but also a non-military threat to other countries. The first responses from Russia after the US presidential elections show that Russia is well aware that relations with the US are unlikely to get warmer in the coming years.<sup>27</sup> It is also unlikely that Joe Biden will have forgotten the events of 2016, when, ahead of the US presidential elections won by Donald Trump, Russia intervened in the electoral process, trying to prevent the election of presidential candidate Hillary Clinton. During the final months before the elections, the administration of US President Barack Obama knew that Russia was intervening in the

elections. However, it failed to take sufficient steps to inform the US public about Russia's actions, as this would be considered unacceptable interference in the election process by the then-president in favour of the US presidential candidate of the Democratic Party.

Thirdly, an important aspect of US foreign policy under Joe Biden will focus on efforts to strengthen international democracy. As early as the end of 2021, there could be a Democracy Summit with the aim of strengthening cooperation between democracies and halting the continuation of the global democratic retreat. This is potentially good news for Latvia, as the strengthening of democracy closely relates to the events in Belarus. Unfortunately, the violence in Belarus in the fall of 2020 received almost no attention in the United States. That could change in 2021. If this happens, it will be an opportunity for Latvia not only to influence events in Belarus, but also to form an even closer partnership with the United States.

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# THE POLITICAL CLIMATE OF TRANSATLANTIC SECURITY

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## **Gunda Reire**

Advisor to the Minister of Foreign Affairs of the Republic of Latvia |  
Director of the Center for International Studies

*NATO must “stay strong militarily, be more united politically, and take a broader approach globally.”*

NATO Secretary General  
Jens Stoltenberg

It is said that excellence does not require a set of skills, but rather it is an attitude that comes from everyday practice. Transatlantic security rests on three pillars: common institutions, interdependence, and identity and values. NATO, representing one of the above pillars, is seen as the strongest alliance ever to have been created and continue to exist. Historically, alliances have been formed before and during wars, and they have, in the same way, ceased to exist afterwards. They served very specific purposes – to form a defence against a specific external attack. NATO is the only alliance that has survived fundamental changes to the international system – it has transformed, expanded collective defence borders, and is currently operating as a hybrid alliance that both retains its traditional functions and extends its activities to non-traditional functions. So, there is good reason to talk about excellence.

At the same time, very heated debates are ongoing about the internal climate within the Alliance, on the future of NATO, and on the significance of the role of the US in that respect. In the interests of truth, it should be said that the debate on the role of the United States in the Alliance is as old as NATO itself. The fact that the US holds a leading position in the Alliance is not disputed, but interpretations of the current situation and future prospects vary significantly between two camps – the Atlanticists and the Eurocentrists. Moreover, these political, almost ideological, positions are essentially less related to an analysis of US activities on the inside and outside of the Alliance, but rather to the problems of Europe’s identity in terms of security and defence. During the Cold War, unambiguous external threats contributed to the cohesion of NATO, which was based on the supremacy of American defence capabilities. In the wake of the Cold War, European Union countries have attempted to shape a strong European security and defence policy several times. Now that, alongside China’s increasing international influence in many places, concerns

are growing about the US's political priorities and about resource allocation, the voice of Eurocentrists is again audible. This camp not only advocates the idea of European strategic autonomy, but also often builds apocalyptic scenes about a Europe without the US, and these often also have a place for a new kind of relationship with Russia.

The year 2020 has been marked by COVID-19 in many areas, but it should be noted that the pandemic has not produced significant developments in the traditional sense regarding security policy. This does not, however, mean there is a lack of direction for development in transatlantic security. NATO Secretary-General Jens Stoltenberg, speaking about the coming decade of the Alliance, has written a relatively precise recipe – the Alliance needs to maintain its military strength, become politically more united, and form a wider approach globally, meaning not a global presence but a global scope of the concept of security and defence.<sup>1</sup> This conclusion appears to contain a compliment to NATO's military capabilities and global reach (with a call for this to continue), as well as one major problem – political unity and the transatlantic political climate. This aspect is significant for Latvia's security.

## **CHINA – A DIVIDING OR UNITING FACTOR?**

In order to make it onto the daily agenda of international organisations as a threat, or at least a challenge, more often than not, a situation or issue needs to mature, and this requires time. Although the China issue has been occupying minds since the first years of the new millennium, it only appeared publicly on NATO's agenda in the 2019 Declaration of the London Summit, in which China's growing influence and international policies were discussed as “both opportunities and challenges that we need to address together as an Alliance”.<sup>2</sup> While so far NATO has analysed China in the context of its activities and its impact on transatlantic security in Asia and the Pacific, and to some extent in the Middle East and Africa, the focus is currently more on the transatlantic space. China engages in various high-impact and hybrid activities in NATO member states, is forming a coordinated technological development strategy, and invests heavily in critical infrastructure and 5G networks. This line is also clearly highlighted in Latvia's foreign policy report for 2019. It states: “However, behind such disagreements [between the US and China] there are deeper contradictions [of China] not only with the United States but also the rest of the Western world, and these cover human rights issues as well as security in the realm of high technologies, including the development of 5G, fifth generation wireless technology for digital cellular networks, and also other areas of innovation. Taking this into account, disagreements can be seen as stemming from a certain model for economic, political and 3 military development that is being implemented by China along with attendant instruments of influence for securing its global objectives.” But behind these disagreements lie the deeper principled

contradictions not only with the US but also with the rest of the Western world, and they cover both human rights issues and security issues in the field of high-tech, including the development of 5G, and other spheres. These are rooted in China's economic, political and military development model, which, together with the instruments of international influence used by this country, takes global shape."<sup>3</sup>

The interaction between the European Union, the US, China and Russia will continue to play an important role in the security of the region, including that of Latvia. But how can the China factor influence what Secretary-General Stoltenberg calls "political unity"? At the moment, it appears that China's growth, ambitions and attempts to reshape international structures and norms to make them more relevant to its model are all assessed equally in the transatlantic space – as a challenge and as issues that need closer attention. The US has recognised China as its strategic rival in its National Defence Strategy.<sup>4</sup> At this point, we have to wait for what the administration of President Joe Biden will say at strategic level. It is possible that the tone or style of expression may alter, but it is perfectly safe to predict that China will not be missing from the US's national defence agenda.

The European Commission has identified China as simultaneously a cooperation partner, economic competitor and systemic rival.<sup>5</sup> In the summer of 2020, US Secretary of State Mike Pompeo and the High Representative of the European Union for Foreign Affairs and Security Policy Josep Borell initiated the US-EU dialogue on China. Pompeo has stressed: "There is a transatlantic awakening to the truth of what is happening. It's not the US that is confronting China, it's the world that's confronting China."<sup>6</sup> Meanwhile, at the end of the year, two weeks after the US presidential elections, the foreign ministers of France and Germany published a joint statement in *Die Zeit*, *Le Monde* and *The Washington Post* stating: "With Biden, greater transatlantic unity will be possible with regard to autocrats and countries that seek to enhance their power by undermining international or regional order. . . [ ... ] Under a Biden administration, the compass needle of US foreign policy will continue to gravitate toward China, which we see as a partner, competitor and systemic rival at the same time."<sup>7</sup> This view was immediately echoed in the words of the newly elected US President Biden, who said that it was necessary to coordinate their actions with other democracies in order to dictate the rules, instead of "having China and others dictate outcomes."<sup>8</sup>

From this perspective, it can be concluded that there is a consensus in the transatlantic space on the importance of the China factor, and the absence of collisions of power can certainly serve as a mobilising factor that enhances political unity. At the same time, there must be no concerns overlooked about the hypothetical situation in which the US–China rivalry turns into a trade war, or a more serious conflict situation which, as predicted, could both shift the focus away from Europe – and, importantly for Latvia, away from NATO's eastern border – and provoke discussions about the priorities of financial reallocation. Thus, a situation in which the China factor may become a new source of political disagreement, despite a common understanding of the nature of the challenges, should not be excluded.

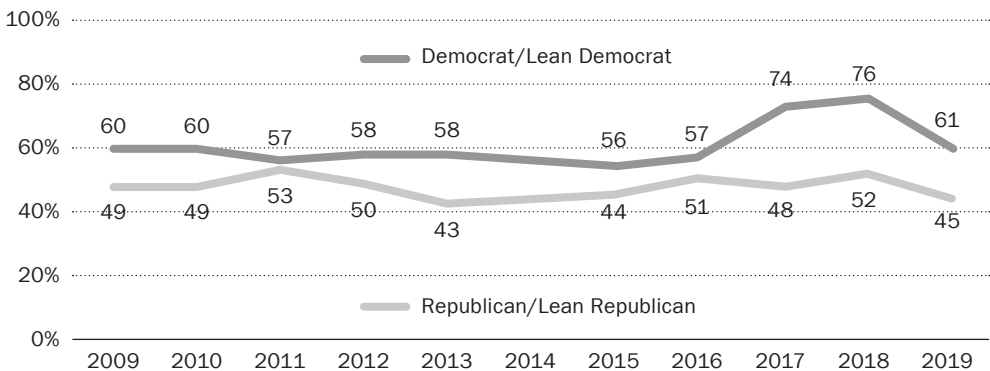


## EUROPE – A PARTNER, NOT A COUNTERWEIGHT

It is no secret that the new US President Biden is a “transatlanticist”, and great hopes are being placed on this for the future, as it marks the US’s readiness to fulfil its duties. Among other things, the potentially positive role that the new administration takes in strengthening transatlantic relations can also be seen from a public perspective: support for NATO has historically been higher among Democrats than Republicans (see Figure 1). But others must also be prepared to strengthen relations, reciprocally.

The European Union has tried to shape, develop and resuscitate its security and defence policy several times. But right now, in transatlantic relations, the voice of Eurocentrists has become more audible. “The strategic independence of Europe is our new common project for this century,” said President of the European Council Charles Michel at the end of 2020, further highlighting his thesis with the idea of strategic autonomy as “goal number one for our generation”. It should be said that, in his speech about strategic autonomy, the President of the European Council was particularly referencing economic and commercial autonomy, which has nevertheless led to surprise about such an inward-looking vision, since the European Union can now be seen as the world’s most integrated trade bloc and a long-term leader in the area of free trade and multilateralism. The concept of “open strategic autonomy” is also used and promoted within the European Union.

However, strategic autonomy is not a concept about which unanimity exists. For example, French President Emanuel Macron has been using this concept (as well as another, “European sovereignty”) and promoting the idea for years, and it has been extended to the economy, the security and defence of the European Union, and, more recently, the pharmaceutical sector.



**Figure 1. Support for NATO among Democrats and Republicans (% of adult US respondents with a supportive view of NATO).** Source: “NATO Seen Favorably Across Member States”. Pew Research Center, 09.02.2020, <https://www.pewresearch.org/global/2020/02/09/nato-seen-favorably-across-member-states/>, accessed 20.11.2020.

During the COVID-19 crisis around the world, tensions erupted over the supply networks for medical masks, medicines and other medical goods, and Germany began to move closer to France's position on strategic autonomy, at least in the pharmaceutical field. This raised other concerns in many parts of the international community about the strengthening of the France-Germany axis. However, this rapprochement does not extend to the defence sector: at the end of 2020, German Defence Minister Annegret Kramp-Karrenbauer somewhat sharply addressed Macron's ideas: "The idea of European strategic autonomy goes too far if it nurtures the illusion that we could ensure Europe's security, stability and prosperity without NATO and the U.S.,"<sup>10</sup> thus reaffirming that the US and NATO retain their key role in Europe's security.

The Latvian foreign policy report in this context stresses the need to deepen European Union cooperation in the field of security and defence, which stems from the growing and complex challenges of the international security environment, and this involves both the intensification of political dialogue and the development of practical cooperation initiatives based on the priorities identified in the directions and tasks of the 2016 Global Strategy for European Foreign and Security Policy. However, the position in the report is very precise and highlights the complementary nature of such initiatives: "At the same time, it is important for Latvia that the European Union's efforts in the field of security and defence complement those of NATO and strengthen the transatlantic link and deepen its meaning. Therefore, we support close cooperation between the European Union and NATO and that the European Union security and defence initiatives are open to third countries – the Allies."<sup>11</sup>

Cooperation has always been at the centre of the European Union and the transatlantic partnership, and the importance of US and European cooperation in developing, disseminating and maintaining the idea of multilateralism historically and nowadays is invaluable. It is very important that this transatlantic relationship, as a strategic and systemic partnership, should enhance a stronger, more militarily capable Europe, but without hindering various perceptions of threats, challenges and basic concepts, or creating different road maps to different objectives and thus the duplication of activities.

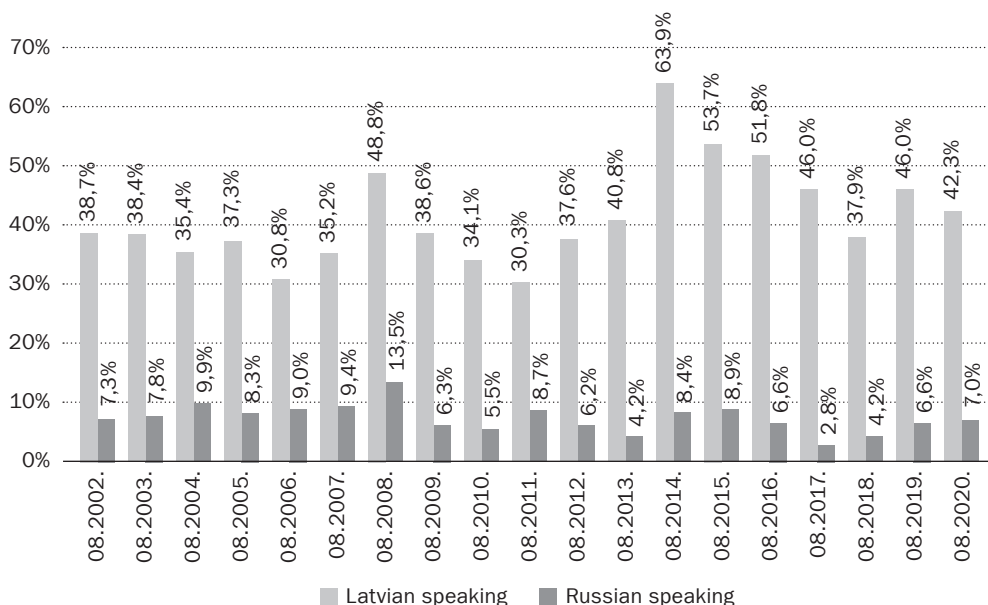
This does not mean the system should tend toward entropy: both NATO and the European Union need to improve. For example, at the end of 2017, European Union member states, including Latvia, agreed to launch a permanent structured cooperation (or PESCO) with a view to improving the defence capabilities of member states, and currently Latvia is also using these instruments to develop its defence capabilities. The European Union is also developing a "Strategic Compass" – a military strategy paper to identify potential threats and targets in the field of defence in alignment with NATO's "Strategic Concept", which sets out the objectives of the Alliance. However, it is of paramount importance to look at transatlantic relations as complementary and sustaining, rather than potentially competitive and divisive. This is an important future challenge for the Alliance as a whole, and a strong transatlantic partnership and a mutually favourable

internal transatlantic climate is clearly in Latvia's interests. In this context, it should be noted that the process of approving the political agreement of the London Summit on a renewed protection plan for the Baltic States and Poland was concluded in 2020, and this shows the effectiveness of decision-making and implementation.

## **THE PERCEPTION OF RUSSIA**

Russia's foreign policy has remained aggressive and provocative in 2020, and its revisionist course has not changed, both in terms of existing international relations arrangements and in terms of major events in European history, as demonstrated in 2020 by propaganda regarding the causes of the outbreak, and the results and consequences, of the Second World War (in Russian terminology, this is known as the Great Patriotic War). Russia is trying to shape and legitimise its sphere of influence on its periphery, portraying itself as a guarantor of world peace and stability while questioning the sovereignty of neighbouring countries. Therefore, the role of transatlantic security and NATO in Latvia's foreign policy and security policy continues to be of the highest importance. In response to Russia's annexation of Crimea and aggression in eastern Ukraine since 2017, multi-national battalion-sized battlegroups have been deployed in Latvia, Poland, Estonia and Lithuania – Canada is the leading nation of battlegroup in Latvia, providing the largest contingent of troops for NATO's enhanced Forward Presence. Stoltenberg has highlighted Latvia as a trusted partner of the Alliance: "Your forces train Afghan troops to fight terrorism. And help maintain stability in Kosovo. Latvia leads by example on defence investment. Spending 2 percent of GDP on defence. And of course, you host NATO's Canadian-led battlegroup. In Ādaži, troops from ten Allies serve alongside Latvian forces. Soldiers from North America and Europe serving together to keep our Alliance safe."<sup>12</sup>

However, in terms of the transatlantic political climate towards Russia, views have also been expressed on the need for a new type of relationship with Russia, an audit of relations, and these are based on the search for an identity for European security and defence mentioned above. Presumably, many remember Macron's provocative thesis on the "brain death of NATO"<sup>13</sup> and his response to the question about the effectiveness of Article 5: "I don't know, but what will Article Five mean tomorrow?" Moreover, written on his Facebook page in Russian is a statement that Russia is a "deeply European country", referencing a Europe that stretches from "Lisbon to Vladivostok" and the need to develop an "architecture of security and trust between the European Union and Russia".<sup>14</sup> The dialogue with Russia certainly needs to be continued, but the question of whether Russia is a trusted, predictable partner of democracy has already been exhausted – and yet in the context of transatlantic security, these and other similar traits appear to be emerging again and again.



**Figure 2. The proportion of respondents who agree\* with the statement “Russia is considered a threat to Latvia’s independence”, among Latvian and Russian-speaking\*\* residents.** Source: SKDS

\* summētas atbildes pinībā piekrīt un drīzāk piekrīt

\*\* respondenti dalīti pēc ģimenē visbiežāk lietotās sarunu valodas

A unified NATO and the European Union’s understanding of security and defence in Europe are clearly in Latvia’s interests. Excessive openness to Russia, or at least readiness for such openness, not only creates tension in the transatlantic political climate, but potentially may also provoke divisions on the issue of priorities.

The Latvian foreign policy report clearly indicates: “There has been a call from individual European Union Member States to consider the formation of a new European defence architecture, which includes the establishment of a common security space with Russia and a review of sanctions. Latvia is open to exchanges of opinions between allies on the strengthening of Europe’s resilience against the present-day threats and the need for building a dialogue with Russia on matters of mutual importance. In this process, we advocate a pragmatic and rational approach, while not deviating from our values. Under conditions when Russia is not changing its aggressive policy and is violating international law, the building of qualitatively new relations with Russia, including in the security sector, would run counter to our principles and those of our allies (NATO, the European Union and transatlantic partners).”<sup>15</sup>

It is crucial for Latvia that the overall perception of the Alliance regarding Russia’s role in transatlantic security will remain unchanged. Stoltenberg stressed at the Riga conference:

“But know one thing. NATO and all NATO Allies will do whatever is necessary to keep all our countries safe.”<sup>16</sup> At the same time, the role of political education and resilience in Latvian society itself should be emphasised, and this is one of the challenges of the future. The presence of Alliance forces in Latvia is directly related to Russia’s aggressive foreign policy, but in Latvian society the perception of Russia as a threat is not dominant, and there are extremely low figures among the Russian-speaking part of Latvian society (see Figure 2). This may have a number of influencing factors, but one of the most important is a divided information space.

## CONCLUSIONS

NATO’s role is generally accepted from the point of view of military capabilities and scope, but the internal climate within the Alliance is just as important. You may recall the lessons of China’s Sun Tzu, which say: “He will win whose army is animated by one spirit throughout all its ranks.”<sup>17</sup> In other words, it is about unity as a factor of excellence in the military, and this is an ancient truth.

Transatlantic security means that Latvia’s security is also NATO’s security, the security of the European Union, and the security of France, Canada, and other allies. Therefore, the transatlantic political climate, or as in Stoltenberg’s words, transatlantic unity, has an invaluable role to play in transatlantic security. This article outlines the Chinese, European and Russian factors, but potential points of discord are also found elsewhere in the world, which necessitates a response to new types of threats and challenges.

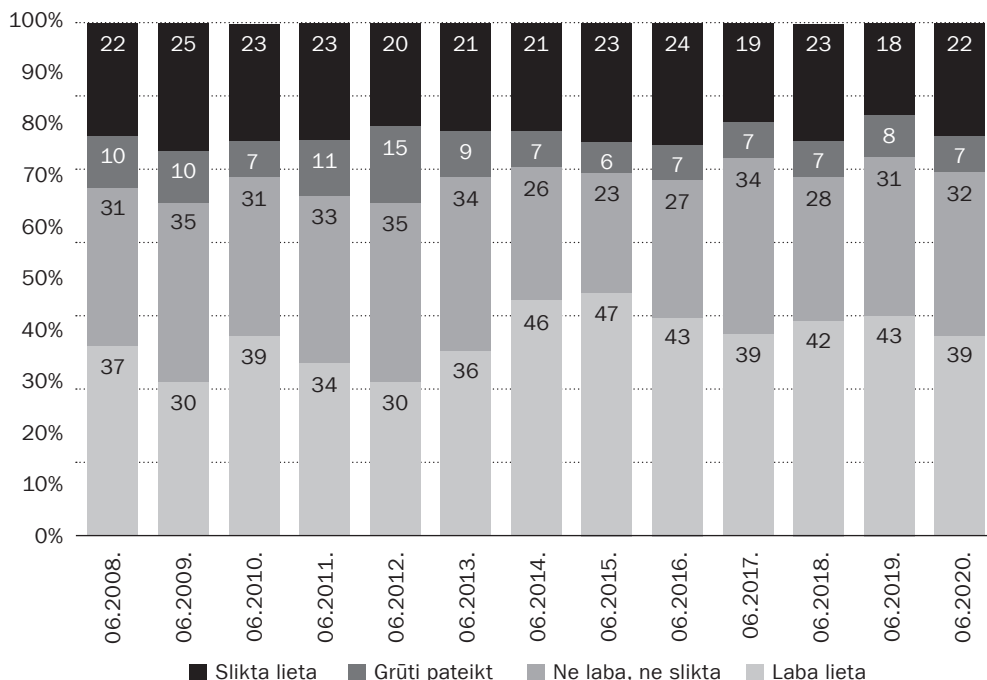
In the area of military cooperation, the Alliance works well, but it is often noted that it is beginning to lack political vision and strategic perspective. The NATO 2030 initiative is currently in progress, bringing together the knowledge and opinions of the allied states, experts, academics and civil society, and this will shape the Alliance’s vision for the next decade. The meeting of NATO foreign ministers in Latvia scheduled for 2021 will also make a positive contribution to this effort. It will demonstrate the importance of strengthening the military presence of NATO allies in the region, which is important for the security of Latvia.

Stoltenberg has also expressed the view that it is time to develop a new NATO Strategic Concept.<sup>18</sup> This is highly needed, since the current concept was adopted in 2010, and since then there has been a great deal of Russian aggression in Ukraine, a proliferation of hybrid operations, a rise in radical extremism and terrorism, a migration crisis, a spread of cybercrime and the weaponization of information, the rapid growth of China’s dominance, a strategic movement in the Arctic, an awareness of the importance of climate change and technological developments, to name but a few examples. Opinion exchanges and heated debates have their place in the Alliance. However, it is important

that the reflection process and the design of the new strategy, from a political climate point of view, be used as a unifying and transatlantic security-enhancing moment, not as an opportunity for each member state to put all their trump cards on the table, to stand by them, and thereby deepen political discord.

Looking at the transatlantic future from Latvia’s position, first of all, it should be stressed that NATO is generally regarded positively or neutrally in Latvian society – but knowing the practical high importance of the Alliance in guaranteeing the security of Latvia, the improvement of these indicators could be considered to be next year’s task in the field of political education and explaining the factors affecting national security (see Figure 3).

It is important for Latvia to build a relationship of trust with the new US presidential administration. At the same time, the conclusion from last year’s yearbook should be recalled, as this was applied to the now-departing Trump administration: “It is safe to say that the intense high-level dialogue that Latvia has had in recent years with the existing US administration has not been experienced in a long time.”<sup>19</sup> The role of the new US presidential administration in improving the future transatlantic political climate will be great, while the former US president’s most passionate critics must be reminded that the multilateralism crisis has older roots; it did not start with Trump and will likely not end with Biden.



**Figure 3. Attitude of Latvian residents towards Latvia’s NATO membership (% , all respondents).** Source: SKDS

Similarly, the political unity within the Alliance on Russia is important for Latvia, while bearing in mind that there is no contradiction or competition between different types of threats – whether it be an aggressive revisionist state, terrorist groups, uncontrolled migration, weapons of mass destruction, or new and non-typical challenges to traditional security. Systemically, it is not possible to reduce attention to one type of threat in order to deal with another – they are not selected, they all require a response.

The political unity of the Alliance and strong multilateralism are in Latvia's interests because Latvia's membership in NATO plays an indispensable role in strengthening and ensuring the defence of the state. Over the next decade, the international environment will be affected by a shift in the balance between international organisations and individual states; in the broader sense, this decade will be a challenge for multilateralism. Transatlantic political unity is an important prerequisite for the effective functioning of NATO as a forum for political discussions and for the ability to reach an agreement on both the importance and nature of a threat or challenge, as well as for the handling of matters relevant to the security of all the members of the Alliance. Therefore, Latvia will be objectively interested in maintaining stability based on international law and norms, which is intertwined with a favourable political climate in transatlantic relations.

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# LATVIA'S DEFENCE: STILL GRADUALLY ADVANCING

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**Māris Andžāns**

Senior Researcher at the Latvian Institute of International Affairs |  
Assistant Professor at Rīga Stradiņš University

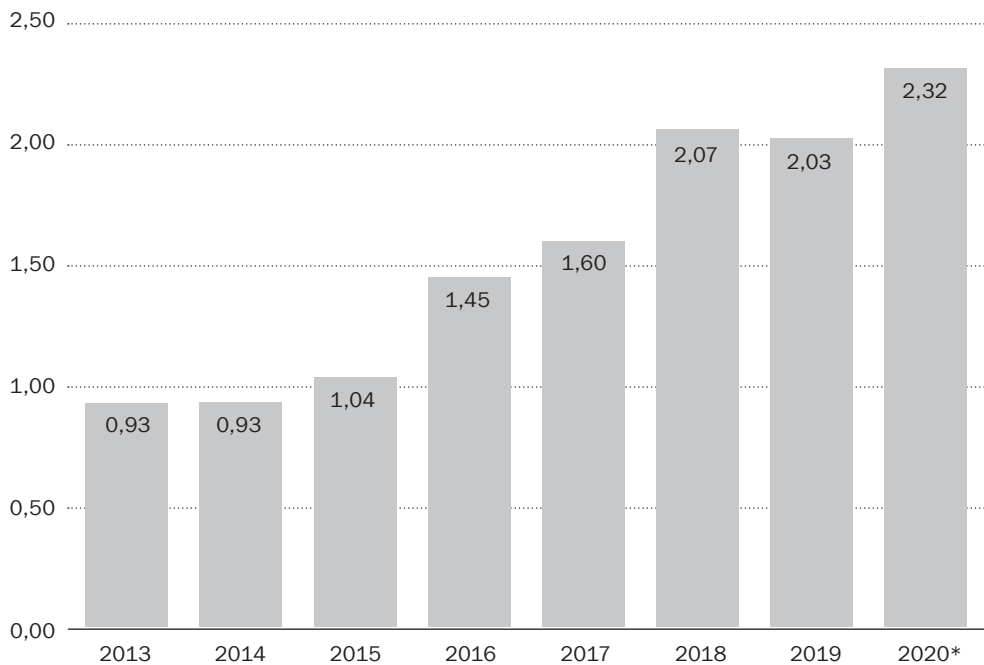
Throughout the world, the year 2020 has passed under the shadow of the COVID-19 pandemic. The pandemic also impacted Latvia's defence sector. Despite the global pandemic and other challenges examined in this article, the defence sector has remained on a path of gradual growth.

This article analyses Latvia's defence sector funding in the last year, including the new opportunities and associated challenges that arise from it, as well as the amount of funding against the background of other NATO member states. This is followed by an overview of the development of defence sector personnel, Latvia's interaction with Allied states, as well as the new Stated Defence Concept.<sup>1</sup>

## **A STABLE PRESENCE IN NATO'S "2% CLUB"**

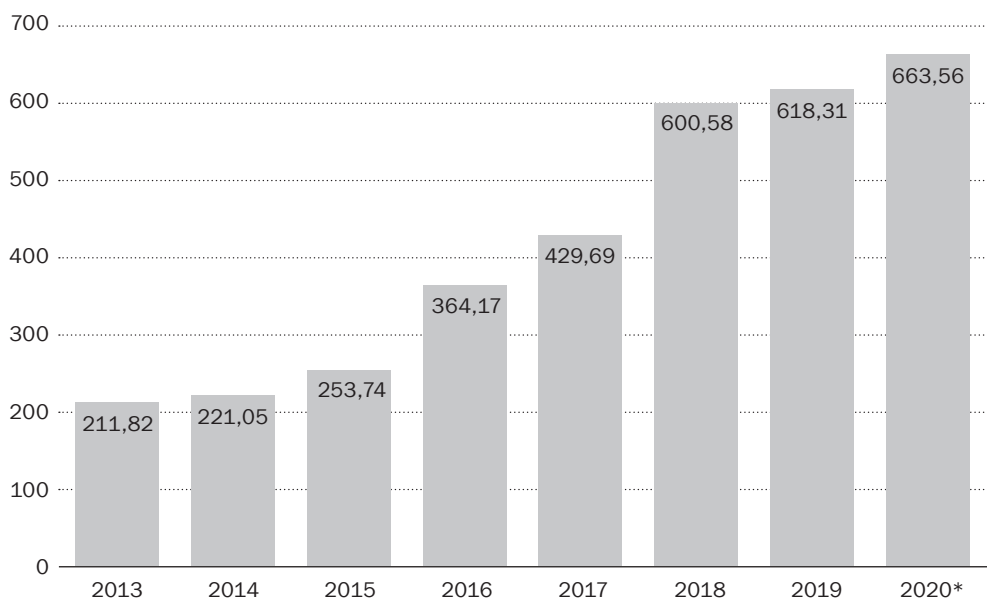
In 2020, for the third year in a row, Latvia was among those NATO member states dedicating at least 2% of their gross domestic product (GDP) to defence. According to NATO estimates, based on more recent GDP forecasts than at the time of drawing up the state budget, Latvia's defence expenditure has reached as much as 2.32% of GDP, which is more than Latvia's own estimated share of GDP (see Figure 1). In this percentage ratio, Latvia ranked sixth among all NATO member states, immediately behind Estonia and ahead of Poland and Lithuania (see Figure 3).<sup>2</sup>

Latvia's defence spending also increased in numerical terms over the last year. According to statistics compiled by NATO, this was meant to be almost 664 million euros, which is the largest amount of defence sector funding to date (see Figure 2).<sup>3</sup> Among the 30 NATO member states, Latvia's spending was projected to be the 23rd largest, lagging behind Lithuania by two places and ahead of Estonia.<sup>4</sup> A total of 34% of Latvia's defence budget for 2020 was earmarked for investment, 29% for maintenance, and the remaining 37% for personnel.<sup>5</sup> Accordingly, Latvia also exceeded the NATO guideline for spending at least 20% on equipment.<sup>6</sup>



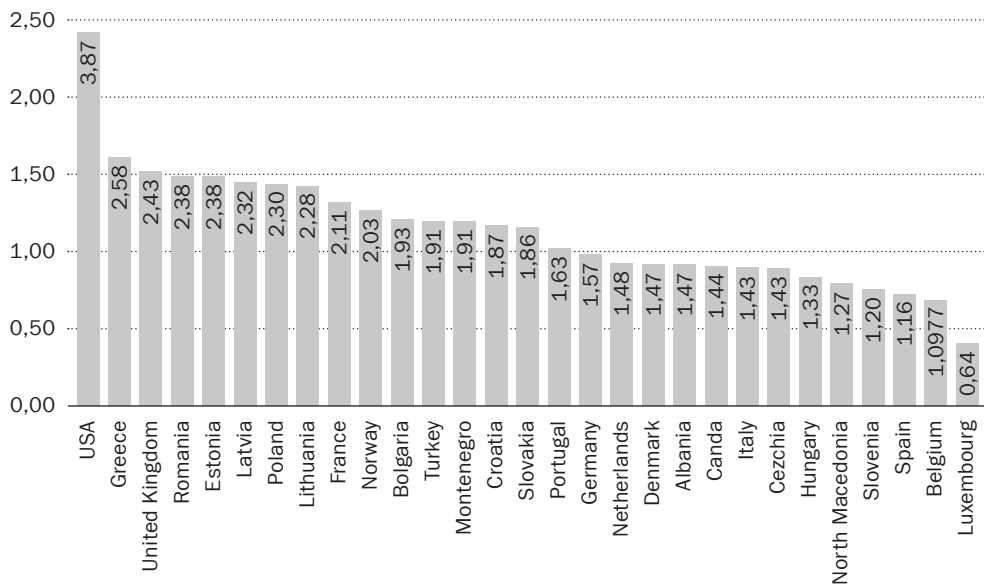
**Figure 1. The defence expenditure of Latvia, as a percentage of GDP (data from NATO).<sup>7</sup>**

\* estimates for the respective year.



**Figure 2. The defence expenditure of Latvia, in millions of euros (data from NATO).<sup>8</sup>**

\* estimates for the respective year.



**Figure 3. The defence expenditure of NATO member states in the year 2020 (estimates), percentage of GDP (data from NATO).<sup>9</sup>**

## THE OPPORTUNITIES AND CHALLENGES OF DEFENCE FUNDING

Last year, Latvia received the remaining units of the 123 Combat Vehicle Reconnaissance (Tracked) “CVRT” vehicles from the United Kingdom.<sup>10</sup> Cooperation continued with Finland and Estonia on the development of a joint six-wheel-drive armoured vehicle platform by the Finnish company “Patria” (the first armoured vehicles for the National Armed Forces could arrive in 2021, and deliveries would continue for about a decade).<sup>11</sup> Latvia and several other NATO member states agreed at a political level on cooperation in developing short- and medium-range air defence.<sup>12</sup> In addition, new anti-tank weapons “Carl Gustaf M4” were ordered in conjunction with Estonia at a value of approximately 1.3 million euros (scheduled to be delivered by 2022),<sup>13</sup> and an agreement was reached with a French company to modernise three “Imanta” class vessels of the National Armed Forces.<sup>14</sup>

The development of military infrastructure also took place. Two barracks built with NATO co-financing were unveiled at the Ādaži base for the deployment of up to 900 soldiers;<sup>15</sup> a sports complex was also completed at the base.<sup>16</sup> In the National Armed Forces Special Operations Command, a number of new infrastructure facilities, built with American financial support, were unveiled.<sup>17</sup> In Rīga, work began on the construction of a new standardised type warehouse for personnel equipment.<sup>18</sup>

Following a series of challenges in recent years,<sup>19</sup> reforms to the resource planning and supply system continued.<sup>20</sup> In 2020, challenges in the system continued to arise, although to a lesser extent than in previous years. A report by the State Audit Office on the previous year's Ministry of Defence account highlights serious shortcomings in managing and controlling the modernisation of armaments. Regarding the development of the National Armed Forces' reconnaissance, airspace surveillance and air-defence capabilities, significant procurements without proper assessment have been deferred to a later stage, while substantial acquisitions in the development of indirect fire support have run considerably late.<sup>21</sup>

In the context of the global pandemic, the defence sector has also failed to fully demonstrate its effectiveness. On the one hand, Latvia supported other states by assisting with disinfectants.<sup>22</sup> On the other hand, in April 2020, the defence sector took over the crisis-related purchases of material reserves and the management of them. However, instead of purchasing the materials needed in the crisis more smoothly and effectively, the State Audit Office notes that “[t]he accelerated procurement process bec[ame] clumsy, complicated and incomprehensible”. In some cases, goods were purchased at significantly higher prices than those at which they could be bought elsewhere. Nor were the needs of the goods to be procured properly identified.<sup>23</sup>

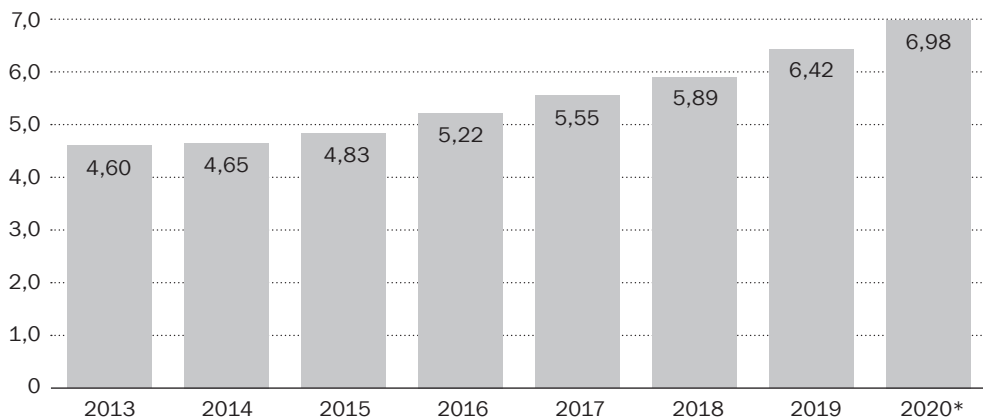
## **DEFENCE PERSONNEL IN LATVIA AND ABROAD**

The number of military personnel in Latvia continued to grow last year. According to the estimates compiled by NATO, there should be nearly 7,000 soldiers in Latvia in 2020<sup>24</sup> (see Figure 4; the national guardsmen of Latvia or other countries are not included in NATO statistics). At the same time, the data available on the National Armed Forces' website showed only 6,000 soldiers at the end of 2020.<sup>25</sup> According to NATO statistics, the number of Latvian soldiers ranks it in 24<sup>th</sup> place of all 30 member states of the Alliance.<sup>26</sup>

The last year has raised questions about the actual number of national guardsmen. According to National Armed Forces' information, there are 8,300 national guardsmen in Latvia.<sup>27</sup> However, in the view of the State Audit Office, the actual situation is different: over the course of four years, it has been observed that one-third of national guardsmen do not participate in the activities of the National Guard; in 2018, one-quarter of the active national guardsmen participated in activities for more than 30 days in a year (the last indicator being an improvement against the previous period).<sup>28</sup> These data most likely testify that the actual number of national guardsmen falls far below the information provided by the defence sector.

Similarly, challenges remain in other aspects of the National Guard. Although resource stocks of the National Guard increased significantly in 2015-2018 and the participation of the most active national guardsmen also increased, the development of infrastructure has been slow. The State Audit Office has also observed a misalignment of the personnel accounting system with the contemporary needs of the National Guard (it can be inferred from the State Audit Office’s report that the system is not fully automated).<sup>29</sup>

In 2020, the Latvian defence minister himself became a national guardsman.<sup>30</sup> On the one hand, leading by example and replenishing the ranks of the National Guard is welcome, but on the other hand, this situation raises questions about civil-military relations and the hierarchy of the defence sector. In the West, civilians usually take on political leadership of the defence sector. However, in Latvia, the National Guard is a part of the National Armed Forces, and the National Guard is subject to a range of instructions from the minister for defence himself, including recommending the commander of the National Guard for approval.<sup>31</sup>



**Figure 4. The size dynamic of Latvia’s military personnel, in thousands (data from NATO).<sup>32</sup>**

\* estimates for the respective year.

In 2020, Latvia’s numerically modest participation in international missions and operations continued. According to information published in November by the Ministry of Foreign Affairs, it was composed of only 21 military personnel, most of whom, or 14, were on the NATO “Resolute Support” mission in Afghanistan. In addition, Latvian representatives continued to participate in the European Union (EU) Training Mission “EUTM Mali”, the United Nations’ Mission “MINUSMA” (both in Mali), and the EU Operation in the Mediterranean “EUNAVFOR MED IRINI”.<sup>33</sup> It should also be noted that in July 2020, Latvia started a six-month rotation with nine national guardsmen in the German-led EU Battlegroup,<sup>34</sup> while in August a National Armed Forces vessel commenced duty in Standing NATO Mine Countermeasures Group One.<sup>35</sup>

And finally, the global pandemic has left its mark on military personnel. Soldiers and national guardsmen alike were involved in providing support to the State Border Guard for the management of the state border as part of the COVID-19 crisis management measures.<sup>36</sup> At the same time, in order to prevent the spread of the virus, defence sector exercises were also scaled down from March.<sup>37</sup>

## **ALLIES AND THEIR PRESENCE IN LATVIA**

June 2020 marked three years since the inauguration of the NATO Enhanced Forward Presence battlegroup in Latvia. According to NATO data from October, the battlegroup in Latvia, led by Canada, was made up of approximately 1,500 soldiers from Canada and nine European countries. As a result, the battlegroup deployed in Latvia was still the largest, by number, of the four units deployed in the Baltic States and Poland.<sup>38</sup> In addition, another NATO member, Iceland, symbolically joined the battlegroup.<sup>39</sup> The development of the Multinational Division Headquarters North also continued.

Alongside NATO's multinational battlegroup, US soldiers also continued their rotating presence in Latvia as a part of the operation "Atlantic Resolve". In July, about ten US military helicopters arrived at the Lielvārde base for a nine-month rotation.<sup>40</sup> In 2020, in order to demonstrate solidarity and readiness, US strategic bombers flew over the territory of Latvia on several occasions.<sup>41</sup>

In Latvia, as elsewhere in the world, much attention was paid to the US presidential elections. It is not expected that there will be significant changes in relations with Latvia under the new US presidential administration. Prior to the 3 November US presidential elections, Biden's campaign indicated that the Baltic States as NATO Allies will be supported "steadfastly", and the US will maintain its European Deterrence Initiative to deter Russia from possible aggression.<sup>42</sup>

## **THE NEW STATE DEFENCE CONCEPT**

In September 2020, Latvia's parliament approved the new State Defence Concept. Overall, the document is in keeping with the actual situation and the necessary measures. The document analyses a broad range of military and related non-military issues and measures that will be taken. The concept highlights Russia as a clear primary source of military and related non-military risks – it is mentioned in the document 19 times. "Hybrid war and sudden attack" to overtake a territory are highlighted as the most likely scenarios of possible Russian military action.<sup>43</sup>

However, the path to the next State Defence Concept leaves room for progress. Firstly, the 2020 concept lacks far-reaching ambitions outside the protection of itself. Although a number of measures are set in order to strengthen defence capabilities, none of them make Latvia stand out among the crowd. Latvia could attempt to stand out in a global or at least regional context through offensive cyber capabilities, through the development of new military technologies, through significant contributions to international missions and operations, or through something else.

Secondly, the concept often speaks in slogans. Although slogans for these types of documents are not atypical, it is important to strike a balance between realistic and less realistic statements. It is unlikely that the use of unfounded statements would alter an assessment by potential adversaries about the situation, but the Latvian public and decision-makers may be misled in this way. These include assumptions about both the capacity of the National Armed Forces and the willingness of society to defend the country. As far as the armed forces are concerned, the document talks about the attrition of a potential adversary, about causing significant damage, as well as about durable resistance, while at the same time acknowledging the current capacity “to develop only the most necessary capabilities”.<sup>44</sup>

Although the concept rightly addresses the public’s willingness to defend the country and to show resistance as an essential aspect of the defence system,<sup>45</sup> the actual situation does not indicate a high willingness to do so in Latvian society. A year ago, a nationally representative survey found that the willingness to defend Latvia was expressed by almost half of people, which is not a high level (in recent years, the willingness has, however, grown slightly).<sup>46</sup> In the event of an attack, less than one-fifth of the population would demonstrate any kind of resistance to the aggressor, while more than one-third would continue to live as before, and more than 15% would try to flee the country.<sup>47</sup>

Thirdly, the concept does not explicitly address challenges that the defence sector faces. Although these types of documents are usually not an appropriate place to discuss all the issues, they are also not the place to demonstrate expectations that are hard to meet. Among other things, it would have been worth highlighting the continuing issues with defence spending, as well as personnel issues. If the new concept anticipates increasing the number of national guardsmen to 10,000 by 2024, and three years later to 12,000,<sup>48</sup> then it would be equally important to acknowledge the current situation – that the actual number of national guardsmen is significantly lower than the numbers communicated by the defence sector. Also, the concept does not explore the possibility of following the example of the other Baltic and Nordic countries to expand their personnel ranks and to widen the involvement of the public in defence through conscription (this is mentioned in the document as an instrument with a narrower scope compared to the chosen path – a state defence course in schools).<sup>49</sup>

## CONCLUSIONS AND RECOMMENDATIONS

Overall, in 2020, the defence sector of Latvia has generally been on an upward trend. Latvia gained an even firmer foothold in the so-called “2% club”. The size of its defence spending continued to grow. The presence of Allies in Latvia continued to slightly increase. American troops remain in Latvia, along with NATO’s Enhanced Forward Presence battlegroup.

On the other hand, with the exception of the global pandemic and its consequences, the last year did not stand out significantly against other recent years. Additions to equipment and infrastructure continued. The reform of the resource planning and supply system is ongoing, and challenges in the system remained. Personnel issues also re-surfaced, particularly with regards to the actual number of national guardsmen. Participation in international operations and missions was modest, but continued nonetheless.

Finally, a new State Defence Concept was approved. Although the document could have spoken less in slogans and reflected more clearly the challenges of the defence sector, overall it brings the defence sector forward. A small but significant nuance that characterises the new State Defence Concept and the Latvian defence sector generally is a lack of ambition beyond ensuring its own defence. There are no new targets and plans that would cause Latvia to stand out at a global or at least regional level.

The coming year will pass worldwide under the shadow of the difficulties caused by the global pandemic and recovery from it. This will also affect the defence sector in Latvia, also with a reduced GDP and the associated impact on defence sector financing. Nevertheless, the next year is likely to see continued gradual growth. Additions are expected to be made to both Latvia’s military infrastructure and equipment.

The next year should be used for the further accelerated growth of the defence sector. Challenges need to be appraised and addressed more clearly, particularly with regards to the resource planning and supply system and the number and composition of personnel beyond the professional service. The inauguration of incoming US President Biden should not be seen as an opportunity to become more complacent. Efforts should continue to ensure a more permanent US military presence in Latvia, as well as the maintenance of NATO’s Enhanced Forward Presence battlegroup in the long-term. It is also important to make a greater contribution to international security, particularly through increased participation in international operations and missions. Finally, it would be important to define new ambitions for the defence sector outside of its own defence.



## ENDNOTES

- <sup>1</sup> This article is a translation from the Latvian version of this publication. It is based on information that was publicly available until 30 November 2020. It is a continuation of an article from the previous yearbook: Māris Andžāns, "Latvian Defence: Gradually Advancing", in "Latvian Foreign and Security Policy Yearbook 2020," eds. Sprūds, A., Broka, S., Latvian Institute of International Affairs, 2020, p. 118–29, [https://liia.lv/en/publications/latvian-foreign-and-security-policy-yearbook-2020-831?get\\_file=2](https://liia.lv/en/publications/latvian-foreign-and-security-policy-yearbook-2020-831?get_file=2)
- <sup>2</sup> "Defence Expenditure of NATO Countries (2013–2020)," NATO, last modified October 21, 2020, table 3, <https://www.nato.int/docu/pr/2020/pr-2020-104-en.xlsx>
- <sup>3</sup> Ibid.
- <sup>4</sup> Ibid, table 2.
- <sup>5</sup> "Aizsardzības nozares budžets," Aizsardzības ministrija, 2020, <https://www.mod.gov.lv/lv/par-mums/aizsardzibas-nozares-budzets>
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- <sup>7</sup> Ibid.
- <sup>8</sup> Ibid, table 1.
- <sup>9</sup> Ibid, table 3.
- <sup>10</sup> "Veiksmīgi pabeigta Sauszemes spēku mehanizācijas projekta pirmā kārtā," Sargs.lv, 09.10.2020, <https://www.sargs.lv/lv/nbs/2020-10-09/veiksmigi-pabeigta-sauszemes-speku-mehanizācijas-projekta-pirma-karta>
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- <sup>12</sup> "Latvija paraksta daudzpusēju nodomu vēstuli par sadarbību pretgaisa aizsardzības sistēmas attīstībā," Aizsardzības ministrija, 23.10.2020, <https://www.mod.gov.lv/lv/zinas/latvija-paraksta-daudzpusēju-nodomu-vestuli-par-sadarbību-pretgaisa-aizsardzības-sistēmas>
- <sup>13</sup> "Latvija un Igaunija iegādājas jaunākos "Carl Gustaf" prettanku ieročus," Nacionālie bruņotie spēki, 19.05.2020, <https://www.mil.lv/lv/zinas/latvija-un-igaunija-iegadājas-jaunakos-carl-gustaf-pret-tanku-ierocus>
- <sup>14</sup> "Bruņotie spēki noslēdz līgumu par "Imanta" klases kuģu modernizāciju," Nacionālie bruņotie spēki, 23.10.2020, <https://www.mil.lv/lv/zinas/brunotie-speki-nosledz-ligumu-par-imanta-klases-kugu-modernizāciju>
- <sup>15</sup> "Ādažu bāzē atklāj jaunuzceltās kazarmas," Nacionālie bruņotie spēki, 3.07.2020, <https://www.mil.lv/lv/zinas/adazu-baze-atklaj-jaunuzceltas-kazarmas>
- <sup>16</sup> "Ādažu bāzē atklāj jaunu Sporta kompleksu," Nacionālie bruņotie spēki, 25.08.2020, <https://www.mil.lv/lv/zinas/adazu-baze-atklaj-jaunu-sporta-kompleksu>
- <sup>17</sup> "Speciālo operāciju pavēlniecībā atklāta jauna infrastruktūra," Nacionālie bruņotie spēki, 25.11.2020, <https://www.mil.lv/lv/zinas/speciālo-operāciju-pavelnieciba-atklata-jauna-infrastruktura>
- <sup>18</sup> "Bruņotie spēki uzsāk individuālā ekipējuma noliktavas būvniecību," Nacionālie bruņotie spēki, 3.11.2020, <https://www.mil.lv/lv/zinas/brunotie-speki-uzsak-individuala-ekipejuma-noliktavas-buvniecību>
- <sup>19</sup> In 2018, the State Audit Office published a critical report on the functioning of the National Armed Forces planning and supply system "Nacionālo bruņoto spēku nodrošinājuma plānošanas un apgādes sistēmas darbības efektivitāte. Valsts kontroles revīzijas ziņojuma kopsavilkums," Valsts kontrole, 2018, [http://www.lrvk.gov.lv/uploads/reviziju-zinojumi/2016/2.4.1-9\\_2016/NBS-apgade-kopsavilkums-2018-01-31.pdf](http://www.lrvk.gov.lv/uploads/reviziju-zinojumi/2016/2.4.1-9_2016/NBS-apgade-kopsavilkums-2018-01-31.pdf).) and on the functioning of the Youth Guard, including the use of funds "Vai

- Jaunsardzes attīstības ceļš ir kvalitatīvs?” [Revīzijas ziņojums], Valsts kontrole, 2018, [http://www.lrvk.gov.lv/uploads/reviziju-zinojumi/2017/2.4.1-16\\_2017/RZ\\_Jaunsardze\\_18mai18\\_izlabotais\\_bez%20IP.pdf](http://www.lrvk.gov.lv/uploads/reviziju-zinojumi/2017/2.4.1-16_2017/RZ_Jaunsardze_18mai18_izlabotais_bez%20IP.pdf).) In 2019, the Procurement Monitoring Bureau had to suspend a procurement for the purchase of light armoured vehicles “Lēmums Nr.4-1.2/18-198/2, Iepirkumu uzraudzības birojs, Iesniegumu izskatīšanas komisija, 11.01.2019, 38, 2, <https://pvs.iub.gov.lv/uploads/files/lemumi/562838/lem562838.pdf>. The conclusions of the State Audit Office were also unflattering on the development of the National Armed Forces’ reconnaissance, airspace surveillance and defence capabilities; the office noted risks to the effectiveness of the acquired system in terms of both deployment and use, as well as the inadequate and rushed assessment of the procurement “Kopsavilkums par ministriju un centrālo iestāžu 2018. gada pārskatu revīzijās iekļautajiem atbilstības jautājumiem,” Valsts kontrole, 2019, 7–8, <http://www.lrvk.gov.lv/uploads/reviziju-zinojumi/2018/Fin-rev-infografiki/Kopsavilkums-finan%C5%A1u%20rev%C4%ABzijas%20par%202018.gada%20p%C4%81rskatu%20atbilst%C4%ABbas%20jaut%C4%81jumiem.pdf>*
- <sup>20</sup> “Pabriks informēs par Nacionālo bruņoto spēku nodrošinājuma reformu un atklās jauno ekipējuma noliktavu,” Nacionālie bruņotie spēki, 27.01.2020, <https://www.mil.lv/lv/zinas/pabriks-informes-par-nacionalo-brunoto-speku-nodrosinajuma-reformu-un-atklas-jauno-ekipejuma>
- <sup>21</sup> “Par Aizsardzības ministrijas 2019. gada pārskatu,” Valsts kontrole, 2020, 4, 5, [https://www.lrvk.gov.lv/getrevisionfile/29501-PipPjK\\_NyezgyVKyEvzytDLxUgpQreIn.pdf](https://www.lrvk.gov.lv/getrevisionfile/29501-PipPjK_NyezgyVKyEvzytDLxUgpQreIn.pdf)
- <sup>22</sup> “Latvija dāvina dezinfekcijas līdzekļus Itālijai un Sanmarīno, apliecinot solidaritāti ar sabiedrotajiem,” Aizsardzības ministrija, 21.05.2020, <https://www.mod.gov.lv/lv/zinas/latvija-davina-dezinfekcijas-lidzeklus-italijai-un-sanmarino-apliecinot-solidaritati-ar>
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- <sup>24</sup> “Defence Expenditure of NATO Countries (2013–2020),” NATO, last modified 21.10.2020, table 7, <https://www.nato.int/docu/pr/2020/pr-2020-104-en.xlsx>
- <sup>25</sup> “Par NBS,” Nacionālie bruņotie spēki, last accessed 12.11.2020, <https://www.mil.lv/lv/par-mums>
- <sup>26</sup> “Defence Expenditure of NATO Countries (2013–2020),” NATO, last modified October 21, 2020, table 7, <https://www.nato.int/docu/pr/2020/pr-2020-104-en.xlsx>
- <sup>27</sup> “Par NBS,” Nacionālie bruņotie spēki, last accessed 12.11.2020, <https://www.mil.lv/lv/par-mums>
- <sup>28</sup> “Valsts kontrole atturas vērtēt, vai ar piešķirto finansējumu ir sasniegts plānotais progress Zemesardzes attīstībā,” Valsts kontrole, last modified 03.09.2020, <https://www.lrvk.gov.lv/lv/aktualitates/valsts-kontrole-atturas-vertet-vai-ar-pieskirto-finansejumu-ir-sasniegts-planotais-progress-zemessardzes-attistiba>
- <sup>29</sup> Ibid.
- <sup>30</sup> “A. Pabriks uzreiz pēc zemessarga zvēresta došanas devies apmācībās,” Sargs.lv, 17.06.2020, <https://www.sargs.lv/lv/nbs/2020-06-17/pabriks-uzreiz-pec-zemessarga-zveresta-dosanas-devies-apmacibas>
- <sup>31</sup> “Latvijas Republikas Zemessardzes likums,” Saeima, adopted 6.05.2010, 2, 10, <http://likumi.lv/ta/id/210634-latvijas-republikas-zemessardzes-likums>
- <sup>32</sup> “Defence Expenditure of NATO Countries (2013–2020),” NATO, last modified 21.10.2020, table 7, <https://www.nato.int/docu/pr/2020/pr-2020-104-en.xlsx>
- <sup>33</sup> “Latvijas dalība starptautiskajās misijās un operācijās, u. c. formātos,” Ārlietu ministrija, 03.11.2020, [https://www.mfa.gov.lv/images/uploads/infografiki/lv\\_misijas\\_2020\\_nov.jpg](https://www.mfa.gov.lv/images/uploads/infografiki/lv_misijas_2020_nov.jpg)
- <sup>34</sup> “Latvijas kontingents uzsāk dežūru Eiropas Savienības Kaujas grupā,” Nacionālie bruņotie spēki, 03.07.2020, <https://www.mil.lv/lv/zinas/latvijas-kontingents-uzsak-dezuru-eiropas-savienibas-kaujas-grupa>

- <sup>35</sup> "Jūras spēku kuģis M-04 "Imanta" uzsāk dežūru NATO 1. pastāvīgajā jūras pretmīnu grupā," *Nacionālie bruņotie spēki*, 28.08.2020, <https://www.mil.lv/lv/zinas/juras-speku-kugis-m-04-imana-ta-uzsak-dezuru-nato-1-pastavigaja-juras-pretminu-grupa>
- <sup>36</sup> "Bruņotie spēki turpina sniegt atbalstu Valsts robežsardzei," *Nacionālie bruņotie spēki*, 16.06.2020, <https://www.mil.lv/lv/zinas/brunotie-speki-turpina-sniegt-atbalstu-valsts-robez-sardzei>
- <sup>37</sup> "Nacionālie bruņotie spēki ierobežo apmācības, neietekmējot kaujas spējas," *Nacionālie bruņotie spēki*, 13.03.2020, <https://www.mil.lv/lv/zinas/nacionalie-brunotie-speki-ierobezo-apmacibas-neietekmejojot-kaujas-spejas>
- <sup>38</sup> "NATO's Enhanced Forward Presence," NATO, 10.2020, p. 1–2, [https://www.nato.int/nato\\_static\\_fl2014/assets/pdf/2020/10/pdf/2010-factsheet\\_efp\\_en.pdf](https://www.nato.int/nato_static_fl2014/assets/pdf/2020/10/pdf/2010-factsheet_efp_en.pdf)
- <sup>39</sup> Ibid, 1; "NATO paplašinātās klātbūtnes Latvijā kaujas grupai pievienojas Islande," *Nacionālie bruņotie spēki*, 02.11.2020, <https://www.mil.lv/lv/zinas/nato-paplasinatas-klatbutnes-latvija-kaujas-grupai-pievienojas-islande>
- <sup>40</sup> "Community notification for increased flights near Lielvarde," U.S. Army Europe, 10.07. 2020, <https://www.eur.army.mil/ArticleViewPressRelease/Article/2269663/community-notification-for-increased-flights-near-lielvarde/>
- <sup>41</sup> "Sabiedroto gaisa kuģi veic stratēģisko bumbvedēju treniņlidojumu gaisa telpā virs Baltijas," *Nacionālie bruņotie spēki*, 6.05.2020, <https://www.mil.lv/lv/zinas/sabiedroto-gaisa-kugi-veic-strategisko-bumbvedēju-treninlidojumu-gaisa-telpa-virs-baltijas>; "Sabiedroto gaisa kuģi atkārtoti veic stratēģisko bumbvedēju treniņlidojumu gaisa telpā virs Baltijas," *Nacionālie bruņotie spēki*, 11.05.2020, <https://www.mil.lv/lv/zinas/sabiedroto-gaisa-kugi-atkartoti-veic-strategisko-bumbvedēju-treninlidojumu-gaisa-telpa-virs>; "ASV stratēģiskie bumbvedēji veic treniņlidojumus gaisa telpā virs visām Alianses dalībvalstīm," *Nacionālie bruņotie spēki*, 28.08.2020, <https://www.mil.lv/lv/zinas/asv-strategiskie-bumbvedēji-veic-treninlidojumus-gaisa-telpa-virs-visam-alianses-dalibvalstim>; "ASV stratēģiskie bumbvedēji veikuši treniņlidojumus Baltijas jūras reģiona gaisa telpā," *Nacionālie bruņotie spēki*, 25.09.2020, <https://www.mil.lv/lv/zinas/asv-strategiskie-bumbvedēji-veikusi-treninlidojumus-baltijas-juras-regiona-gaisa-telpa>
- <sup>42</sup> Michael Carpenter (@mikercarpenter), "@JoeBiden's vision for America's relations with the Baltic states." Twitter, 20.10.2020, <https://twitter.com/mikercarpenter/status/1318328621707218944>
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- <sup>44</sup> Ibid, 2.2., 3.1., 3.1.3.
- <sup>45</sup> Ibid, 2.2., 3.1.3., 3.2.7.
- <sup>46</sup> Andžāns, M., Sprūds, A., "Three Decades' Evolution of Willingness to Defend One's Own Country: the Case of the Baltic States," *Lithuanian Annual Strategic Review* (forthcoming, spring 2021)
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- <sup>48</sup> "Par Valsts aizsardzības koncepcijas apstiprināšanu," *Latvijas Republikas Saeima*, 24.09.2020, 3.6.2., <https://likumi.lv/ta/id/317591-par-valsts-aizsardzibas-koncepcijas-apstiprinasanu>
- <sup>49</sup> Ibid, 3.2.9.

# THE THREE SEAS INITIATIVE: ITS FUTURE COURSE

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**Jānis Eichmanis**

Associate Fellow at the Latvian Institute of International Affairs

As a detailed and comprehensive review of all aspects of the Three Seas Initiative (TSI) as of 2019 were published in the 2020 edition of the Latvian Foreign Policy Yearbook, this paper will not repeat that information here. Instead, this paper will give an update of developments with respect to the TSI and will explore the geopolitical context in which those developments are occurring. Finally, considerations will be given to what Latvia needs to take into account as it continues to participate in the initiative.

Just to remind the reader what the initiative consists of, it can be noted that it is made up of the following countries: Estonia, Latvia, Lithuania, Poland, Czech Republic, Slovakia, Hungary, Austria, Slovenia, Croatia, Romania and Bulgaria. Apart from Austria, these are all former communist countries that are now part of the European Union and NATO. Together they cover roughly 28% of the EU's territory and 22% of its population, but, significantly, they only make up about 10% of the EU's GDP – figures that will rise somewhat once the UK leaves the union. While they have made significant progress since 1991 following the fall of the Soviet Union, they feel they are still held back due to the outdated Soviet-era infrastructure, which had an east-west orientation. North-south interconnectivity was largely lacking, limiting inter-regional economic synergies, in contrast to Western Europe.<sup>1</sup>

The official start to the initiative came in 2016 at its first summit in Dubrovnik, Croatia, hosted by the presidents of Croatia and Poland. Since the initial summit in 2016, there have been subsequent summits every year, in different locations, and in 2020 the summit was hosted by Estonia in October.

Initially, two financial institutions, one Polish, the other Romanian, had pledged 500 million EUR to the TSI Investment Fund, with the aim to raise between 3–5 billion EUR through additional funding from pension funds, private investment entities and other backers from outside the EU. It has been estimated that the region needs in the neighbourhood of 570 billion EUR to satisfy all its infrastructure needs.

## **THE EUROPEAN UNION’S CONNECTIVITY PROGRAMME**

The Three Seas Initiative was created in the context of an already existing EU interconnectivity initiative in which member states identified a number of connectivity corridors in the fields of transport, energy and digital communications that could be developed with the assistance of EU funding through the Connecting Europe Facility, which draws resources from the European Fund for Strategic Investments (Juncker Plan).<sup>2</sup> Of the nine “core network corridors” identified, five encompass the Three Seas Initiative states.

In the context of funding, we also have to take into account financial transfers from the EU’s European Regional Development Fund and the Cohesion Fund. The total amount for the 2014-2020 period was 155 billion EUR, of which 36% of regional funding went to connectivity projects, amounting to 56 billion EUR for transport, energy and digital communications.<sup>3</sup> Clearly the EU funds in-country connectivity projects, as well as east-west projects in addition to north-south projects. As already mentioned, five of the nine “core network corridors” cross the territory of TSI members: North-Baltic, Baltic-Adriatic, Mediterranean, Rhine-Danube, and Orient-East Med. In the next financial cycle (2021–2027), the EU will allocate 42.3 billion EUR under the Connecting Europe Facility for the above-mentioned corridors.<sup>4</sup>

Considering the disparity in the sums that the EU is willing to commit to these corridors and the amount the TSI countries hope to acquire on their own, this raises the question of whether the limited capital will be able to fund the multi-million euro infrastructure projects.

## **OUT-OF-AREA FUNDING**

Two major sources of out-of-area funding have emerged – the US and China. In the case of China, a Chinese representative attended the first TSI summit in 2016 to make a pitch for the Belt and Road Initiative as a TSI partner: many of these same countries are also members of the “17+1” grouping, which was organised by China as a platform for its investments in Central and Eastern Europe, particularly infrastructure investments.<sup>5</sup>

With suspicions that the “17+1” grouping was dividing Europe, the TSI countries over several summits declared that the project was EU-compatible and would follow EU rules.<sup>6</sup> Reassurance that the TSI countries would continue to align not only with the EU but also maintain the transatlantic link came when US President Donald Trump, on the invitation of Poland, attended the TSI Warsaw Summit in 2017.<sup>7</sup>

Given Trump’s transactional approach to international relations, it was not surprising that he made a strong pitch for the TSI countries to source their energy needs from the US,

which according to him has become the world's biggest oil and gas producer. Without mentioning Russia, Trump saw the US as an energy supplier that would help diversify the region's supplies away from Russia.<sup>8</sup> Trump mentioned that US LNG gas is already being provided to Poland at the Baltic port of Swinoujscie and anticipated the same when Croatia completed its LNG terminal at Krk.

We can measure the seriousness of the US's commitment to the TSI project by considering the announcement of US Secretary of State Mike Pompeo that the government will provide 1 billion USD in financing.<sup>9</sup> It is not just the US government that has taken an interest in the TSI initiative: some members of Congress have gone to the extent of introducing in the House of Representatives a resolution – H. Res. 672 – that expresses support for the initiative, which, according to the resolution, will increase energy independence and infrastructure connectivity, with the result that American and European national security will be enhanced.<sup>10</sup>

It should be noted that Germany, which was not an enthusiastic supporter of the Three Seas Initiative at first, changed its mind, not wanting to leave the impression that it did not care about the further economic development of Central and Eastern Europe. Germany sent Foreign Minister Heiko Maas to the 2018 TSI Bucharest Summit, accompanied by EC President Jean-Claude Juncker, and in 2019 German President Frank-Walter Steinmeier attended. Germany even went so far as to seek membership in the group, arguing that as a Baltic country it was a natural fit, but was not invited to join and has remained only an observer.<sup>11</sup> We shall see whether in the future German companies will seek to participate in TSI projects.

## **IMPLEMENTATION AND CHALLENGES**

The major challenge for the TSI is to start implementing the numerous projects that were adopted at the Bucharest Summit in 2018. These will require adequate funding, either self-generated by individual countries or through access to outside funding from diverse financial institutions, as well as priority-setting for decision-making that will determine which projects are to be funded. The TSI Investment Fund was established in 2019 under Luxembourgish law, the purpose of which is create a vehicle for commercial- and market-driven investments that will attract a good return – in other words, a profit.<sup>12</sup> The fund's sole and exclusive investment advisor is Amber Infrastructure Group, located in London, which seeks funding and manages the fund's investment portfolio.<sup>13</sup> The Polish state development bank Bank Gospodarstwa Krajowego and the Romanian equivalent Eximbank initially contributed 500 million EUR to the fund, with additional funding coming from Latvia and Estonia, each contributing 20 million EUR. At the Tallinn Summit in October 2020, it was announced that additional contributions to the fund would come from Hungary, Slovenia, Lithuania, Bulgaria and Croatia; moreover, Amber Infrastructure Group

said it would also contribute 10 million EUR, and the US International Development Finance Corporation pledged a third of the billion dollars promised by Secretary of State Pompeo. Finally, the Polish state development bank committed to provide an additional 250 million EUR to the fund. Altogether, the fund will now enjoy a capital base of around 1 billion EUR.<sup>14</sup>

The fund is made up of representatives from the contributing countries, who form the fund's Supervisory Board; there is also a Management Board. It would appear that investment decisions will be made by an Investment Committee strictly on a commercial basis<sup>15</sup> – presumably the Amber group will make a recommendation regarding which project is fundable, which is then adopted and reviewed by the Investment Committee. If this is accurate, then 9 of the 12 TSI members that have contributed will have voting rights in the fund. There is an indication that two or three projects that could receive the go-ahead will be announced sometime after the Tallinn Summit. The question is whether, given the composition of the fund, there will be a bias toward projects that favour those countries that have provided funds. There is also the question of connectivity – if this is the purpose of the TSI, then in-country projects should not be eligible for funding unless they are an extension of a cross-border project. Moreover, connectivity should favour projects that connect at least two countries' infrastructure.

Despite the fact that the 12 TSI countries have infrastructure deficits and thus a practical basis for cooperation, there are, nevertheless, bilateral political disputes between some of these countries that could potentially play a disruptive role in agreeing on projects and meeting implementation targets.<sup>16</sup> Until now, the discussion among TSI countries has been largely conceptual – but, as the implementation stage of the TSI proceeds, the discussion could become political, depending on the political disposition of the countries' governments.<sup>17</sup> Supported projects will also have to reflect a geographical balance over time to account for national sensitivities.

It is not clear what role, if any, outside entities will be able to play in the Investment Fund. EC Directives only allow the fund to market to EU member states; nor can the fund sell any shares to entities outside the union.<sup>18</sup> Thus, how will the US's funding of 1 billion USD be integrated within projects at the identification and implementation stage? Presumably, the US International Development Finance Corporation will play an autonomous role, having to abide by US law. It could make independent decisions about which projects to fund and could "piggy-back" onto a project that the Investment Fund approves. Similarly, Chinese entities could do the same, though until now they have preferred to make bilateral arrangements with the countries that now form the "17+1" grouping of Central European and Balkan countries, thus providing China with greater leverage.<sup>19</sup>

## CONSIDERATIONS FOR LATVIA

As has been mentioned, Latvia joined the TSI Investment Fund with the intention of contributing 20 million EUR; however, the Latvian Cabinet of Ministers stipulated that the sum would be divided into two tranches of 10 million EUR each, and before the second tranche would be committed an analysis would have to be undertaken to determine the success of the fund in supporting designated projects.<sup>20</sup> The cabinet has thus placed a fiduciary responsibility on Altum to only invest in the fund if it has achieved some measure of success – if not, then Altum is wasting capital and is not taking into account its accountability to Latvian taxpayers, who fund Altum. In this context, any analysis conducted pursuant to the cabinet decision should be made public and reviewed by the appropriate committee of the Latvian Saeima. This review of the fund's success in supporting infrastructure projects should be made in 2021.

As has been mentioned, the TSI Investment Fund is a commercial investment fund that expects to make a good return on its investments; but it has to be recognised that any investment is likely going to be subject to political and economic risk. For Latvia, this means that in providing its 10 (or 20) million EUR, the country expects that it will earn a good profit on its investment. This may mean that the fund could invest in a project outside Latvia. While this may be commercially sound, projects in Latvia may not receive adequate funding, thereby nullifying the purpose of the fund from the Latvian perspective. Also, the Latvian government should make its risk threshold clear, given that some projects outside of Latvia may be subject to various forms of political and other risks.

In addition to the financial and decision-making issues that should be addressed, Latvia needs to take into consideration the geopolitical dimension of the TSI and its corollary impacts. It is compelled to do so since the region of the initiative overlaps with the economic and political interests of the EU, Russia, China and the United States. Infrastructure support offered by these powers may be the economic mechanism for their entrance into the region, and it is becoming increasingly clear that each pursues their political objectives at the same time. By creating closer bilateral relations with the countries of the region, each seeks to leverage their economic investment politically.

As part of the EU, Latvia is bound by the rules and principles of the union and has no incentive to move away from the union, especially considering the considerable financial investments it has provided Latvia since 2004, which continue to this day – for example, the construction of the Rail Baltica standard European gauge railway link will connect Finland, Estonia, Latvia and Lithuania with Poland and then on to Germany. Given the negative impact of COVID-19 on European economies, the Enhanced InvestEU Programmes and the New Strategic Investment Facility will be an added benefit for Latvia and its infrastructure projects.<sup>21</sup> Moreover, with some of the funding



being in the form of grants, this EU source of funding will have distinct advantages over TSI funding. Latvia will have to weigh the financial advantages that arise from each source of funding.

Russia's economic importance for Latvia has lessened over the years, the result of, in part, a decrease in the use of Latvian rail services and ports by Russia, which prefers to use its own ports.<sup>22</sup> Nevertheless, Latvia is still connected to the Russian electrical grid and will be until 2025, when Latvia, along with Estonia, Lithuania and Poland, will decouple from the Russian grid.<sup>23</sup> Gas interconnectors also run east-west,<sup>24</sup> but with gas interconnectors from LNG terminals in Lithuania and Poland, Latvia will have options in terms of where to draw its gas supplies. Latvia will need to ensure that these EU-supported projects continue to receive priority attention in Riga and Brussels.

We have seen that the US has been involved in the TSI from the beginning. With a provision of 1 billion USD (850 million EUR) to the region's infrastructure projects, it has made a geopolitical commitment to the region. The US being Latvia's principal strategic partner, Latvia will need to increase its diplomatic efforts in Washington after the US elections in November and through the start of the Biden administration to ensure that Latvia presents a strategically aligned set of policies that favours the US's continued interest in the region. Ian Brzezinski of the Atlantic Council, an enthusiastic supporter of the TSI, has claimed that America's commitment to the initiative reflects the US's strategy of supporting its closest allies and strengthens "Central European efforts to counter malign Russian and Chinese pressure and influence".<sup>25</sup> This succinct formulation of American policy invites the countries of the TSI to respond appropriately – they need to avoid falling into dependency on those powers.

China's extension of its Belt and Road infrastructure projects into Central and Eastern Europe, subsumed under the label "17+1", has created a source of funding that's competitive with the European Union and now with the United States. With a significant overlapping of the TSI countries with those of the "17+1", there has now created a geostrategic dilemma for those countries. They now are being forced to consider their geopolitical orientation – whether to favour the West or the East. A recent account of how Estonia has dealt with the issue is instructive for Latvia.

Estonia has clearly placed its emphasis on the West, in particular on the US.<sup>26</sup> While initially sceptical about the TSI project, Estonia has taken it more seriously since Trump's appearance in Warsaw and Pompeo's commitment of 1 billion USD to the initiative. While officially Estonia does not view the TSI as a counter-format to China's "17+1" format, the fact that the two projects overlap does raise geopolitical issues for Estonia, given that the US is its principal security guarantor, as for that matter it is for other "17+1" countries as well.

In Lithuania, possible Chinese investments in the construction of an outer deep-water port in Klaipeda has raised national security concerns,<sup>27</sup> as has China's penetration of Lithuania's telecommunications companies Omnitel and Bite,<sup>28</sup> with the latter having a subsidiary in Latvia. Ports, telecommunications networks, and roads and railways are some of the critical infrastructure of any country that could potentially be a security risk if owned, developed and constructed by Chinese entities. While China is not a direct military threat to Latvia and the Baltic States, its close alignment with Russia could result in the transfer of vital intelligence to Russia, which is a direct military threat to Latvia and the Baltic States. Such information would be of interest to Russia in the context of a rapid deployment of NATO forces to the Baltics in a crisis.<sup>29</sup>

In the Latvian context, evidence suggests that Latvia has not been hesitant to compete with Lithuania for Chinese investment in terms of designating Klaipeda or Riga as the preferred transit hub for Chinese goods that use Belt and Road railway connections between China and Europe. Within the "17+1" context, there was an agreement to create in Riga the China-CEEC Secretariat on Logistics Cooperation. Moreover, the Freeport of Riga signed a Memorandum of Strategic Cooperation with the Port of Lianyungang with the aim developing multi-modal transport services along the China-Europe land transport route.

It has been claimed that of the three Baltic States, Latvia has "accommodated the most to Chinese political pressures". Yet, despite Latvia's best efforts, Chinese investments have been negligible. How the economic relationship between Latvia and China will develop in the future is not clear. What is clear is that Latvia will have to judge that relationship according to its own national interests. At the level of specific investments or special economic relations, Latvia will have to carefully review any investments or understandings that touch on its critical infrastructure. As a recent German study points out: "The study makes three recommendations for EU policymakers. First, the EU needs to state clearly that some aspects of its economic relationship with China pose security risks, while others do not. Only by acknowledging this dichotomy can it credibly keep the door open to benign economic engagement and mitigate the risks in areas that are potentially problematic."<sup>30</sup>

Latvia was one of the Central and Eastern European countries to sign a memorandum that targeted 5G equipment made by Huawei. Latvia has joined the US, Japan and Australia in sponsoring the Blue Dot network, which will provide assessment and certification for infrastructure development projects worldwide on measures including financial transparency, environmental sustainability, and the impact on economic development, with the goal of mobilising private capital to invest abroad. It is viewed as an alternative to China's Belt and Road initiative.<sup>31</sup>

Overall Latvia-China relations will be largely influenced by what the EU does collectively to create a unified position on Chinese investments in Europe's critical infrastructure; but, at the same time, national security will likely also be a determining factor in whether

Latvia continues to maintain its asymmetric economic relationship with China. Tellingly, the Latvian foreign minister has expressed Latvia's preference for alignment with the European Union and the transatlantic relationship, as has President Egils Levits.

## CONCLUSIONS

As a small country, Latvia is not a player in the power competition that is now underway in Europe and globally. Yet how that competition plays out economically and politically will have a significant impact on Latvia. The Three Seas Initiative, whether intended or not, has become a geopolitical source of contention between the US, the EU, and China, with Russia playing an invidious role. While one can wish the project success if it can deliver on completed projects, the road ahead is not likely to be easy, as implied in this short paper. Latvia will not only have to give serious consideration to the financial and economic risks involved, but it also cannot neglect the geopolitical dimensions of The Three Seas Initiative.

## ENDNOTES

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# REALITY ALWAYS BRINGS ADJUSTMENTS: LATVIA IN THE EUROPEAN UNION 2021

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**Aleksandra Palkova**

Junior Researcher at the Latvian Institute of International Affairs

There have always been crises in the development of the European Union – challenges, various obstacles that have led to the closer integration of the European Union being marked by leaps, pauses and backward steps. Each crisis, despite an initial delay, has subsequently contributed to the stronger development and deeper integration of the European Union.<sup>1</sup> To date, it is evident that the period between 2020 and 2021 has been no exception, and this will force the European Union to overcome challenges together, at the round table, and find a way towards more lasting consequences. Faced with new obstacles affecting not only the European Union's plans and the capabilities of the public institutions, but also the functioning of the entire mechanism, it will need to adapt to new challenges by developing further and closer integration, as well as cooperation, between member states.

A little more than a year has passed since the European Union's newly elected composition of the European Parliament, the new European Commission under the leadership of Ursula von der Leyen, and the new President of the Council of Europe Charles Michel started work. The year 2020 has been significant for the EU and a number of areas were raised on its agenda in the first few months, starting with the stability of the health and economic sectors at the EU level during the COVID-19 crisis, reminding member states once again of the importance of the European Commission within the multiannual financial framework (MFF) and mutual cooperation between member states, and finishing with further EU enlargement and integration, the UK's withdrawal process, and the slow advancement of Albania and North Macedonia towards the accession process. Focusing on climate and defence issues, the situation in Belarus and Nagorno-Karabakh led the member states of the European Union to reconsider the importance of strategic autonomy. The year 2020 has been challenging for all the member states of the European Union and, despite the obstacles, each of them tried to use the crisis to prove themselves in the international arena by strengthening their place on the list of EU member states.

The year 2021 will be remembered as the year after the COVID-19 crisis. It appears that the COVID-19 crisis will continue in 2021, with lasting consequences for both the economy and the healthcare system. In addition to combating the COVID-19 pandemic, 2021 will demonstrate how the current issue of climate change will evolve, as well as the issue of migration and the further work by countries to strengthen the European Union. This will be a year full of tasks, as many delayed plans will have to be addressed. For Latvia, 2021 will be marked not only by a new range of challenges in economic recovery plans and climate policy, but also with another centenary. Latvian diplomats succeeded in securing the international recognition by world leaders of Latvia *de jure* on 26 January 1921, so another anniversary of international recognition is expected for Latvia.

## **TO ACKNOWLEDGE THE INSTABILITY SURROUNDING US**

For the European Union, 2020 started with an announcement by the European Commission regarding the European Green Deal and its first founding elements, steering the European Union in a climate-neutral direction.<sup>2</sup> The next steps were taken towards digital innovation: a package of documents was developed that would help the European Union become a world leader in the field of digital innovation. A new action plan for the circular economy was adopted in order to prepare for the climate neutrality of EU member states and strengthen their competitiveness, while also protecting the environment and granting new rights to consumers.<sup>3</sup> Later, the European Commission revealed its Industrial Strategy, the aim of which is to determine a new path for industry in the course of Europe's green and digital transformation.<sup>4</sup> In Latvia's position, the single market is a cornerstone of global competitiveness, so Latvia is actively planning to join in the deepening, development and digitalisation of the single market, along with the rest of the European Union. Latvia wishes to conform with the green and digital era, strengthening its competitiveness on a global scale.<sup>5</sup>

In early March, the European Union unexpectedly experienced the COVID-19 pandemic, leading to a wide-ranging crisis economically, institutionally and politically. This turned into a tragedy for people, with travel restrictions and approaches that no one had ever encountered before. The crisis called for many innovations and the need to reflect on the current arrangements in the European Union and between the member states of the European Union. As commented by Ursula von der Leyen: "It has laid bare the strains on our health systems and the limits of a model that values wealth above wellbeing."<sup>6</sup>

The European Commission worked to organise a unified and coordinated European response to the emergency situation and to purchase and distribute protective

equipment – for example, strategic *rescEU*<sup>7</sup> stocks were created, with distribution centres serving as a vital, joint medical reserve for Europe. Repatriation flights were organised using the EU Civil Protection Mechanism and the Emergency Response Coordination Centre<sup>8</sup> to help European citizens stranded abroad to return home. Solidarity between member states was maintained and ensured. One example of the integrity of the single market being retained was that as soon as delays began at border crossing points within Europe, a “green belt” system was developed, ensuring that the most important goods could be quickly transported across borders. Unreasonable internal restrictions, which could have led to deficits, were also monitored. Funds were allocated to ensure the availability of vaccines to member states, and the import fees for medical goods were also reduced, lifting the customs duties. The COVID-19 crisis has led to a great economic shock, resulting in the Commission creating the support programme “SURE” to mitigate unemployment risks in emergency situations, allocating 100 million EUR<sup>9</sup>; in order to soften the blow caused by the COVID-19 crisis, the EU used the flexibility of state support and fiscal rules. For the first time, the general escape clause of the Stabilisation and Growth Pact was initiated, allowing states to deviate from the 3% deficit threshold.<sup>10</sup>

For Latvia, the first wave of COVID-19 was a success story – it swiftly implemented a state of emergency with its actions, constantly adapting to the changing crisis and looking for practical solutions to problems, combating disinformation, introducing rapid compliance with social distancing requirements, ensuring that schools and universities moved to remote learning, promoting the country’s largest repatriation programme (which in one month, in March 2020, brought home approximately 5,000 citizens)<sup>11</sup> and drawing attention from other countries by maintaining a low number of cases and deaths. In the context of the COVID-19 crisis, the Baltic States had the opportunity to establish a close intergovernmental cooperation platform for the so-called “Baltic bubble”<sup>12</sup>, with unlimited travel between the three states between 15 May and 12 September. This was a successful method, with which all three countries continued to cope with the COVID-19 situation, coordinate their actions in a pandemic situation, exchange information, and ease the economic burden of the Baltic States.

## **FROM INSTABILITY TO A NEW VITALITY**

One of the most heated and long-debated issues that was most affected by the unexpected COVID-19 crisis is the European Union’s multiannual budget. The year 2020, with its challenges, has brought with it cardinal innovation that has marked a new page of history in the development of the European Union. The budget plan is now known for the next seven-year period: 1.85 trillion EUR have been allocated, of which 1.07 trillion EUR are planned expenditures for EU programmes and their workplaces, another 750 billion EUR have been



allocated for EU recovery after the COVID-19 pandemic through the *NextGenerationEU* programme, which will invest in long-term economic recovery.<sup>13</sup>

The increased budget for the 2021–2027 period will continue to focus on the green and digital transformation as a priority, building a fairer and more sustainable economy. More than half of the budget will be invested into modernising the European Union economy, so that it might reach its aim of being climate neutral by 2050 and so that it conforms to a digital era.<sup>14</sup> However, the budget has also introduced several innovations. The first one being that, for the first time in history, the European Commission will borrow the significant sum of 750 billion EUR from financial markets. This debt will have to be repaid by 2058, and the whole trade union will be responsible for this, with 750 billion EUR proposed for injection into the European economy, 390 billion EUR planned as grants (subsidies), and a further 360 billion EUR available in the form of loans.

The second innovation is that for the first time, a section on security and defence has been included in the EU budget for 2021–2027. Europe’s security situation has changed: Brexit, the US administration, the Nagorno-Karabakh conflicts, and the Belarusian situation have all increased support for a stronger role by the EU in security and defence. This was recognised, and during a presentation by the new European Commission, ambitions were expressed to become a “geopolitical commission”.<sup>15</sup> In order to support an EU geopolitical role, in its recommendations for the 2021–2027 budget, the European Commission suggested new and improved instruments.<sup>16</sup> One additional development is the creation of a European Peace Facility (EPF) with 5 billion EUR in funding. The EPF is a new instrument that allows the EU to support the military forces of partner states, either through financing for operations or by supplying them with military equipment. It fills the current lack of EU military support and points towards a transition from the EU’s traditional focus.

The third innovation concerns the linkage of the new legal framework to the budget, which would allow the EU, in various cases, to cease funding for a state that is determined to be violating the rule of law. The scope of the new justice mechanism is wider than this, since it includes not only judicial reform and the fight against corruption, but also media freedom and pluralism, as well as institutional control and balance systems. At the July summit, when the budget and recovery package was approved, the issue of the rule of law was not fully resolved. In order to conclude the deal after long negotiations, the leaders agreed that the budget would be linked to the standards of the rule of law, but the wording was left open for interpretation; this was put into force on November 16, when Poland and Hungary imposed a veto on the MFF 2021–2027 plan and recovery fund, which led to great discussions about the adoption of the MFF regulations and potential delays in the future. This issue remains to be resolved by Germany, whose EU presidency tenure finishes in December, after which the presidency is handed over to Portugal. At the European Union summit, a

compromise was found: the rule of law mechanism will only be used for the seven-year budget from next year and the recovery fund, not for payments made from the current budget. Also, use of the new legal mechanism is likely to be delayed, as leaders agreed that any sanction process in the EU could only be initiated once the European Court of Justice ruled on the new mechanism.<sup>17</sup> The whole episode serves as another reminder of the autocratic traps into which the EU has fallen. If the institutions of the European Union and the member states succumb to the current situation, extortion through veto and an institutional crisis could become signs of the new political reality of the EU.

Latvia has been actively involved in the EU's multiannual budget negotiations, where its interests cover four main objectives: first of all, to ensure cohesion financing that meets Latvia's level of development; secondly, to promote the alignment of direct payments as soon as possible and the provision of adequate funding for rural development; thirdly, to provide sufficient funding for the Rail Baltica project; and fourthly, to achieve more favourable criteria in centralised European Union programmes, such as Horizon Europe, Digital Europe, the European Defence Fund, etc. Latvia has successfully achieved its desired result – citing Prime Minister Krišjānis Kariņš: “As a result of very difficult negotiations, we have succeeded in reaching an agreement that is favourable to the interests of Latvia.”<sup>18</sup> With the adoption of the European Union's multiannual budget from 2021 to 2027 and the decision on setting up the EU recovery fund, Latvia will have access to 10.53 billion EUR in grants and 2.48 billion EUR in loans over the next seven years. Of the 4.95 billion EUR of EU recovery funding for Latvia, 2.47 billion EUR will be available in grants and 2.48 billion EUR in loans.<sup>19</sup> EU member states will have to prepare reform and recovery plans in order to use the EU's recovery fund. Of the 2.47 billion EUR for Latvia in EU recovery grants, the Recovery and Sustainability Plan will have 1.99 billion EUR, with 1.21 million EUR for the Just Transition Fund, 272 million EUR for React EU, and 86 million euros for the Common Agricultural Policy (for rural developments). Some 70% of the funds available in grants are expected to be available in 2021 and 2022, and the remaining 30% after 2022. In turn, from the EU's multiannual budget, Latvia will have 7.97 billion EUR in grants, 4.63 billion EUR for the Cohesion Policy, 77 million EUR for the Just Transition Fund, 2.41 billion EUR for the Common Agricultural Policy (direct payments), and 850 million EUR for the common agricultural policy (rural development).<sup>20</sup>

The available funding is 39% more<sup>21</sup> than was allocated in the European Union's multiannual budget for the period 2014–2020. Although the COVID-19 pandemic, Brexit and other challenges mean the European Union's budget has been reduced, despite this Latvia has managed to achieve an increase in its domestic areas, such as 4.63 billion EUR in the Cohesion Policy. It is particularly important to highlight the 40% increase in total direct payments to Latvia,<sup>22</sup> which means that more than 7 billion EUR will be available to invest in innovation, green and digital technologies, infrastructure and modern growth. It is no less important to note that the agreement provides an

increase in EU funding for the implementation of the Rail Baltica project. In addition, substantial funding will be available to Latvia for military mobility – i.e., adapting infrastructure to military needs. This demonstrates once again that, despite the severe situation with COVID-19 and Brexit, Latvia has managed to achieve an increase in areas in its interest.

## **AT FULL SPEED, BREAKING THE LINKS**

On 31 January 2020, the United Kingdom started a transition period of 11 months, during which the country remained in the customs union and in the European single market and continued to comply with EU rules, but was not represented in political institutions such as the European Parliament. After taking office as British prime minister, Boris Johnson consistently declared that Britain would not ask the European Union to extend the transition period. However, in view of the current COVID-19 pandemic, many asked whether he would consider extending the transition period after all. On 15 June 2020, European Commission President Ursula von der Lyon and Prime Minister Boris Johnson formally agreed that the transition period would not be extended.<sup>23</sup> The transition period was created to allow the United Kingdom to negotiate a free trade agreement with the EU while maintaining its membership of the union. If they failed to enter into an agreement, Britain and the EU would return to the rules of the World Trade Organisation, which would mean quotas and more significant customs tariffs.

Until the last minute, member states and citizens had seen the possibility of reaching a compromise diminish day by day. However, as a Christmas miracle on 24 December 2020, the European Union and the United Kingdom agreed on a draft trade and cooperation agreement, which will consist of three main pillars.<sup>24</sup> The first is the free trade agreement, which provides a new economic and social partnership with the United Kingdom. This covers trade in goods and services and many other areas of EU interest, including investment, competition, state aid, tax transparency, air and road transport, energy and sustainability, fisheries, data protection, and social security coordination.

This agreement will also allow the United Kingdom to continue to participate in a number of EU framework programmes for the 2021–2027 period, such as Horizon, provided that the United Kingdom makes a financial contribution to the EU budget. The second pillar provides for a new partnership for the security of citizens, which means the creation of a new framework for law enforcement and judicial cooperation in criminal and civil matters. The third pillar provides for a governance agreement.<sup>25</sup> This means that, in order to provide maximum legal certainty for businesses, consumers and citizens,

a specific governance chapter has been set up to provide clarity on how the agreement between the European Union and the United Kingdom will be operated and monitored. There is no regulatory autonomy for one party to grant unfair subsidies or distort competition.

The past seven months have highlighted the British government's determination to complete the EU withdrawal process as soon as possible, despite the difficulties of the COVID-19 pandemic. The UK government has chosen an autonomous path in fighting the virus, without considering cooperation with EU countries. Britain is independently developing a vaccine, producing medical equipment and personal protective equipment, the government is refusing to join the EU coronavirus vaccination programme and the EU ventilator procurement scheme, and the UK government let three opportunities pass by for participating in the EU bulk procurement scheme.

Brexit raised the issue of further interaction between Britain and the EU on foreign policy. The UK and transatlantic defence cooperation policy cannot be forgotten. Europe's defence dilemma is coupled with the US's gradual withdrawal from European defence, where the classic stumbling block is defence spending reaching the 2% of GDP<sup>26</sup>, which still needs to be attained by some big economies such as Germany. This is due both to insufficient public support for high defence costs and to the economic consequences of the pandemic. After Brexit, the country remains a NATO member – it will continue to focus on mitigating Russia's threats, but in the future, it will focus on more pressing domestic issues than establishing a common European defence autonomy. European countries will have to rethink their means of defence because of the economic impact of both Brexit and the COVID-19 pandemic. However, it is important for EU states to properly maintain their relations with Britain, a country with great military potential and a permanent seat in the UN Security Council, as the future European security architecture will also depend on the UK, but it should be kept in mind that this should not come at all costs.

It is in Latvia's interests to forge the closest possible future relationship with the United Kingdom. Britain is a strategically important partner for Latvia within the European Union and NATO, in terms of cooperation on common foreign and security policy, domestic security and defence matters, and in economic, trade, science and education cooperation. Latvia has a special interest in this, given the huge population of nationals living in the United Kingdom, so Britain will continue to be one of its most important partners in external economic relations. In the future development of European Union security and defence cooperation, it should be emphasised that it is in Latvia's interests to maintain as close as possible cooperation between the European Union and the United Kingdom in security and defence following the withdrawal of the United Kingdom from the European Union.<sup>27</sup> Latvia cooperated with the UK in foreign relations, security and defence, with special emphasis on the development, resilience and strengthening of military and civilian capabilities against hybrid threats and the coordination of sanctions

policy.<sup>28</sup> It is important for Latvia that, even after Brexit, the European Union and the United Kingdom maintain close trade relations and minimise as much as possible the emergence of new barriers and burdens, including through the conclusion of a modern and comprehensive free trade agreement.<sup>29</sup>

## **LOOKING INTO THE CRYSTAL BALL**

The year 2021 will bring its challenges and adjustments, some of which will have been carried over from 2020. Attention will need to be paid to both the second wave of COVID-19, which is still with us on a daily basis, and the economic recovery of EU member states following the COVID-19 crisis and the purchase of vaccines. Nor will the regulation of various international conflicts remain on the side-lines, either in the EU's new relationship with Britain or in its future relationship with the new US administration. Two of the most hotly debated issues in 2021 could affect migration policy and climate neutrality issues. Specifically, in Latvia's case, nine priorities will primarily be on the agenda at EU level, two of which are the health and economic recovery after the COVID pandemic – these come in parallel with the continuation of the EU's normal agenda and the interests of Latvia in the multiannual budget, future relations with the United Kingdom, the European Green Deal, digitalisation, the rule of law, the Pact on Migration and Asylum, and trade policy issues.<sup>30</sup>

Looking into the future of what was most hotly debated in 2020, following the vetoes imposed by Poland and Hungary, in 2021, the main spending of the EU general budget will be directed towards economic recovery from COVID-19, as well as projects related to agriculture, combating climate change and assisting migrants. The main problem, already highlighted, is that the total amount of euro resources, which are approximately 0.9% of the EU's GDP per year over the next seven years, is less than what the current situation requires; this is the result of both Brexit and COVID-19. Over the next two and a half years, less than a quarter of the total amount of funds is planned to be provided, with the maximum incentive rate intended for 2023–2024, which is very late for the recovery of the EU economy. The European Commission will need to clarify the criteria for allocating money between states. Currently, the criteria have not been detailed – all that has been said is that funds will be available to all participating states, but the aid will be concentrated in the countries most affected by the crisis and those which have the greatest need according to their resilience. The COVID-19 pandemic and its containment measures have seriously disrupted life and the economy. This has affected global demand, supply chains, workforce supply, industrial production, commodity prices, external trade and capital flows. After the recession caused by the coronavirus in 2020, the eurozone economy was scheduled to recover in 2021, but due to the second wave of the pandemic, the pace of recovery will be weaker than previously expected.

The European Commission reduced the eurozone's GDP growth forecast for 2021 to 4.2% from the 6.1% expected in July, with GDP expected to grow by 3.0% in 2022.<sup>31</sup> In practice, this will mean that the unemployment rate will rise to its highest point in 2021, but it will start to drop in 2022. While the unemployment rate was 7.5% in 2019, it will be 8.3% in 2020 and 9.3% by 2021, but will then drop to 8.9% in 2022. Another problem will be the implementation of the general escape clause of the Stabilisation and Growth Pact 2020, given that member states are allowed to freely deviate from the 3% deficit threshold, meaning the cumulative budget deficit of the eurozone countries will grow in 2020. Southern Europe and Eastern Europe will suffer the most, with Italy, Greece, Spain, Portugal, France and Germany being the most exposed countries of the European Union, which means that their national debt burdens will also increase. "It has also occurred to Germany that without a more powerful system of support among eurozone countries to support countries lagging behind in economic development, balanced economic development of the eurozone will not be possible. The countries where the debt burden is high are currently the ones most affected by the pandemic, such as Italy and Spain. The insolvency of these countries will be such a powerful blow that Germany itself will suffer."<sup>32</sup>

Over the last nine years, from the end of the global financial crisis to 2019, EU member states have worked to gradually reduce the difference between revenue and expenditure from the European budget, but the COVID-19 crisis has resulted in adjustments. Looking at climate policy and the European Green Deal scheduled for 2021, the EU Action Plan anticipates zero pollution as well as support for post COVID-19 recovery programmes, helping to rebuild a more sustainable EU economy, creating job opportunities and reducing social inequality. In terms of climate neutrality, the question primarily arises of how to achieve this, how to adapt to the needs of EU member states. Latvia is among the leaders of countries in achieving climate neutrality – it is interested in creating technologies that will be popular and necessary in the next decade, and it is interested not only in adapting but also in exporting technology. However, a differentiated integration approach between EU member states on climate policy is evident in this respect. There are countries that prefer to have a leading role and there are those that remain in an opt-out position and choose not to get involved. Member states have different political and institutional engagement levels in climate policy, which may be due to the fact that there are divergences in thinking and economic differences in the communities of the EU member states. In addition, there are a variety of narratives on climate issues in the communities of each member state, and, primarily, people are not aware of climate change. It should be noted that this same climate narrative involves people's actual economic capabilities, and their capacity to respond to climate change policies and other challenges. Therefore, a trend is observed that not all member states are happy to be involved in climate policy actions, which will have a potential impact on development from 2021–2030, since the differentiated integration approach that exists between countries on climate policy will continue to exist regardless of how national approaches are changed, as the EU

itself anticipates that countries are both integrating and dealing with issues at different speeds. There will always be countries that are at the core of Europe, where the issue will be a priority, and there will always be those that choose to opt-out. The success of the process will be unequivocally helped by the fact that the EC will assess all member states and examine the way in which they have achieved the objectives that need to be achieved under the Green Deal, as well as the process itself of moving towards determining a more ambitious 2030 target for climate policy.

There are further changes that will arise in the lives of Britons and Europeans in early 2021. Despite the fact that the British-EU negotiations have been effective and an agreement was concluded as of 1 January 2021, trade in goods will become much more difficult as Britain formally leaves the EU customs union and single market. Although no tariffs or restrictive quotas will be applied, there will be a number of new customs and regulatory controls, including rules of origin and strict local content requirements. There are also potential negative effects on the trade in services, where the UK had a comparative advantage. Services make up almost 80% of the UK economy. This is due to the fact that professional qualifications and licenses will no longer be automatically recognised. Taking into account the terms of the agreement and settlement of the main points and principles, in one way or another, further talks will be needed on many finer details to be reviewed following a 40-year rapprochement. This process will take a lot of time and effort and will be constantly influenced by political interference. Brexit and its consequences will make relations between the two sides difficult for a long time. The situation will become even more difficult if the current negotiations fail. Brexit without a deal would be a heavy burden in all areas, ranging from border controls and drug licensing, to landing permits at national airports. In the wake of many misunderstandings and cross-accusations, mutual trust has already been strained in recent months, and the collapse of the negotiations therefore only exacerbated this situation. In reality, the EU and Britain will not be able to avoid further negotiations in the coming years, so the bilateral relationship, which was previously carefully maintained under the EU's common roof, is once again gaining more importance. It should also be noted that the issue of Scottish independence could return to the agenda. Over the course of two years, especially at the start of the COVID-19 pandemic, support for separation in Scotland has increased from 40% to 52%.<sup>33</sup> Parliamentary elections in 2021 could lead to a mandate for a repeat referendum if the Scottish National Party gains a significant majority in the new parliament. This internal issue could have a significant impact on Britain's security and geopolitical position.

As part of a more general reform of EU migration and asylum rules on 23 September 2020, the European Commission proposed a new Pact on Migration and Asylum, which aims to replace the Dublin regulation with a new regulation for asylum and migration management. The proposal provides for a comprehensive common European framework for migration and asylum management, including a number

of legislative proposals. The issue of asylum regulation is one of the most sensitive European policy issues – it has been under serious pressure in the EU since 2015, and the problem at present is no less delicate. In 2020, an increase talks of migration reform was not put forward because, while the budget negotiations were in place, this could raise tensions between EU member states. What would happen is that Eastern European countries such as Hungary, Poland and others would oppose any mandatory plans to redistribute asylum seekers across the bloc, while Mediterranean countries such as Italy, Spain and Greece would insist on it. The new proposal will address all of the most problematic aspects, including adding a reallocation mechanism for asylum seekers, a tougher border procedure to assess asylum claims, and national responsibility for asylum claims. Given the delicate nature of this issue and the fact that member states have been divided into two blocks since the migration crisis – with one set of countries supporting the issue of migration, while another is completely opposed – national divisions and heated discussions around this issue are predictable and even expected. Given that this issue will come onto the agenda again in December 2020, at the end of the German presidency, and then again in January 2021, at the beginning of the Portuguese presidency, Portugal will have to move this issue forward, and it is expected that the pact will be implemented in the long run by finding a path for compromise.

Looking at future trade relations, 2021 will involve a new trade agenda which will include the conclusion of the MERCOSUR agreements, cooperation with the new US administration, further negotiations on trade agreements, and the process of electing the new leaders of the World Trade Organisation and the Organisation for Economic Cooperation and Development. The year 2021 will turn a new page in EU-US trade relations, after the new president, Joe Biden, is takes office; Donald Trump described the EU as the top commercial enemy of the US and there have been trade wars between the US and the EU, whereas the new administration provides a possibility for concluding new contracts in 2021 and beyond. In particular, the European Commission has proposed a trade policy review that will analyse political and geopolitical issues, both in relations with our competitors and with our trade partners, which is why it is very important for Latvia to find its niche in engaging in this debate.<sup>34</sup> This is also confirmed by the commitment expressed by the Ministry of Foreign Affairs of the Republic of Latvia that in 2021 Latvia will have to use the circumstances to find its niche in future debates between the EU, the US and China.<sup>35</sup> In 2020, despite the COVID-19 crisis, Latvia has increased its growth and opportunities, and in September Latvia's foreign trade turnover was 7.7% higher than a year ago, including a 13% increase in the value of goods exports. This again demonstrates Latvia's ability to adapt to the conditions and find its place in the vast world.



## CONCLUSIONS AND RECOMMENDATIONS

The year 2020 presented itself with variability and unpredictability, with ongoing intrigue at the end of the year regarding progress on the adoption of the MFF regulations, the imposition of a Hungarian and Polish veto, whether an EU–UK trade agreement would be entered into, how the German presidency would conclude, what countries might expect from COVID-19 in the future, and how the Portuguese presidency will begin. This year, member states managed to commit themselves to becoming climate neutral by 2050, adopt the multiannual budget plan 2021–2027, play an active role in the COVID-19 crisis, address the issues surrounding Nagorno-Karabakh and the activities of the Belarusian president, try to reach a trade agreement with Britain, and deal with other challenges. The year 2021 will be one of recovery from the crisis, where each member state will focus on healing its own wounds. But the European Union will call for further joint cooperation, raising the issue of vaccine supplies to all member states, post COVID-19 inequalities, the migration pact, the consequences of Brexit and the new relationship with the US.

There's a saying: if you want to make someone laugh, tell him about your plans for the future. The crises and challenges that affected countries in 2020 confirmed the fact that countries and individuals can prepare for one scenario, but reality will bring its own adjustments regardless of what has been planned. What 2020 has shown is the need to be ready for crises and the realities of change; this is not the first crisis facing the EU, either institutionally, politically or economically. The financial crisis and the migration crisis were other examples, and they created conditions that EU institutions took into account and adapted. Member states must understand and also think about the fact that, in today's world where multilateralism prevails, EU member states are dependent on one another, saving only themselves in the worst scenarios. The year 2020 has once again raised the importance of closer integration on agendas, changed how we look at the future, and highlighted that there are things that could and should be done more at the EU level.

One of these things is a common healthcare system. Of course, the healthcare system is within the national competence of each member state of the European Union. However, COVID-19 made it clear that common actions at the EU level should be more coordinated. There should be a supervisory body capable of tracking the supply of medicines and equipment to all member states in the event of an emergency crisis. For example, the EC is already making a proposal for the strengthening of two existing agencies – the European Centre for Disease Prevention and Control and the European Medicines Agency – so that, first of all, there is a common plan for responding to potential epidemics and pandemics, and secondly, a single data collection system would be established.<sup>36</sup> In addition, consideration should be given to the establishment of a wider Emergency Centre – despite the establishment at the EU institutional level of an Emergency Response Coordination Centre, which ensured mutual

communication during the COVID-19 crisis, activity in this area was delayed and there was no communication between member states at the beginning of the crisis. Such a centre, which would coordinate member states with one another at a number of EU levels, could ensure that, in unexpected circumstances, all member states are equally informed and there is no situation where one country has the necessary equipment while neighbouring countries are suffering. During the first days of the crisis, when Italy faced problems, for several days there was a situation where the country was struggling with the crisis without the help of the EU or even the other member states; there was no demonstration of solidarity. This raises the prospect of introducing new mechanisms that could, if necessary, be coordinated, involving a possible deeper coordination system and mutual emergency coordination centres which, in the event of crises, could link together closely across all member states so that communication, solidarity and channels would not be missed when one country reaches an unstable situation.

It is worth thinking about affects the crisis situation and the operation of Article 222 of the solidarity clause. The article stipulates that the European Union and its member states act jointly and in the spirit of solidarity. If a member state is the victim of a man-made disaster, the European Union shall mobilise the means at its disposal, including military resources provided by member states, to assist that member state on its territory in the event of a natural or man-made disaster at the request of its political authorities.<sup>37</sup> The case of Italy, which asked for assistance and solidarity, still hangs in the balance, as solidarity was provided, but much later than requested, and the article was not triggered even though the situation would have required it. The second issue is that the situation created a new wave of eurosceptics in Italy, particularly due to its current economic downturn, which may last for the next two years, despite an attempt to contribute to economic recovery.

The final recommendation affects the multiannual budget plan for 2021–2027. Much of the budget is devoted to combating the effects of COVID-19, promoting economic recovery, the improvement of the climate, and digitalisation. However, a significant area that is suffering is defence. Although in the previous multiannual budget for 2014–2020, EU funding contributed to the development of the defence sector by supporting, for example, PESCO, in this seven-year budget plan, the budget for defence has been reduced and it is instead focused on resolving the economic consequences of COVID-19. Instead of the 13 billion EUR initially proposed for the Defence Fund by the European Commission, only 7 billion EUR are being offered, with just 1.5 billion EUR for military mobility instead of the initial 6 billion EUR.<sup>38</sup> Despite the EU unexpectedly facing the COVID-19 crisis, the EU should not forget that, alongside the economy, defence is also important, as this is the guarantor for member states.

Finally, it is clear that the unpredictable nature of reality introduces its own adjustments in all the member states of the European Union, and it will continue to introduce them in 2021. Latvia will have a long task ahead of it, unifying the government, all public

institutions and society. It will have to cope with the consequences of the COVID-19 crisis, the economic recovery, the establishment of a new relationship with Britain, the construction of Rail Baltica and many other challenges, as well as continuing along the path of aligning itself, not only institutionally and politically, but also economically, more closely to the core of European Union states.

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# THE EFFECTIVENESS OF THE EU SANCTIONS: THE CASES OF RUSSIA AND BELARUS

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**Inna Šteinbuka**

Professor at the University of Latvia

**Satenik Avetisyan**

Programme “European studies and Economic Diplomacy”  
graduate at the University of Latvia

This paper aims at estimating the effectiveness of the restrictive measures of the EU, in particular the effectiveness of economic sanctions. To this end, the authors analyse the political reasons, main principles and limitations of restrictive measures, and examine whether such measures, in particular economic sanctions, imposed by the EU were successful in terms of bringing any substantial and sustainable change in the policy of the targeted country. The authors have chosen two target countries – Russia and Belarus, which are Latvia’s neighbouring countries. Latvia took a proactive position on imposing sanctions in both targeted countries, despite clearly projected negative economic consequences. The authors explain why the effectiveness of imposed sanctions in both targeted countries were limited, argue that sanctions could have been more effective, discuss potential ways and limits of raising their effectiveness, and suggest Latvia’s future position.

## **DEFINITION, ROLE AND TYPE OF ACTIONS**

A sanction is an instrument of foreign policy and economic pressure serving as a punishment imposed on another country or its individual citizens. Sanctions can be defined as “actions initiated by one or more international actors (*senders*) against one or more others (*recipients*) with one or two goals: to punish the recipients, depriving them of some value and/or to force the recipients to meet certain standards that senders consider important.”<sup>1</sup> According to Margaret P. Doxey,<sup>2</sup> sanctions are penalties threatened or imposed as a declared consequence of the target’s failure to observe international standards or international obligations. Sanctions are also known as and referred to as “restrictive measures” – legally binding measures that can be taken against individuals, entities, or countries.

The sanctions are aimed at preventing threats to or restoring peace, security and the rule of law, as well as changing the behaviour of the state to which the sanctions are applied. According to Elliot, Oegg and Hufbauer,<sup>3</sup> there are three main reasons for imposing sanctions: to punish, to deter, and to retaliate. In this definition, in some cases, the purpose of the sanctions is not punishment, but the prevention of a possible deterioration of the situation.<sup>4</sup>

**International sanctions** are political and economic restrictive measures that are part of diplomatic efforts by countries or multilateral or regional organisations against states or organisations either to protect national security interests or to protect international law and defend against threats to international peace and security. Sanctions take a variety of forms, including travel bans, asset freezes, arms embargoes, capital restraints, foreign aid reductions, and trade restrictions. The Council of the EU defines several types of sanctions,<sup>5</sup> including economic, diplomatic, military, and sport sanctions, as well as sanctions on the environment.

**Economic sanctions** and restrictions are a prime tool of geo-economics and can range from minor measures like stricter sanitary controls to a full economic blockade. Economic sanctions consist of trade sanctions, such as restrictions on imports and exports to the target country, as well as sanctions on investments, such as restricting capital inflows to the target country and even reducing investments.<sup>6</sup>

Applying economic sanctions is a double-edged sword. The sender-country hurts its own businesses, trade and investments linked to the target country. In addition, the target country can impose counter-sanctions. However, regardless of whether the senders achieve their objectives or not, sanctions have a damaging economic impact on target countries' growth, the living standards of people, and technological development.

Sanctions are categorised in several ways. One way to describe them is by the number of parties issuing the sanction. A "unilateral" sanction means that a single country is enacting the sanction, while a "multilateral" sanction means that a group of countries is supporting its use. What matters is the size and capacity of the country being sanctioned, next to the power of the sanctioning country or international coalition. Since multilateral sanctions are enacted by groups of countries, they can be considered less risky because no one country is on the line for the result of the sanctions. Unilateral sanctions are riskier but can be very effective if enacted by an economically powerful country.<sup>7</sup>

Sanctions can be imposed by the UN Security Council, the EU, or individual states. Restrictive measures or "sanctions" are an important tool of the EU's Common Foreign and Security Policy (CFSP). They are used by the EU as part of an integrated and comprehensive political approach, which includes political dialogue, complementary efforts, and the use of other tools.

The fact that most sanctions policies fail does not necessarily imply that sanctions are not effective. Sanctions tend to have a strong economic dimension. However, economic

sanctions should not be considered as purely economic phenomena: they require a multidisciplinary analysis. According to Thomas Biersteker and Peter A.G. van Bergeijk,<sup>8</sup> seven conditions determine the success of sanctions, of which three conditions seem particularly important: (1) pre-sanctions trade volumes need to be sizable, (2) sanctions tend to succeed most in the initial years of implementation, and (3) sanctions are more likely to succeed if the target is more democratic (less authoritarian).

## **THE POLITICAL AND ECONOMIC IMPACT OF THE EU'S SANCTIONS AGAINST RUSSIA**

In early 2014, the Crimea became the focus of the worst East-West crisis since the Cold War, and it became conflict zone for Ukraine and Russia. Violence in eastern Ukraine between Russian-backed separatist forces and the Ukrainian military has by conservative estimates killed more than 10,300 people and injured nearly 24,000 since April 2014.<sup>9</sup> In July 2014, the situation in Ukraine escalated into an international crisis and put the EU and the US at odds with Russia when a Malaysian Airlines flight was shot down over Ukrainian airspace, killing all 298 people onboard. Ukraine has been also the target of several cyberattacks – for instance, in December 2015, more than 225,000 people lost power across Ukraine, and in December 2016 large parts of Kiev experienced another power blackout following an attack targeting a Ukrainian utility company.<sup>10</sup>

Since March 2014, in response to the illegal annexation of Crimea and the deliberate destabilisation of Ukraine, the EU has progressively imposed restrictive measures against Russia. EU leaders have laid out a three-stage sanctions process. In the first stage, the EU suspended a series of EU–Russia bilateral talks, the second stage included the imposition of travel bans and asset freezes on a number of individuals, while the third step, triggered by the continued destabilization of Ukraine, involved severe measures, including a broad range of economic sanctions. Besides using sanctions, the EU continues trying to engage Russia diplomatically, both bilaterally (through public appeals, meetings, phone calls, etc.) and in various multilateral formats (such as the UN and the OSCE). The EU has also adopted a series of decisions (such as suspending participation in meetings of the G8 and suspending various bilateral cooperation programmes) that do not fall under the heading of “restrictive measures.” In contrast, it has adopted a series of supporting measures towards Ukraine through direct and indirect funding, pledging to sign the Association Agreement and the Deep and Comprehensive Free Trade Area Agreement, and general political and financial support.<sup>11</sup> In direct connection with the UN resolution, the EU Council adopted regulations, according to which all trade and investment in Crimea and Sevastopol were stopped in practice.<sup>12</sup>

The overall impact of falling trade with Russia on the EU economy on average is rather limited; however, certain sectors and member states are more significantly affected



than others. Estimates of the decrease of EU exports to Russia in 2014 vary from 12.1% to 14.5%. This decrease was caused by the EU's ban on the sales of certain goods, such as "dual-use" technology intended for the exploration of oil and gas deposits, and by the Russian import embargoes that were imposed in retaliation for EU sanctions, for example on meat. Sanctions had negative impact primarily on the agricultural sector, as about 9% of EU agri-food exports go to Russia, making it the second most important destination after the US. Between August 2014 and July 2015, EU agri-food exports to Russia fell by 43%.<sup>13</sup>

The economic impact of sanctions on Russia is more severe. Furthermore, countersanctions by Russia against the EU and the US had extremely negative consequences for the Russian economy: the impact of countersanctions on trade was estimated to be 8 times larger than the initial sanctions.<sup>14</sup>

After the first wave of sanctions, trade turnover between Russia and the EU fell by 9% in 2014, and after the second wave it fell by 38% in 2015. Russian exports to the EU fell by 8% in 2014 and by 36% in 2015, while imports from the EU fell by 12% and 41% in 2014 and 2015,<sup>15</sup> respectively. Decreases in imports caused inflation. For instance, in 2014, prices on pork and chicken meat rose by 27%, and prices on fish, apples and cheese by 22%, 21% and 19%, respectively. After the second wave of sanctions, the biggest price changes were observed for sunflower oil (38%), some types of fish (21%–25%) and cattle meat (16%).<sup>16</sup> The sanctions resulted not only in price increases but also in capital flight and a worsening investment climate, which was never particularly good to begin with. Russia also witnessed a serious decline of the rouble, which lost nearly 50% of its value in 2014. In addition, the international oil market collapsed shortly after the sanctions were put in place against Russia. According to the IMF estimates, the sanctions resulted in an annual decrease of 0.2% of Russia's GDP, while oil prices cost about 0.6% of growth.<sup>17</sup> This was a coincidence, but it considerably strengthened the impact of the sanctions and the likelihood that they would contribute to their goal.

The coronavirus pandemic in combination with low oil prices and international sanctions has accelerated the negative impact on the Russian economy, and Russia is actively using the coronavirus pandemic as a means of getting sanctions withdrawn.<sup>18</sup> However, this is unlikely to happen. Furthermore, the European Union on 14 October 2020 imposed new sanctions against six top Russian officials and the State Scientific Research Institute for Organic Chemistry and Technology over the poisoning of opposition leader Alexei Navalny with an internationally banned nerve agent.

Despite increasing pressure on Russia, the actual potential of the currently imposed sanctions to change or moderate Russian behaviour is limited. Imposing sanctions on the energy sector, in particular on Nord Stream 2, would be very effective. However, it is doubtful that "energy" sanctions will be imposed, as the EU dependency rate on energy imports is very high and has substantially increased since 2000, when it was just 56%. According to EUROSTAT, in 2018 more than half of the EU's energy needs (58%) were met by net imports. In individual member states, this dependency rate ranges from over

90% in Malta, Luxembourg and Cyprus to below 25% in Romania, Denmark and Estonia. Furthermore, Russia is the main EU energy supplier. In 2018, almost two-thirds of the EU's external crude oil imports, three-quarters of natural gas and three-quarters of solid fuel (mostly coal) came from Russia.

As to Nord Stream 2, due to the amount of resources invested in the project and to being so close to the finish line, Russia is going to seek to complete it regardless of whether the new round of sanctions pulls through, be it US alone or together with the EU.

It is doubtful that the EU will use the case of Navalny as leverage and as a pressure tool. Germany has given mixed signals, suggesting that the case should not be used as a factor in the completion of the pipeline, but the country has also recently pressured Moscow to cooperate in the investigation so that it does not “force [Germany] to change our position regarding the Nord Stream 2.”<sup>19</sup> Joe Biden in 2016 in his Vice President position already said that the Nord Stream 2 pipeline is a “bad deal” for Europe.<sup>20</sup> Most likely his opinion will remain firm, and pressure on Russia will continue. Further US–EU debate from this angle can be anticipated.

## **THE EFFECTIVENESS OF SANCTIONS AGAINST RUSSIA IS ARGUABLE**

Given the combination of various measures put in place since 2014, including diplomacy, it is becoming even harder to assess the effectiveness of economic sanctions *per se*. Given that the sanctions have been in place for more than six years, and accounting for the inverse relationship between the duration of sanctions and their effectiveness, the likelihood that they will lead to an end of the crisis and tensions with Ukraine is rather low. Russia has adapted to sanctions and partially overcome their effects through commercial diversification, as well through the control of civil society by the state. However, sanctions will have a long-term effect on the economic prospects of Russia by blocking the modernisation of the country and allowing corruption to flourish. The combination of various forms of external pressure and coincidences like low oil prices and a weakening economic outlook due to the pandemic crisis could eventually make the economic sanctions more effective.

It remains to be seen whether a lasting diplomatic solution, which is unlikely to be found in the short-term, would be possible in the future. The global political landscape is already set to considerably change in January 2021 when Joe Biden will take office. It is far from clear whether in this new political reality the Kremlin will be more inclined to see the benefits of a diplomatic solution. However, even now the Kremlin's fixation on lifting the sanctions, in particular due to the coronavirus pandemic crisis combined with low oil prices, highlights the lasting pain that sanctions have created for the stagnant Russian economy.

## **LATVIA'S POSITION ON SANCTIONS AGAINST RUSSIA**

Latvia's relations with Russia have been particularly complicated since Russia's aggression in Ukraine in 2014 and recent cases of poisonings with an internationally banned nerve agent. Latvia, like all the Baltic States, certainly sees Russia as a threat. Despite economic concerns, Latvia has always been firm on imposing sanctions against Russia.

### **The impact of the imposed sanctions on the Latvian economy**

The impact of the imposed sanctions on the Latvian economy was higher than the EU average. Sanctions have negatively affected the food production, transport, and agriculture sectors, but the overall effect on economic growth was limited: by the estimates of the Ministry of Economics,<sup>21</sup> it amounted to about 0.25% in 2014. Despite the sanctions, Latvia, as well as all three Baltic economies, not only remained in positive GDP growth territory (with a 2–3% annual growth rate in 2014–2016) but also demonstrated impressively high growth rates (of about 5%) in 2017–2018. The most negative consequences related to sanctions and general tense relations with Russia emerged in 2019–2020, when Latvia experienced a substantial drop in transit via sea ports and railways.

Latvia's future considerations should be based on the assumption that sanctions are and will remain a critical tool in persuading Russia to change its policy. By moderating Russia's behaviour through restrictive measures, Latvia as an EU and NATO member state is sending a clear signal about European and transatlantic unity and the high costs for Russia of violating the territorial integrity of other states in Eastern Europe or using internationally banned poisons against political opponents, either in other countries or on its own territory.

Latvia's sticking-with-the-EU approach to Russia does not prevent developing cooperation in areas of mutual importance, like business activities in the border area, cultural projects, etc. However, the country is unlikely in the near future to switch its focus from the restrictive measures to business promotion. Latvia not only should maintain its firm approach regarding the sanctions policy against Russia but also motivate the other EU member states to keep sanctions in place until Russia complies with international law. Latvia should continue convincing EU partners that “energy” sanctions, in particular stopping or postponing Nord Stream 2, could yield the biggest effect as leverage and as a pressure tool.

## TARGETED SANCTIONS AGAINST BELARUS AREN'T LEADING TO POLITICAL CHANGE

The EU first suspended bilateral relations and halted international assistance to Belarus in 1997, after Lukashenko dissolved parliament and used a referendum to give his presidency nearly unlimited power.<sup>22</sup> In September 2004, the Council of the EU adopted restrictive measures against persons who are considered by the Pourgourides Report to be key actors in the unresolved disappearances of politicians and a journalist in Belarus in 1999–2000, and these were later extended to those involved in election fraud and repressive measures against the opposition.<sup>23</sup> In June 2011, additional restrictive measures were imposed due to the gravity of the situation in Belarus, as two presidential candidates were thrown in jail, along with hundreds of others, and authorities continued arresting peaceful protesters for months.

After the relatively peaceful 2015 presidential election and the release of political prisoners in Belarus in 2015, the relationship between the EU and Belarus improved. The February 2016 Council Conclusions<sup>24</sup> laid out the EU's policy of critical engagement with Belarus. This resulted in lifting a majority of individual restrictive measures, enhancing policy dialogue and increasing financial assistance. Negotiations on EU–Belarus Partnership Priorities had been ongoing since 2016, and Belarus had been actively participating in the multilateral format of the Eastern Partnership initiative. Visa Facilitation and Readmission Agreements came into force on 1 July 2020, just before the new political crisis in Belarus.

The 2020 presidential elections, which like all but the first elections were labelled by international monitors as neither free nor fair,<sup>25</sup> have dismantled illusions and put at risk the progress of past years in EU–Belarus relations. The EU has launched a comprehensive, in-depth review of EU–Belarus relations, including financial cooperation, and the EU sanctions policy was given a new level. In early October 2020, EU leaders imposed sanctions on 40 officials in Belarus that the bloc believes are responsible for violence against peaceful demonstrators, opposition members and reporters, as well as “misconduct” during the presidential election. The ministers said that the EU stands ready to take further restrictive measures against entities and high-ranking officials, including Lukashenko himself.<sup>26</sup>

There's no reason to believe that the recently introduced targeted sanctions against individuals will be effective. In our view, economic sanctions would work better, as the EU is Belarus's second main trade partner after Russia, representing 18.1% of the country's overall trade. In the case of economic sanctions, big state-controlled enterprises would lose their markets in the EU. Lukashenko is counting on the fact that several EU member states will oppose measures that would hurt the general population. We believe, however, that given the strong commitment of Russia to prop up Lukashenko, the impact of economic sanctions – starting with significant bilateral trade and investment volumes – will be offset by subsidies from Moscow, including cheap energy. Therefore,

imposing economic sanctions on Belarus would further hurt the Russian economy, and in combination with all existing restrictions would considerably increase the costs of saving the Belarus regime and would substantially increase the pressure on Russia's economy.

Volatile domestic dynamics and Russia's reactions will shape the discredited regime's future. Possible scenarios for Belarus up to one year from now include a potential response from the EU to prevent bloodshed, an avoidance of open geopolitical conflict, and preparations for a post-Lukashenko transition. The leverage of the EU on Belarus is, however, limited. Without a Partnership and Cooperation Agreement, bilateral EU-Belarus relations are only kept at a low level. Financial assistance from the EU is marginal compared to the subsidies Belarus receives from Russia. In this context, only the Baltic States and Poland are able and willing to devote considerable political resources to Belarus.

## **LATVIA'S POSITION ON BELARUS**

In the last decade, Latvia's relations with Belarus have mirrored strategic economic links and pragmatic foreign policy calculations. From 2014–2019, bilateral consultations centred on political, consular and legal issues, pan-European cooperation and the Eastern Partnership, security cooperation within the framework of international organisations, Eurasian integration issues, engagement with Asian countries, participation in the "17+1" cooperation format, and the North-South transport corridor.<sup>27</sup>

The conflict between Belarus and Russia over energy supplies since roughly the summer of 2019 have provided a new impetus to Latvia to secure a Latvian route for non-Russian oil imports through Belarus. In January 2020, Latvian Prime Minister Krišjānis Kariņš even visited Belarus to discuss oil transit and the direct supply of electricity to Latvia from Belarus.

Military cooperation was developing as well, as a part of Minsk's broader strategy aimed at building a regional system of confidence and security by developing ties with its neighbouring NATO members.

Finally, Latvia and Belarus collaborated within the framework of EU programmes and initiatives, including the Eastern Partnership, the Cross-Border Cooperation Programme and the "Country of Lakes" Euroregion. Special attention was paid to the joint implementation of projects to improve border and customs infrastructure, as well as ensure the harmonisation of digital markets, environmental efforts, energy efficiency and regional development.

Unlike Lithuania, Latvia had always refrained from putting sensitive political issues at the top of the bilateral agenda with Belarus. This pragmatic approach resulted in stable and

constructive relations, and there was hope that cooperation between the two countries would intensify. However, this positive development scenario has failed due to the political crisis in Belarus.

As political relations with Lithuania were the most problematic for Belarus among its neighbouring states, mostly due to the dispute over the construction of the Belarusian Nuclear Power Plant, it was not a surprise that Lithuania was orchestrating the campaign to recognise the illegitimacy of the Lukashenko regime. Latvia, especially in the beginning, has played the waiting game, which was fully consistent with its pragmatic approach and careful foreign policy calculations. However, it took only a little while for Latvia to “recalculate” its response and take a clear stand on the Belarus crisis. In this context, the Latvian government sent a letter to the IIHF urging it to replace Belarus in the 2021 World Championship – this sent a very strong signal to the international community.

Latvia together with other Baltic States, played a proactive role in motivating the other EU member states to act decisively. Already on August 30, Latvia announced initial sanctions against 30 individuals, including Lukashenko himself. Later, on September 25, in coordination with Estonia and Lithuania, Latvia’s foreign minister announced the imposition of an indefinite entry ban on 101 Belarusian officials. In response to Belarus’s “misconduct”, in late August, Lithuania and its Baltic allies also reached an agreement under which they will not make any electricity purchases from the Astravets nuclear power plant. Latvia currently imports only a small amount of electricity from Belarus – 8.6 million kW/h in 2019 – however, stopping purchases from Astravets is a matter of principle. The Latvian Public Utilities Commission has approved a methodology that will prevent power produced by the Astravets nuclear power plant from entering Latvia. The main principle of the methodology entails that Russia, which has an interlink with Belarus, will have to submit proof that the power supplied to Latvia was not produced in Belarus.

The Latvian government should continue estimating the economic risks and potential benefits of a sanctions policy against Belarus. Notwithstanding Lukashenko’s rhetoric, for Belarus, the Baltic region (and Latvia in particular) has strategic importance. Due to the proximity of Baltic ports, Latvia and Lithuania serve as a transit channel for Belarusian goods – mainly fertilizers and oil products – to third countries, as well as being a possible route for alternative (non-Russian) oil imports. It is likely that the Belarusian government will continue to carefully estimate the economic costs of breaking and the benefits of keeping these transit channels. In normal circumstances, Belarus tends not to mix political relations and trade. This suggests that there is a chance that Minsk will not completely switch its import-export transit routes from Latvian to Russian ports because of pressure from the Kremlin. At a later stage of the crisis, Belarusian authorities can be expected to seek alternative possibilities to ensure that Belarus avoids becoming too dependent on Russia.

We believe that the prompt actions of the Baltic States, despite threats of an economic blockade from Lukashenko, served as catalyst for the EU decision on imposing sanctions. Following the Baltic States' response, in early November the EU added Belarusian leader Alexander Lukashenko and his son to its sanctions blacklist of Belarusian officials, bringing the total to 59. The sanctions freeze their EU assets and prevent them from obtaining visas to enter the bloc.

Latvia should continue positioning itself as a strong advocate of EU-wide sanctions against the Lukashenko regime, which is responsible for election fraud and police violence. Preserving EU unity on sanctions will require diplomatic efforts from Latvia.

## CONCLUSIONS AND RECOMMENDATIONS

Restrictive measures (sanctions) are an essential tool in the EU's common foreign and security policy (CFSP), aiming to bring about a change in policy or activity by targeting non-EU countries as well as entities and individuals responsible for the malign behaviour in question.<sup>28</sup> The costs of economic sanctions (a loss of revenues, employment and markets) increase markedly when sanctions are sustained over a long period of time.

The success of sanctions depends on several conditions, primarily: (1) pre-sanctions trade volumes need to be sizable, (2) sanctions tend to succeed most in the initial years of implementation, and (3) sanctions are more likely to succeed if the target is more democratic (less authoritarian).

In the case of Russia, the effectiveness of sanctions is arguable, as only first precondition is in place. The purpose of the sanctions is therefore not only to bring change, but also to prevent a possible deterioration of the situation.

It is even harder to assess the effectiveness of economic sanctions against Russia *per se*. Given that the sanctions have been in place for more than six years, and accounting for the inverse relationship between the duration of sanctions and their effectiveness, the likelihood that they will lead to an end of the crisis and tensions with Ukraine is rather low. However, the sanctions will have a long-term effect on the economic prospects of Russia by blocking the modernisation of the country. The combination of various interventions and coincidences, like low oil prices and the pandemic, could eventually make the economic sanctions more effective.

In the case of Belarus, there's no reason to believe that recently introduced targeted sanctions against individuals will be effective. In our view, economic sanctions would work better, as the EU is Belarus's second main trade partner after Russia.

Given the strong commitment of Russia to support Lukashenko by providing political and economic assistance, the impact of economic sanctions will be offset by subsidies from Moscow, including cheap energy. As a result, imposing economic sanctions on Belarus – in combination with existing restrictions, the coincidental negative impact of COVID and low oil prices – would substantially increase the pressure on Russia’s economy.

Latvia has taken and should maintain a proactive position on imposing sanctions in both targeted countries, despite clearly projected negative economic consequences. In the case of Belarus, we believe that the prompt and decisive actions of Latvia and its Baltic allies served as a catalyst for the EU decision to impose and extend sanctions.

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# LATVIA'S RELATIONS WITH RUSSIA: NO REASON FOR OPTIMISM?

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**Artūrs Bikovs**

Researcher at the Latvian Institute of International Affairs

Although the COVID-19 pandemic played the key role in Latvia's domestic and foreign policy in 2020, its relations with Russia continued to gain attention as well. At the beginning of the year, Minister of Foreign Affairs Edgars Rinkēvičs dedicated part of his speech at the Foreign Policy Debate in the Saeima to Russia. He noted that Latvia maintains a two-track policy – dialogue and deterrence. On the one hand, despite closed borders, the two countries continue to cooperate in several areas: trade, tourism, and border issues. On the other hand, Latvia condemns Russia's attempts to rewrite history and interfere in the internal affairs of other countries. Moreover, Russia's actions, such as attacks on human rights or measures for combating coronavirus, affect Latvia to some extent as well. Overall, these factors make research on the relationship between the two countries relevant. This article will describe and analyse which aspects were successful and which failed with regards to relations with Russia in 2020, as well as issues that Latvia should address in 2021.

## **LATVIA'S RELATIONS WITH RUSSIA IN 2020: UNDER THE SEAL OF COVID-19**

In order to understand which things were achieved and which were not, one has to start by defining aims. In the speech mentioned above, Edgars Rinkēvičs described several priorities for Latvia, including the following: to strengthen national security and welfare by promoting the stability, security, and predictability of regions important to the European Union and in its geographical proximity; to strengthen the security capacity of the EU; and to promote compliance with international law and the principle of the rule of law in international relations. He also said that “we are prepared for cooperation with countries with which we have major differences of opinion because we believe that an open and honest dialogue based on mutual respect is the basis for building relations”.<sup>1</sup> However, as the minister pointed out, this does not mean compromising on matters of principle. He also confirmed further Latvian support for the Eastern Partnership countries. Moreover, he stressed that Latvia would continue advocating for the resolution

of frozen conflicts and honouring the principle of the territorial integrity of states. It would also continue to pursue the policy of non-recognition of the annexation of Crimea. In the context of Russia, he expressed concerns about the concentration of Russian troops in Kaliningrad and Russia's Western Military District. "This is an explicit demonstration of Russia's military force," argued the politician.<sup>2</sup> The minister also condemned the recent attempts by Russian officials and propaganda to vindicate the aggressive and criminal pre-war diplomacy of the former USSR leader Joseph Stalin. Finally, as stated by Edgars Rinkēvičs: while Russia will continue rewriting history, continue celebrating the occupation of sovereign states and exonerating the actions of totalitarian regimes, and continue its aggression against Ukraine and Georgia, any kind of security space stretching "from Lisbon to Vladivostok" is not conceivable.

Not all the goals were achieved. For example, Russia continues to issue passports to the residents of Donbass on a preferential basis, issuing 254,000 in the first eight months of 2020.<sup>3</sup> Thus, the security of Ukraine is under the threat. The actions of the Kremlin are not limited to this. In the summer, the State Duma adopted amendments to the *Law on Russian Federation Citizenship*, which stipulate that foreign citizens wishing to obtain a Russian passport may keep their other citizenship. Until now, it was mandatory to renounce it. Moreover, the amendments simplified the procedure for working foreigners who have obtained an education in Russia, as well as for adults who have formerly had USSR citizenship and live in the former Soviet republics without citizenship in those countries.<sup>4</sup> This means that this decision also includes residents of Latvia. Although Latvia has prohibited dual citizenship with Russia, several thousand Latvian citizens are also in the possession of a Russian passport. A year ago, the Office of Citizenship and Migration Affairs (OCMA) noted that the problem was still relevant.<sup>5</sup>

Russia continues to pose a threat to the security of Latvia and the EU, especially in cyberspace. The Kremlin is carrying out offensive operations, in particular attacks on national information systems, networks and the e-mail accounts of officials. Moreover, these actions are sufficiently advanced and subtle, and the invested resources are large and well thought-out, says Varis Teivāns, Deputy Manager of the Information Technology Security Incident Response Institution "Cert.lv".<sup>6</sup> The number of cases involving exploiting international issues in attacks has also increased. For instance, with the spread of the new coronavirus there have been efforts to publicise harmful content related to the disease. The European Commission has also mentioned this, announcing that pro-Kremlin media outlets are spreading disinformation during the COVID-19 pandemic.<sup>7</sup> Initially, it sought to use the public health crisis to advance its geopolitical interests by challenging the credibility of the EU and its partners. At the end of the year, however, the focus shifted towards vaccines, with Russia hailing its own creation – *Sputnik V* – and downplaying vaccines being developed in Western countries.<sup>8</sup>

The coronavirus has also led to the decrease in dialogue mentioned by Edgars Rinkēvičs – namely, dialogue between the societies of the two countries – as well as to reduced

business interaction and tourism. The Russian government decided to restrict the entry of foreigners and non-citizens into the country from March 18 and to suspend the issuance of all categories of visas. This does not apply to truck drivers transporting goods, diplomats, and persons residing in Russia.<sup>9</sup> On April 30, Russia extended these restrictions indefinitely. Latvia has taken similar actions in relation to third countries. In the context of economic relations, another decision is worth mentioning: the suspension of the work of the Russian Trade Representation. “We do not close it as we have interstate agreements; however, we suspend their work to avoid the imitation of active actions. We understand perfectly what the situation regarding economics there is like, and also that of our mutual trade/economic relations. There is no need for additional support from trade missions there,” argued Denis Manturov, Russian Minister of Industry and Trade.<sup>10</sup> Although this action was rather symbolic, it also reflects quite well the attitude of the Kremlin.

In 2020, there were historical issues that drew a sufficient amount of attention, among them the contradictory statements made by Russian representatives. The Saeima called on Russia to recognise the occupation and illegal annexation of Latvia and to renounce politically motivated revisionism and the distortion of history. Consequently, Latvian deputies also called on the international community to give a critical evaluation of the efforts of Russian officials to review the history of the Second World War in an attempt to justify the occupation of Latvia.<sup>11</sup> In the summer of 2020, the Russian Embassy in Latvia stated that Latvia joined the USSR legitimately. Referring to events which happened 80 years ago, the embassy published a post on its *Twitter* account along with a photo showing a queue of people at a polling station in Riga. The embassy stated in the post that the picture showed the emergency elections to the Saeima on 14–15 July 1940, which “became one of Latvia’s steps to legitimately joining the USSR”<sup>12</sup>. In response to this statement, Edgars Rinkēvičs expressed his regret about the falsification of history. He remarked that the traditions of falsifying history and elections were still alive in modern-day Russia. “We remind our colleagues at the embassy that the ‘elections’ took place in Soviet-occupied Latvia and constituted a contradiction to the Satversme and were a direct result of the criminal agreement between the political twins of Hitler and Stalin,” the minister emphasised in his *Twitter* account.<sup>13</sup> Shortly before making the first post, the embassy published a post stating that “on the early morning of 14 July 1940, Latvian residents, including columns organised by Latvian Army soldiers, went to the polls to vote for the new communist power. The streets were decorated with Latvian flags; it was a festive day, a popular plebiscite”.<sup>14</sup>

The issue of human rights, and freedom of expression in particular, was also at the forefront of bilateral relations. For instance, Latvia has granted political asylum to Alexander Shvarev, a journalist with the Russian news agency *Rosbalt*, who Russia has declared internationally wanted in connection with allegations of defaming Russian billionaire Alisher Usmanov and extortion. Latvia has granted asylum to the Shvarev’s family as well. “The Latvian authorities have granted me and my family political asylum,

acknowledging that Russia is persecuting me for professional activities,” Shvarev told the Russian news agency *Interfax*.<sup>15</sup> In addition, Edgars Rinkēvičs has called for an objective investigation into the self-immolation and death of journalist Irina Slavina in Russia. Before doing that, she left a post on social networks: “For my death, please blame the Russian Federation”<sup>16</sup>. On the other hand, at the end of the year, the Latvian State Security Service detained some publicists who collaborated with the portals *Sputnik* and *Baltnews*, which form a part of the Russian government’s media conglomerate. The service stated the following: “The information obtained during the investigation gives rise to suspicions about the transfer of economic resources to a person subject to European Union sanctions for actions undermining the territorial integrity, sovereignty and independence of Ukraine”.<sup>17</sup>

However, there are also areas where cooperation with Russia has progressed well. The Latvian Ambassador to Russia Māris Riekstiņš, commenting on relations between the two countries in the middle of the year, noted that in recent years there has been a significant increase in the trade of goods and services. “Russia is among our top five foreign trading partners; it ranks third in exports and fifth in imports,” said the ambassador, adding that the volume of trade transactions is about 3 billion EUR.<sup>18</sup> He also noted that the number of tourists had increased by 7–9% every year until the pandemic. According to the words of Māris Riekstiņš, this is very good because not only do people come here and leave their money in the Latvian economy, but they also see with their own eyes how people in Latvia live and what the cultural life, architecture, cuisine and art are like. This direct, immediate impression is much more significant than the one seen on television. The ambassador also revealed that Latvia and Russia would start working on the development of a border regime agreement, which would establish rules for the cooperation of state institutions on the border. As he explained, this is a very important development in the fight against illegal transactions.

Moreover, even in a pandemic, it is possible to promote trade successfully. At the beginning of the year, Māris Kleinbergs, the Chairman of the Board of the *Latvijas dzelzceļš* (*Latvian Railway*), met with the management of the Kaliningrad branch of *Российские железные дороги* (*Russian Railways*) in Kaliningrad to discuss strengthening cooperation to increase the volume of freight traffic. Both parties were interested in strengthening cooperation in freight transport, and one of the directions of cooperation was the traffic of particularly long freight trains between Russia and the Kaliningrad region using the Latvian railway infrastructure. Thus, only after a few months, a special, one-kilometre-long freight train ran from Latvia to Kaliningrad through Latvia. According to *Latvijas dzelzceļš* representative Ella Pētermane, this train delivered various raw materials.<sup>19</sup>

## LATVIA'S RELATIONS WITH RUSSIA IN 2021: MORE AND MORE CHALLENGES

Latvia's success in achieving its foreign policy goals in general, and in its relations with Russia in particular, depends largely on how the COVID-19 pandemic develops. At the end of 2020, both countries faced record numbers of daily newly diagnosed cases and deaths. Latvia has also introduced strict restrictions that negatively affected the economy, including economic relations with Russia. The Kremlin has not enforced the same level restrictions as it did in spring. In addition, at Vladimir Putin's request, the responsible authorities have started the vaccination of at-risk groups with *Sputnik V* – namely, doctors, teachers and those whose work involves a large amount of human contact.<sup>20</sup> On the other hand, mass vaccinations will only start once the third phase of clinical trials has been completed and the efficacy and safety of the product has been proven. Under an optimistic scenario, this will happen in early 2021. However, if any of these conditions are not met, this process could be delayed until mid-spring or even longer. As a result, the revival of trade and tourism will not be as swift as one would like.

One of the decisions that, in the case of a positive development of events, could slightly improve the situation and facilitate the revival of mutual relations is the ability to enter Pskov Oblast through the border crossing at Grebneva from January 2021 while using an electronic visa. The electronic visa will allow visitors to stay in Russia for up to 16 days, but it will not be free of charge. In total, as of January, one can enter Russia with an electronic visa through 29 border-crossing points, and the plan is to extend this list in the future. As of 1 January, an electronic visa will allow visitors to travel all over Russia – not only within a certain area, as it was before. The visa is intended for tourism, business, humanitarian and personal trips.<sup>21</sup> This means, that the major remaining problem is COVID-19-related restrictions. However, as the situation improves, this development will serve Latvia's goals in its relations with Russia.

In turn, the potentially poor economic situation in Russia could lead to a decrease in personal income, higher debt liabilities, a depreciation of the rouble, and the closure of companies. This would worsen the national import potential – due to reduced solvency, Russians would likely switch to cheaper, local alternatives. As the result, Latvian export-oriented entrepreneurs would suffer. The political situation in the country might also change. The Kremlin has so far been able to keep an unstable balance. However, in order to at least maintain the *status quo*, the state must provide incentives for political mobilisation, increase social spending and find new sources of income, which constitutes a certain challenge. It is true that the government's grip on power has become stronger in practical terms, and it has become more impertinent in rhetoric and propaganda. At the same time, this process goes hand in hand with growing social discontent and civic awareness. This in turn creates a breeding ground for conflicts between the state and society.

Dissatisfaction can lead to mass protests, which authorities are likely to suppress by force, which then often tends to result in human rights abuses. Such behaviour would lead to a further deterioration of relations with Western countries. It also often leads to a loss of trust and legitimacy. Moreover, the poisoning of the opposition leader Alexander Navalny with a chemical warfare substance belonging to the Novichok group, thus putting the authorities under suspicion, points to a possible strengthening of measures and greater political repression. In fact, the present system cannot modernise itself even minimally due to its structure. Moreover, there are no institutional or situational mechanisms capable of inducing change, e.g., a conspiracy of elites against Vladimir Putin.

The Kremlin's response measures could refer to Latvia as well. For instance, Russia could launch a search for an "external enemy", as well as using aggressive rhetoric against the West, the EU and NATO, the projection of force, attempts to revise history, including World War II, disinformation campaigns, and attacks in cyberspace. Latvia must prepare itself for these challenges. It is equally important to defend human rights by pointing out the responsible persons. For instance, in 2020, Edgars Rinkēvičs emphasised that Russia was fully responsible for the use of a chemical weapon belonging to the Novichok group.<sup>22</sup> He added that Latvia called on European Union countries to take firm action against the violation of these international norms. As a result, the EU imposed sanctions for the poisoning Alexander Navalny on six Russian officials, including Alexander Bortnikov, the director of the Federal Security Service (FSB).

In this regard, the parliamentary elections scheduled for September 2021 raise many questions for the regime. Although citizens voted in favour of a constitutional amendment allowing Putin, among other things, to retain Russia's presidency for another 16 years, the party *United Russia* will face a major challenge in securing a constitutional majority in the State Duma. One can observe a new phenomenon as well: mechanical, ritual voting which does not coincide with the real mood of the people, as well as dissatisfaction with the quality of public services and the socio-economic situation. Support for the regime, voiced mainly in the elections, is situational and achieved due to mobilisation. Therefore, the public is ready to support Vladimir Putin only in moments of necessary mobilisation, such as voting on constitutional amendments. Afterwards, this artificial majority collapses. This instability constitutes another challenge for the Kremlin. Equally important is the creation of a new civil society agenda. Under the current circumstances, civil society is taking on the role of the political opposition. While the authorities know what to do with Alexander Navalny's supporters and liberal-minded disgruntled people in big cities, it is not clear how they can deal with those who now oppose the regime, even though the government used to consider them the main electorate.

In context described above, Latvia needs to pay enhanced attention to the Russian parliamentary elections and in particular to potential voting and human rights abuses. There is a need to call for accountability and appropriate action not only at the local

but also at the EU level. In addition, Latvia must prepare for rallies and protests, the need to assist Latvian citizens and non-citizens living in Russia, as well as civil society. It cannot be ruled out that due to the possible deterioration of the economic situation and the stronger power grip on power, Latvia could be one of the directions of emigration. In this case, Latvia can help Russian entrepreneurs wishing to relocate their business, as it did in relation to Belarusian entrepreneurs. At the same time, such actions could provoke a backlash from the Kremlin. Consequently, Latvia must be ready for a potential disinformation campaign, propaganda and cyber threats.

It should be emphasised that in 2021, Latvia, as an EU country, will have access to a new mechanism that will allow it to achieve one of its priorities in relations with Russia – namely, respect for human rights. At the end of 2020, the EU adopted the Magnitsky Act, simplifying the imposition of sanctions for human rights violations. Therefore, if there are human rights violations in Russia, the EU may ban those responsible from travelling in the EU and may freeze their assets.<sup>23</sup> However, according to Alexander Navalny, if the EU, including Latvia, wants to get tougher on the Kremlin's undemocratic and corrupt policies, it must impose sanctions on oligarchs instead of the employees of security services who give orders and execute them. In a conversation with MEPs, he also called for a change in the current sanctions policy and encouraged them to be less formal. Moreover, if a portion of the country's political forces is deliberately not allowed to participate in future elections, the regime should not be considered legitimate. Alexander Navalny also offered the EU a chance to develop a new approach to its relationship with Russia. "The basis of a new approach should be very clear, dividing two things: the Russian people, who must be welcomed and treated very warmly from European Union from my perspective, and the Russian state, which must be treated like a bunch of criminals," he said.<sup>24</sup>

However, it is not only domestic political challenges that will affect Latvia's relations with Russia in 2021. The Kremlin's foreign policy, both internationally and regionally, is unlikely to change. Therefore, Latvia must be ready for cyber threats, disinformation and propaganda, a demonstration of force in the border regions, the use of soft power, and attempts to review history and the existing international order. It is also important to note its practical tools, such as the already mentioned facilitated procedure for issuing passports or energy diplomacy. It is true though that Russian activity and capabilities will depend to some extent on the economic impact of COVID-19. In the worst-case scenario, the government might not have sufficient resources to maintain foreign policy at the level of recent years.

Russia's interaction with the EU and NATO is an important factor in Latvia's relations with Russia. As with other issues, the coronavirus will play a significant role. Although political cooperation between Moscow and Brussels has effectively been frozen since the annexation of Crimea, the pandemic has forced both sides to focus more and more on national problems and solutions. Moreover, trade and tourism, two areas where the



situation was relatively good, have decreased. It is unlikely that in 2021 Russia's and EU's attitude towards each other will improve. On the contrary, there is a sufficiently high risk that it could only get worse. The same applies to NATO, as Russia is the most significant external challenge for the Alliance, which is unlikely to change in 2021.

The United States of America remains Latvia's strategic ally in political, economic and social matters alike, said Edgars Rinkēvičs. Therefore, its relations with Russia are especially important for Latvia. Although the new president, Joe Biden, is more critical of Russia than his predecessor, Donald Trump, he said in his election programme that he plans to extend the New START treaty.<sup>25</sup> This will reduce military tensions, which in turn will increase security not only in the region but worldwide. It is worth mentioning that in 2020, the United States withdrew from the Treaty on Open Skies, accusing Moscow of violating the terms of that treaty. These terms provide the possibility for the member states to send aircrafts to observe and take photos over the territories of other member states in order to obtain information on their armed forces, military installations and activities. At the same time, Joe Biden is likely to strengthen ties with the EU, as well as provide more support to Ukraine and other Eastern European countries. This could lead to a potential confrontation with Russia. Moreover, he could expand the Magnitsky list and introduce new sanctions against the Kremlin, paying more attention to the human rights situation, which is in line with Latvia's priorities.<sup>26</sup>

Events in Belarus may affect Russian-Latvian relations. Latvia's position on this issue is clear – it has imposed sanctions on several high-ranking officials, including Alexander Lukashenko. It will be more difficult, however, to predict Moscow's further actions. Putin approved a loan of 1.5 billion USD to Minsk in the autumn of 2020.<sup>27</sup> He also said that he had ordered the creation of reserves of security officers to help the leader of the neighbouring country if necessary. "Alexander Grigoryevich [Lukashenko] asked me to establish reserves of law enforcement officers. I did it. But we also agreed that they would not be used until the situation became uncontrollable and extremist elements, under the guise of political slogans, would cross a certain border and start robberies, burning cars, houses, banks, would try to occupy administrative buildings, and so on. I hope that we will not need to use these reserves," Putin said.<sup>28</sup> Russia's involvement could increase. Such a scenario would only increase the threat to Latvia's security, especially if the Russian armed forces appeared near the border. In addition, it could accelerate the emigration of Belarusian residents and entrepreneurs to Latvia.

In addition, Russia has condemned the imposition of sanctions on Belarus and expressed support for Lukashenko's current proposal to implement constitutional reform. Russian Foreign Minister Sergei Lavrov argued that Western countries were trying to "pretend to be the judges" in their assessment of events in Belarus. He was particularly critical of Lithuania, saying that it has "violated all courtesy rules" and is trying to "unsettle the situation".<sup>29</sup> He also confirmed that the Kremlin would not calmly watch foreign efforts to split the two allies. "We will respond with dignity and firmness to attempts to unsettle the

situation in Belarus, to break Belarus away from Russia and to undermine the foundations of the union. We will not allow any interference in the internal affairs of this country,” said the minister.<sup>30</sup>

In this regard, it should be emphasised that Latvia will require Russia to certify the origin of traded electricity in order to make sure that it is not produced in Belarus. In this way, it hopes to secure a boycott on the Astravets nuclear power plant in Belarus. However, due to the common electricity supply system, electricity flows from Belarus to the Baltics may continue. Proofs of origin will be required from Russia to make sure that the energy supplied does not include Belarusian energy, explained Gatis Junghāns, a member of the board of *JSC Augstsprieguma tīkls*. “Once this step is implemented, we will continue to work closely with the Baltic partners and the European Commission to develop an even more detailed mechanism to ensure with greater confidence that there are no bypassing attempts to sell Belarusian electricity on the Baltic market,” said Dzintars Kauliņš, the Deputy State Secretary of the Ministry of Economics.<sup>31</sup> It is also in Latvia’s interests that the *Nord Stream 2* project is not completed. Although Russia planned to put the gas pipeline into operation as early as the end of 2019, in practice these works have stopped due to US sanctions. However, *Gazprom* still hopes to build the final stage in 2021.

## CONCLUSIONS AND RECOMMENDATIONS

In 2020, Latvia’s political relations with Russia have not changed much when compared to previous years. Latvia experienced both disinformation efforts and attempts to rewrite history, as well as human rights abuses orchestrated by the Kremlin. However, due to COVID-19, the situation has deteriorated substantially, including in some areas where the situation used to be relatively good, such as trade in goods and services or tourism. The poisoning of Alexander Navalny and the vote on amendments to the constitution did not help the two countries to improve their ties, either. On the contrary, the former action led to new sanctions imposed by the EU, while the latter led to the strengthening of Putin’s power. In addition, international events, mainly protests in Belarus, also did not improve Latvian-Russian relations.

Latvia’s success in achieving its goals in relations with Russia in 2021 depends on the coronavirus pandemic. In the most optimistic scenario, overcoming the effects of COVID-19 would be fast, and tourism, together with trade, would gradually return to previous levels. This would also reduce the risk of consolidating the growing dissatisfaction among Russian people over the poor economic conditions. However, in such a case it would be unlikely for Latvian political relations with Russia to improve in 2021. In addition, Russia’s attitude towards the important partners for Latvia – the EU, NATO, and the United States – would not change either. Moreover, Latvia should be ready for the

Kremlin to use the same tools in foreign policy as it has so far – namely, disinformation, propaganda, rewriting history, and cyber attacks. One would also have to pay attention to the violations of human rights within the country, especially in the context of parliamentary elections. Russia-Belarus cooperation would also require an enhanced focus. In the worst-case scenario, however, not only would economic relations between the two countries recover more slowly, but social tensions in Russia would also increase. This, in turn, could lead to a stronger response from the authorities.

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# LATVIA AND EASTERN PARTNERSHIP

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**Ilvija Bruġe**

Associated Research Fellow at the Latvian Institute of International Affairs

Eastern Partnership has been in extremely interesting and challenging territory this year. It has not lost its relevance even amidst the COVID-19 pandemic, but unfortunately it has kept itself on the map due to various forms of turmoil rather than positive achievements. However, like with any other regional cluster, each of the six Eastern Partnership countries has to be considered separately, as there are as many differences as similarities between the countries. The obvious similarities are their post-Soviet status, the necessary reforms, as well as the EU's and Russia's competing interests in the region (more in some states, less in others). Sadly, five out of six of the countries are involved in military conflicts, while Belarus is undergoing internal turmoil – none of which is occurring without Russia's knowledge and/or "helpful" hand.

Again, it would be wrong to cluster the six countries in one box, as the EU has also clearly outlined a two-speed Eastern Partnership policy, dividing the group in two. Armenia, Azerbaijan and Belarus that have for a long time opted for closer cooperation with Russia and/or some level of neutrality in relations with the EU, on the one hand. Georgia, Moldova and Ukraine, on the other hand, have set integration with the EU (and NATO) among their priorities, despite varied levels of reform progress – without, let us be honest, clear membership prospects in either organization for any of the countries. Latvian foreign policy in the region clearly reflects that of the EU, as has been outlined in its foreign policy documents. At the same time, Latvia, along with the other Baltic States, are among the most active in ensuring Eastern Partnership and its countries remain on the EU's agenda.

## **LATVIAN FOREIGN POLICY TOWARDS THE EASTERN PARTNERSHIP**

As Latvia's Minister of Foreign Affairs Edgars Rinkēvičs outlined in his address to the parliament in January 2020: "Latvia supports further enlargement of the European Union, as it is in line with Latvia's long-term interests and guarantees strengthening of democracy and the rule of law, security and stability in our neighbouring regions. Of course, the European Union has borders. It is not dimensionless. European Union enlargement has

to be open for those countries that meet the accession criteria [...].”<sup>1</sup> Latvia’s interests are particularly at stake when it comes to the “friends” of the Eastern Partnership, whom the Latvian minister vows to support – Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. Latvia has voiced its support for solving frozen conflicts in those countries, as well as its adherence to the principles of territorial sovereignty of the countries.

Meanwhile, the minister also clearly stated that the governments of those countries must understand that the EU stands for the fundamental values of freedom, democracy and the rule of law, as well as for human rights standards and a true democracy and free civil society. In other words: “Europeans must act like Europeans”<sup>2</sup>.

After celebrating 10 years of the Eastern Partnership policy, the EU has set new goals for this neighbourhood policy – or rather, renewed goals. These are focused on even closer cooperation with Georgia, Moldova and Ukraine, which have signed DCFTAs and are clear about their interest in closer integration with the EU. All three are also undergoing (with varied success and speed) the necessary reforms to match EU norms. The other three countries – Armenia, Azerbaijan and Belarus – are, of course, also of interest to the EU, but in these countries, cooperation is more pragmatic than value based<sup>3</sup> (in fact, it is somewhat incorrect to bundle Armenia, which has moved much further in its democracy, freedoms and rule of law, in the same group with Azerbaijan and Belarus, but that has been the traditional approach of the EU). The EU has also envisaged a COVID-19 support package for the Eastern Partnership countries of up to 1 billion EUR.

In order to examine Latvia’s foreign policy in each of the Eastern Partnership countries, it is crucial to outline the overall foreign policy doctrine of Latvia and then analyse how it was applied within the current situation of the each of the Eastern Partnership countries during 2020, as well as how it should be applied in 2021.

Latvia’s Foreign Policy Doctrine is based on six principles, four of which can be directly applied to Latvia’s Eastern Partnership policy:

- Promote the EU as a geopolitical player that can influence global and regional processes, that carries values and promotes climate protection and security, as well as that projects stability in its neighbourhood.
- Latvia strongly insists on compliance with the principles of the international law and the rule of law in international relations.
- Latvia supports wide political and economic cooperation among the Northern and Baltic countries.
- Latvia supports the promotion of stability and security in Europe’s neighbouring regions to the East and the South. It supports the enlargement of the EU and NATO when all the membership criteria are met, as it believes that this serves both the members and the candidates.<sup>4</sup>

## ARMENIA AND AZERBAIJAN

As 2020 has largely been spent in the shadow of the COVID-19 pandemic, the EU's most active policy in Armenia for the largest part of the year was limited to the assistance on this matter. The goals of economic cooperation, the promotion of good governance and the empowerment of civil society, as well as environmental, connectivity and infrastructure issues are all still on the agenda. However, the most tangible achievement is the EU's assistance in the amount of 92 million EUR for Armenia's fight against the COVID-19 pandemic, which has been allocated through various existing funds.<sup>5</sup> Latvia's approach to Armenia has been largely the same as that of the EU, with a general focus on non-contentious issues – political dialogue within the scope of the Eastern Partnership, COVID-19, IT and technologies, food safety and agriculture.<sup>6</sup>

The EU's cooperation with Azerbaijan has been even more limited than that with Armenia. This is by no means news, as Azerbaijan has opted for a more independent and self-led foreign policy, focusing on bilateral rather than multilateral relationships – this is easily explained by its economic wealth and authoritarian system. Throughout 2020 Azerbaijan remained an important trading partner and energy importer for the EU, which explains the EU's cautious policy in calling out the human right breaches and undemocratic trends of Azerbaijan's ruling elite. The EU has also invested 31.6 million EUR for COVID-19 related measures – a sum that is more nominal than anything, taking into account Azerbaijan's size and wealth.<sup>7</sup> Latvia, similarly to the EU, always puts a focus on the positive dynamics of relations (even after the conflict resumed in Nagorno-Karabakh) and insists on continued political dialogue and economic cooperation, as well as on joint projects in transit, logistics, IT, etc.<sup>8</sup> It avoids stern criticism towards Azerbaijan, even when it comes to human rights and political prosecutions. Although this is perhaps not entirely in line with Latvia's foreign policy doctrine, it does demonstrate that Latvia is a pragmatic player and a reliable member of the EU. Of course, this is made possible due to Latvia's comparatively limited interest and involvement in South Caucasus.

An unexpected (or expected?) turn took place in September 2020, when the armed conflict between Armenia and Azerbaijan in Nagorno-Karabakh resumed. Despite the conflict lasting decades and international monitors being present, the resolution of it remained unattainable. The EU's policy on the issue remained rhetoric-based and fell short of any practical action. The EU and its leaders called for an immediate ceasefire and conflict resolution under the umbrella of the OSCE<sup>9</sup>, which has failed to resolve the conflict since the 1990s. Such a step is understandable to an extent, as the EU has been positioning itself as a soft power. At the same time, it was more proof that the EU lacks the capacity to take on the role of a mediator in regional conflicts – as was evident in 2008 in Georgia and in 2014 in Ukraine. Furthermore, not only has the EU failed to take an active role, but it also gave the reigns of solving the conflict to Russia, which swiftly seized the chance and further secured its influence in Armenia and Azerbaijan. This is not to say



that the EU should have picked sides in the Nagorno-Karabakh issue, but it is to say that perhaps it is time for the EU to learn from the mistakes it repeatedly makes in the region.

Latvia followed the EU's policy on the issue and officially called for Armenia and Azerbaijan to cease the fighting in the region and begin a diplomatic dialogue to solve the issue within the framework of the OSCE and international law.<sup>10</sup> From Latvia's perspective, it was the correct step to follow the EU's policy – first and foremost due to the contentious nature of the conflict, and secondly because Latvia's relationship with Armenia and Azerbaijan is comparatively distant and limited. Latvia should continue to avoid picking sides in the conflict and should maintain civilized dialogue with both countries, focusing on issues regarding the economy, the environment, infrastructure, etc. It should promote closer cooperation within the framework of the EU, while maintaining pragmatism and weighing its priorities in other Eastern Partnership countries. At least as long as the EU's policy in Caucasus remains as it is now.

## **BELARUS**

Latvia's relations with Belarus are a very different story, as it is a neighbour and cooperation partner, and at the same time it is the closest ally to Russia. Likewise, the EU's relationship with Belarus has been complicated. Belarus started 2020 with a continued strain in Russia-Belarus relations, due to Russia's push for an even closer integration of the two countries, which is clearly not in the interests of President Alexander Lukashenko. This culminated in the arrest of Russian mercenaries in Belarus just prior to the Belarusian presidential election. Amid the COVID-19 pandemic, during the spring and summer there were speculations that Belarus would be forced to search for closer ties with Russia. However, in reality, only the protests around the July presidential election forced Lukashenko to turn his allegiances back to Vladimir Putin.

The election and the violent oppression of largely peaceful protests has dominated news on Belarus in the second half of 2020. On this occasion, Latvia's foreign policy has been more active and perhaps even informed the EU's common policy. When the protests erupted, despite many clear indications that the elections were not fair or transparent, as well as widespread evidence of political violence against the opposition and protesters, the EU's joint response was slow. There were clear statements from individual politicians and leaders condemning the election, yet an official policy took time. Latvia and other Baltic States were among the first to impose sanctions against Lukashenko's regime in late August 2020, shortly after the election. Those included a travel ban on the president of Belarus himself. Of course, the three states almost immediately paid the price with retaliatory sanctions from the Belarusian side.<sup>11</sup> Meanwhile, the EU, largely due to its inability to reach a joint decision by all members, only imposed sanctions in early October.<sup>12</sup>

The Baltic States in this case showed a very organised, concerted action, and they have maintained a joint approach in later extensions of the sanction list as well. Latvia has also been active in keeping Belarus on the European policy agenda, which is not necessarily an easy task amidst the pandemic. It condemned the human rights breaches, political violence and rigged election process, and it also expressed its willingness to create and maintain a close relationship with Belarus, its civil society and people. This is the policy course Latvia should continue in 2021, as it is essential to ensure that Belarus and its issues remain on the EU's political agenda. Of course, this is also an opportunity for Latvia and the EU to establish closer cooperation with Belarus, promote democracy and human rights, and meanwhile lessen Russia's grip over the country.

## **GEORGIA**

Georgia is now the most stable and predictable of the Eastern Partnership countries. Along with Ukraine and Moldova, it is also among the priority partners for Latvia. The reform process in Georgia is considered to be successful, and the fact that Georgia seems to have truly embraced a path towards closer integration with the EU is promising for the Eastern Partnership policy as a whole. Latvia has been and should remain a staunch supporter of Georgia's closer integration with NATO and the EU, and its main task for 2021 is to continue this policy, as well as to further lobby Georgia's interests in the EU. Latvia, as a former Soviet country, along with the other two Baltic States, is in an advantageous position when it comes to assisting Georgia with its transition process.

Despite the somewhat contentious election in October/November, Georgia seems to have gained political stability, with the ruling Georgian Dream party remaining in power for a third term. That is a positive outcome for Georgia's reform process. For the EU and Latvia, it means a continuation of the current policy.<sup>13</sup> Georgia's development is a crucial success story for the overall Eastern Partnership policy, and it highlights the need for a differentiation of policies towards the Eastern Partnership countries.

## **MOLDOVA**

Moldova is another of the Eastern Partnership countries that had an important election in 2020. The election brought good news for Moldova, as the newly elected President Maia Sandu has openly called for closer ties with the EU. This, hopefully, will mark a turn away from the pro-Russian policy promoted by the previous President Igor Dodon, who was

openly endorsed by Vladimir Putin. Furthermore, it is believed that Dodon maintained links with Moldovan oligarchy.

Sandu has officially voiced her opposition to both Russian-backed groups as well as Vlad Plahotniuc, the country's most prominent oligarch, who is now under investigation due to corruption charges and who is behind the Democratic Party, which entered the parliament in 2019 with 30% of the vote.<sup>14</sup> With political infighting likely to follow, Sandu's victory still marks an opportunity (whether it will be seized or not remains to be seen) to create a new political culture and to break away from the corrupt networks that have dominated the country's policy. The EU and Latvia could play important roles there.

Over 2020, Latvia has kept its traditional approach towards Moldova, focusing on Moldova's closer integration with the EU and the implementation of the Association Agreement/DCFTA. Perhaps in 2021, Latvia, along with other Baltic States and other partners, should push for more limelight for Moldova, paying special attention to Transnistria and the frozen conflict there. Although it is not likely to be resolved, the current political situation in Moldova permits bringing the issue to the centre of attention. Sandu has called for the removal of Russian peacekeepers in the area, and perhaps this is an opportunity for the EU and OSCE to get more engaged on the issue. It would, of course, be naïve to believe that the conflict can be resolved in the short term, however, it seems that the opportunity for some change has presented itself.

## **UKRAINE**

As the largest country of the region, Ukraine has been at the centre of Eastern Partnership policy since the Maidan Revolution. Although, unlike Georgia, it has not been called a success story of the partnership policy, it has made a large effort to reform and adjust its legal and economic system to the principles of the EU. It is also clear that Ukraine, with its large population and economic potential, is the real battlefield between EU and Russian influence.

There are important mistakes that the EU and many foreign partners have made in guiding Ukraine's reform. These mistakes are more evident in Ukraine than elsewhere due to the scope of efforts and the size of the country; however, they are not characteristic only to Ukraine. It is often expected that reform efforts should be absolute, and that any shortcomings are considered as a failure of reforms. Often, reforms pushed by various international partners are contradictory, unverified and erratic. However, the most important issue is the failure to grasp the reality that Ukraine is at war (as essentially five out of six Eastern Partnership countries are); despite endemic corruption, which is an undeniable issue, the peace and integrity of the country's borders is and should be priority

number one.<sup>15</sup> Latvia, like other EU members and international actors, should keep in mind that the reform process is a lengthy and complex effort, especially for a country involved in a military standoff with a superpower.

That said, Latvia has been one of the strongest supporters of Ukraine over the past years, and it can provide valuable expertise (while maybe falling short of other countries in financial aid) in terms of legal reform, hybrid warfare, and other areas. Apart from providing financial assistance, Latvia has worked intensely with veterans of the war in Ukraine's east, as well as actively participated in international missions in Ukraine. It is in Latvia's power (and duty) to keep Ukraine high on the EU's agenda, especially in cooperation with the other Baltic States, Poland and the Nordic countries. An interesting opportunity for 2021 could be closer cooperation on a regional level, seeing that Ukraine's decentralisation reforms have also given more power to the regional administrations.

## **CONCLUSIONS AND RECOMMENDATIONS**

Latvia's policy in 2020 in the six Eastern Partnership countries has largely followed the principles of its foreign policy doctrine – to a different extent in each of the countries, of course. In most cases, Latvia has been a frontrunner of the EU's Eastern Partnership policy, alongside the other Baltic States and Poland. Latvia has promoted the EU as a geopolitical player in its Eastern neighbourhood, especially in the countries that have signed the DCFTA, by actively pushing its reform agenda in the region. Latvia has had a very clear stance as to who the aggressor is in Moldova, Georgia and Ukraine, and it has voiced a very clear opinion on the ongoing protests and political violence in Belarus. Latvia's stance on the Nagorno-Karabakh conflict has not been as clear cut, but one could argue that it also should not be, as the issue is too contentious, and bilateral economic and political cooperation with Armenia and Azerbaijan outweighs the potential gains of siding with either of the countries. That said, Latvia has had a voice in the international arena, calling for a peaceful resolution of the issue.

The Eastern Partnership has been an important arena for cooperation among the Baltic States, the Nordic countries and Poland, as the policy interests of the countries are compatible. The joint statements and introduction of sanction regimes against undemocratic governments has been a trademark of the Baltic States in the Eastern neighbourhood, and one might argue that the three countries are the most active promoters of the EU's involvement in the region. Furthermore, Latvia has also been very clear about the potential expansion of the EU and NATO, which is one of the principles of its doctrine. Although it is unlikely that any of the Eastern neighbours will join NATO or the EU in the foreseeable future (even if only due to the fact that most of them are

experiencing issues with their territorial integrity), Latvia sends an important message by voicing the potential for membership.

Looking forward to 2021, Latvia should continue its foreign policy in the region and should continue pushing the Eastern Partnership policy high up in the agenda of the EU and other member states. Furthermore, Latvia, jointly with the other two Baltic States, Poland and the Nordic states, should push for a more diversified approach to each of the countries, as their political, economic and cultural realities are very different.

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# WITH CAUTION TOWARDS CHANGE: RELATIONS BETWEEN LATVIA AND BELARUS

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**Beāte Livdanska**

Researcher at the Centre for East European Policy Studies

Belarus is a strategically important player in the foreign policy of Latvia. On the one hand, Belarus is a neighbouring country, and that calls for the necessity to maintain dynamic and dignified relations. On the other hand, Belarus is a challenging neighbour. The authoritarian regime consolidated by President Alexander Lukashenko, as well as the close ties between Belarus and Russia, impose constraints on Latvia's options to have full-fledged cooperation with its neighbour. One also should not forget that Latvia is a member of the European Union and NATO, which means that the development of its relations with Belarus derives from its status as an EU and NATO member state.<sup>1</sup> At the beginning of 2020, Minister of Foreign Affairs of the Republic of Latvia Edgars Rinkēvičs stated in the annual report on Latvia's foreign policy to the Saeima that it was in Latvia's interest to maintain good neighbourly relations with countries to the east, including Belarus. Such relations could encourage these countries to direct their course towards European Union, thus strengthening the rule of law and democracy in their region.<sup>2</sup> The presidential elections in Belarus on 9 August 2020 and their outcome have showed that the current Belarusian regime is not ready for and is unwilling to move towards democratisation. This in turn has also affected the opportunities for EU-Belarusian political dialogue and thus the dynamics of Latvian-Belarusian bilateral relations, signalling that the EU should seek new forms of cooperation with the Belarusian ruling regime and should rethink its future cooperation strategy.

## **STRATEGIC DILEMMA: WHAT ARE LATVIA'S GOALS FOR BUILDING RELATIONS WITH BELARUS?**

### **Are neighbours "getting closer"?**

During the past year, dialogue between Latvia and Belarus has continued at a high level. There has been one visit by high-level officials. One must note, however, that the dynamics of official visits between the two countries has historically been very active. For

example, in 2018, the Minister of Foreign Affairs of Belarus Vladimir Makei visited Latvia, and that same year three Latvian officials went to Belarus, including then-Prime Minister Māris Kučinskis.<sup>3</sup> At the beginning of the year, the Prime Minister of Latvia Krišjānis Kariņš paid a working visit to Minsk to meet the Prime Minister of Belarus Sergei Rumas. During this visit, the prime minister of Latvia also met with the President of Belarus Alexander Lukashenko. The agenda of the visit brought forward issues for strengthening bilateral relations between the two countries, emphasising the need to promote good and diverse neighbourly relations between Latvia and Belarus, and noting that it is essential for Latvia that Belarus is an independent, economically strong and stable country<sup>4</sup>. However, special attention was paid to economic cooperation in the field of transport and logistics. During this visit, both countries also discussed the co-hosted World Hockey Championship taking place in Riga and Minsk in 2021, as well as the first Belarusian visit of the highest-level to Riga since the establishment of diplomatic relations between the two countries 27 years ago. The planned spring visit of the President of Belarus Alexander Lukashenko to Riga did not happen. The epidemiological situation caused by the pandemic was highlighted as the main reason for that.<sup>5</sup> One must note, however, that the first precursors to the Belarusian presidential elections taking place in August and the activity of the Belarusian regime in its efforts to curb the opposition were already visible in March.

Latvian political activity in promoting dialogue with Belarus in 2020, especially after the presidential elections in Belarus on 9 August, has caught attention and raised questions about the reasons why Latvia has chosen a seemingly proactive model of promoting cooperation with Lukashenko's authoritarian regime. It has also raised the question of whether the active cooperation of officials with Belarus is measurable in economic gains.<sup>6</sup> If we look at economic cooperation between the two countries, then in 2019 Latvia's total trade turnover in goods and services with Belarus reached 633.3 million EUR, which puts Belarus in 16<sup>th</sup> place among Latvia's foreign trade partners. Latvia's total exports of goods and services to Belarus in the same year amounted to 238.7 million EUR, accounting for 1.3% of Latvia's total exports, while imports of goods and services reached 394.5 million EUR, accounting for 2.1% of Latvia's total imports.<sup>7</sup> These numbers ranked Belarus as the 18th most important export partner and the 13th most important import partner in 2019.<sup>8</sup> By looking at these numbers, one can conclude that Belarus is an important export and import partner for Latvia. However, one should not overestimate its importance to the extent where one would argue that Latvia's interest in promoting bilateral cooperation with Belarus is primarily economic. An analysis of specific sectors shows that the most active cooperation takes place in the following sectors: wood and wood articles, mineral oil and mineral products, metal products, fertilisers, and transit.<sup>9</sup>

In order to analyse Latvia's interest in promoting cooperation with Belarus in 2020, it is important to look at its political framework. Belarus is a neighbouring country and, taking into account its geographical proximity and geopolitical situation, its stability



and sovereignty is important for Latvia. Since the Russian aggression in Ukraine in 2014, the security of the entire eastern region has been an extremely important factor in shaping Latvia's approach towards building relations with Belarus. Given these preconditions, the formation of a political dialogue with Belarus is an essential issue on the political agenda, indicating that one should not interpret the promotion of Latvia's political dialogue with Belarus as agreeing with certain Belarusian domestic policy decisions or efforts to strengthen Lukashenko's authoritarian regime. Rather, one should regard it as a strategically balanced position that takes into account a wider framework of geopolitical preconditions – including the proximity of Russia and the role of Belarus in the Russian geopolitical map. These preconditions played a major role in the carefully weighed-out position and reaction of Latvian decision-makers after the presidential elections in Belarus on 9 August 2020. Foreign Minister Edgars Rinkēvičs primarily emphasised that before rushing to impose sanctions, one should consider the use of all diplomatic channels to invite Belarusian officials to a political dialogue.<sup>10</sup> This position illustrates Latvia's strategic dilemma *vis-à-vis* Belarus: on the one hand, we are neighbouring countries, but on the other hand, the current regime in Belarus does not want a process of democratisation. The economic factor of being in the same region plays an important role, but at the same time Latvia is an EU member state that stands for democratic values and human rights. This makes it significantly more difficult for Latvia to find a successful “golden mean” in building relations with Belarus. As mentioned above, Latvia is a member of the EU and NATO; it acts within the common framework of the member states and it represents the common interests of the EU in the development of relations with Belarus as well. Although the EU delayed a united and concrete response to Lukashenko's regime following the announcement of the results of the presidential elections and the repression of the mass protests in the streets of Belarus, it finally decided on implementing sanctions against 40 Belarusian officials connected to election falsification and repression against the Belarusian people.<sup>11</sup> Latvia, after a careful assessment of the situation in Belarus and without waiting for Belarus to take proactive action in promoting political dialogue between the EU and the people of Belarus, also applied the mechanism of sanctions targeted at Belarusian officials responsible for suppressing the protests and the falsification of the results of the Belarusian presidential elections.<sup>12</sup> The decision to both impose sanctions at the national level and to support the EU sanctions mechanism against Belarusian officials sends the signal that neither Latvia nor the EU member states are ready to continue cooperating with Belarus until the termination of obvious human rights violations and the implementation of the will of the Belarusian people – namely, a change of the current power regime. In addition, this decision prompts consideration of the impact of the current internal instability in Belarus on future relations with the EU and Latvia, as well as its role and significance in the region as a whole.

## LATVIA IN SEARCH OF A NEW COOPERATION STRATEGY

### **Russia's presence in solving the crisis in Belarus: keeping Latvia's eyes wide open**

While assessing the current developments in Belarus from the perspective of Latvia's interests, in 2021 one should direct significant attention to several factors: the possible increase of Russia's military presence in Belarus, the possible increase of Russia's political control in Belarus, and the country's economic stability.

Domestic political instability in Belarus seems to be the first signal that the Lukashenko regime, even if it weathers this storm, will have to accept a difficult presidency, which could prove crucial for Lukashenko. The society has spoken: support for the leader seems to have disappeared, at least in most of the public. This has been largely influenced by the regime's tactics in fighting, or rather ignoring, the COVID-19 pandemic and its economic consequences, which was reflected in the presidential elections and the subsequent falsification of their results. In 2021, these factors may significantly affect Lukashenko's chances of regaining lost confidence, as well as stabilising the country's economy. The Belarusian IT sector, which has seen a rapid growth in recent years, threatened to relocate Belarus-based companies to other countries if the regime did not stop its repressions against the public and the business community that followed shortly after the elections of 9 August. Nearly 300 executives of leading IT companies stated in an open letter that they would leave the market, including even former pro-regime entrepreneurs such as Arkadiy Dobkin, the owner of *EPAM*, and Viktor Prokopenya, the founder of *Viaden Media*. Instead of supporting Lukashenko, many entrepreneurs from the *Belarusian Hi-Tech Park* joined the opposition ranks to support Svetlana Tikhanovskaya, who became the most prominent opposition figure in the fight for new elections in Belarus. The leader of the IT company *EPAM* became the developer of an alternative vote-counting platform to prove that Lukashenko did not receive 80% public support, and Maxim Bogretsov, the senior vice-president of *EPAM*, joined the Coordination Council, an opposition structure created to facilitate a peaceful transfer of power.<sup>13</sup> As of September 2020, 12 Belarusian IT companies had announced their decision to relocate their operations to Latvia.<sup>14</sup>

Moreover, the economic situation became more complicated after a decision by Belarusian state-owned companies to strike, thus trying to achieve the resignation of Lukashenko. Although most workers were only on strike periodically and the strikes did not have a significant impact on the Belarusian economy, the message was clear: Lukashenko was facing a difficult time. Workers who had previously applauded him during his visits to factories now were opposing the long-standing leader. In a situation where Western countries, including Latvia, stated that political dialogue would be frozen until Lukashenko's regime stopped repressions and started a dialogue with the opposition on the possible transfer of power, the Belarusian leader turned to Moscow for help. The September meeting between Lukashenko and Vladimir Putin in Sochi resulted

in a loan of 1.5 billion USD to help the Belarusian economy recover, but this did not send a clear signal of Russia's willingness to openly help the troubled Belarusian regime. Instead, Lukashenko found himself in an even more difficult position, remaining directly dependent on Russia's favour and receiving a clear signal that resolving the crisis required changes to the National Constitution, which could mean reducing Lukashenko's powers in the long-run or his full resignation in the future.

A stable and independent Belarus is important for Latvia. Thus, Latvia must evaluate the present developments in Belarus even more critically than before. If Lukashenko now loses the possibility of political dialogue with the EU, his only alternative is to gain Russia's favour. Both the deep economic dependence on Russia and the current stability of power depend directly on Russia's favour. In 2021, the EU and Latvia need to think about effective policies to prevent the instability of the Lukashenko regime from strengthening pro-Russian tendencies in Belarus and enhancing Russia's role in the region. From the security perspective, tensions between Belarus and the West may affect Belarus's future ability to pursue policy independently of Russia.<sup>15</sup> The Belarusian regime is currently actively turning against diplomatic corpuses, with the Belarusian Ministry of Foreign Affairs, for example, demanding that Poland and Lithuania reduce the number of their diplomats in Minsk. In 2021, the Latvian Ministry of Foreign Affairs and Ministry of Defence should also prepare for a possible scenario where the conflict in Belarus could affect the possibilities of Latvian diplomats to remain in Belarus, thus affecting the progress made in Latvian-Belarusian cooperation in the field of defence as well. The increase of Russia's military influence in Belarus in 2021 could seriously threaten the geopolitical situation in the region. In such a scenario, in 2021, one should pay special attention to the deployment of the Russian air base on the territory of Belarus – the two parties have not come to an agreement on this issue since 2013.<sup>16</sup> If, amidst the unstable domestic political situation in Belarus, Moscow managed to reach an agreement on the deployment of this base in exchange for guaranteeing the stability of the current Belarusian regime, three NATO members, including Latvia, could find themselves in a zone potentially threatened by Russia. One should also exercise an enhanced precautionary regimen when assessing military cooperation between Belarus and Russia in the context of joint exercises in 2021. The counter-terrorism exercises under the name "Slavjanskoe bratsvo 2020" (*Slavic Brotherhood 2020*), which took place in Belarus last September, gathered only Russian and Belarusian forces – Serbia did not participate, given the internal political instability of Belarus. It should be noted that the character of the initially planned counter-terrorism exercises, as well as the total number of participants, underwent changes shortly before they started. The training was organised as a defensive operation with the participation of aviation and heavy armoured vehicles, initially involving only 300 soldiers from Russia and increasing to 900 Russian soldiers later on, with a total of 6000 soldiers participating in the training.<sup>17</sup> Although Minister of Defence of Russia Sergei Shoigu pointed out that the number of soldiers had been increased and the character of the exercises had been changed to meet the training target for 2020, with

regard to a possible recurrence of COVID-19, Latvia should be wary of the real goals of the exercises and Russia's efforts to increase its influence in Belarus by exploiting the country's domestic political instability.

## **Is Belarus looking for a new leader?**

The events in Belarus following the presidential elections on 9 August seemed to indicate the existence of new opposition leaders, signalling to the EU and the United States of America that a change of power in Belarus could take place in the near future. However, the activity and some statements from the most active opposition figures in Belarus also pointed to the need not to rush to hand over full support to any of the opposition leaders. Moreover, there is no unanimous consensus among the most prominent opposition members on the future course of Belarusian foreign policy, which emphasises the fact that the opposition has not given a clear sign that the Belarusian foreign policy course is unambiguously moving towards the West. The current most visible representative of the opposition both inside Belarus and abroad is Svetlana Tikhanovskaya. She currently resides in Lithuania and actively cooperates with Belarusian society by encouraging the people to be active and continue the protests. Svetlana Tikhanovskaya has also become a "key player" on the EU agenda, participating in talks with decision-makers and receiving support from the leaders of EU member states. The Coordination Council, established on the initiative of Svetlana Tikhanovskaya with the aim of ensuring a peaceful transfer of power from the current regime, has now emerged as the second centre of opposition. The members of the Coordination Council are located in both Minsk and Warsaw. The former presidential candidate and the director of the *Belarus Hi-Tech Park* Valery Tsepkalo with his wife Veronica Tsepkalo are active participants as well. Both of them have left Belarus and are actively visiting EU member states to explain the situation in Belarus and to continue fighting for a change of power in it. Svetlana Tikhanovskaya, as well as Valery and Veronika Tsepkalo, visited Latvia last year and met with high-level Latvian officials to discuss the situation in Belarus. This is an important factor that might cause tension in relations between Belarus and Latvia in 2021, as can be seen in the Belarusian position towards Lithuania and Poland shortly after those countries actively supported the Belarusian opposition. Alexander Lukashenko has used harsh rhetoric against Lithuania and Poland, accusing these countries of trying to create a revolution in Belarus and meddling in its internal affairs.<sup>18</sup> Although the Belarusian leader has not addressed Latvia on such a level, it would be important in 2021 to assess all the possible scenarios regarding the dynamics of bilateral relations and make critical decisions before providing broad support to specific members of the opposition.

While senior EU officials and US President-elect Joe Biden have supported the opposition and its activities, and several EU member states and the US have not recognised Lukashenko as the legitimate president of Belarus<sup>19</sup>, in 2021 one should carefully consider whether the current opposition leaders could provide a partial

guarantee of the country's democratisation. Given the current developments in Belarus and Russia's role in resolving this situation, one should carefully follow the future plans of the opposition regarding relations with Russia, guaranteeing to Latvia and the EU that the new regime in Belarus would be fully independent of Russia's influence.

## **CONCLUSIONS AND RECOMMENDATIONS**

The recent presidential elections in Belarus and their outcome have not only had a significant impact on the stability of the long-time leader Alexander Lukashenko, but have also highlighted a number of other indicators that could signal changes in the current regime in the near future.

Latvia's approach to building relations with Belarus should not be seen as an attempt to value economic cooperation above human rights or as a direct attempt to support Lukashenko's regime. Rather, this approach stems from the factor of geographic proximity and their status as neighbouring countries. However, it has been adjusted according to the EU's and NATO's joint position and understanding of common norms, especially as regards human rights issues. Looking to the future and taking into account the current tensions between the EU and Belarus, there is a possibility that Latvia could become a mediator in negotiations between Belarus and the EU – provided that the current Lukashenko regime is ready to engage in a political dialogue.

It is important to emphasise the role of Russia in the ongoing processes in Belarus. In 2021, the EU and Latvia should specifically focus on reshaping their current policy towards Belarus to a level that reduces the possibility of a scenario where Belarus gets even closer to Russia. With the development of various scenarios in the country, a pro-Western Belarus would open wide opportunities for cooperation for both Latvia and the EU as a whole. If we look at the development of events from a pragmatic point of view, the entry of Belarus into the "grey zone" between the West and Russia is another scenario one must consider. Despite the fact that the current regime has not sought to engage in a political dialogue with the West, the EU must be a proactive initiator of dialogue in order to prevent Belarus from becoming fully dependent on Russia. The primary issue that should receive increased attention in 2021 is the Belarusian civil society, as it has sent specific signals of wanting to be heard and to make the current regime resign from power. One of the most important signals from the West should be the establishment of a financial mechanism that would directly assist Belarusian NGOs and the opposition, as well as the economic sector, to continue their fight against the regime, while also supporting political prisoners and victims of repression. The first symbolic step towards establishing such assistance could be EU support for political prisoners through the publication of their names and the provision of legal assistance, to the extent possible

within the framework of the international law. At the same time, the EU, including Latvia, must send a clear signal to Russia that it is not possible to interfere in the domestic politics of Belarus, either directly or covertly.

Support for the Belarusian opposition should maintain its current level, though one should take certain precautions against granting too much legitimacy to it. In 2021, the main emphasis should be on exercising renewed political pressure towards the current regime in the context of a rerun of the presidential elections. In addition, one should stress the need for establishing a unified and centralised Belarusian opposition headquarters and call for defining specific, non-decentralised goals in order to transfer power to the opposition and take further steps.

Overall, we must conclude that Latvia should stay alert, especially where security issues are concerned. As the case of Lithuania in 2020 witnessed, the expressing of overly strong statements towards Belarus may result in the growing influence of Russia in Belarus, and thus further alienate it from a possible democratisation process in the near future..

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# LATVIA–CENTRAL ASIA RELATIONS UNDER PRESSURE FROM COVID-19

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## **Gunta Pastore**

Ambassador of Latvia to the Czech Republic, Northern Macedonia,  
Bosnia and Herzegovina, and Kosovo

COVID-19 has been “game changer” in international relations, intensifying rivalries, undermining values, adding risks, and testing friendships and partnerships between countries. In light of these trends, how has Latvian and EU engagement in Central Asia evolved?

The Central Asian region is not at the top of Europe’s list of priorities, but it is geopolitically important, as evidenced by the EU’s new strategy on Central Asia. At its centre is the idea of connectivity as a positive response to China’s Belt and Road Initiative, in which Central Asia is an important transit hub. The 2019 *Annual Report of the Minister of Foreign Affairs of Latvia* also highlighted the region, including in the context of Euro-Asian connectivity and Afghanistan, emphasising that the priorities of the EU strategy – resilience and prosperity – were also in line with Latvia’s perspective on relations between the EU and Central Asia.<sup>1</sup>

The year 2020 started on a hopeful note for EU-Central Asia cooperation, with significant reforms continuing in the region. COVID-19 delivered a blow to the fragile Central Asian economies. As the countries have been struggling in crisis, China has consolidated its grip in the region. Beijing is patiently squeezing out competitors, while Russia seeks to maintain its posture in Central Asia. Meanwhile, the EU’s optimism on Euro-Asian connectivity has been overshadowed by security concerns. The power relationships in the region pose challenges for the EU. Nonetheless, we know that connectivity and the Afghanistan issue will remain on the EU’s agenda. These will require further EU action, including through engagement in Central Asia.

The COVID-19 pandemic has hit EU-Central Asia relations. The EU has tried to adapt. Dialogue with Central Asian partners moved to video platforms. The EU solidarity package to Central Asia in the pandemic was welcomed in the region. Latvia has been proactive and will continue to lead one of the major EU programmes in Central Asia – the border management programme BOMCA-10, which will now include Afghanistan as well. It is therefore a good basis for Latvian foreign policy makers to engage more actively



in the region, reinforcing the common EU policy. The EU has to make better use of its policy tools to implement its strategy for Central Asia and to live up to its ambition of a more geopolitical Europe.

## **THE DYNAMICS OF THE CENTRAL ASIAN REGION**

In 2021, the five Central Asian countries – Kazakhstan, Uzbekistan, Tajikistan, Kyrgyzstan and Turkmenistan – will celebrate the 30th anniversaries of their national independence. Thirty years ago, many predicted a bleak future for the region due to the threat of terrorism and ethnic conflicts. The worst-case scenarios have not materialised. In December 2019, *the Economist* named Uzbekistan as the country of the year, with the most progress in all the reforms. The countries of Central Asia are gradually turning into players in their own right. In order to balance the influence of China and Russia, they develop relations all over the world – with the US, the EU, Japan, Korea, India, Turkey and others – and, above all, they have started to strengthen their own regional ties.

It seemed that everything would gradually fall into place. Then the COVID-19 crisis struck a blow to the vulnerable economies and healthcare systems of Central Asian countries. Turkmenistan, however, still does not recognise the presence of COVID-19 and has not reported any cases. The crisis shook exports just as the countries started to recover from the oil price crisis of 2015. The volume of cargo in Caspian seaports has fallen. The tourism sector suffers severely. Migrant workers who have returned from abroad increase the ranks of those who have lost income. The risks of unemployment and poverty are on the rise.

The crisis makes the need for reforms and an adjustment of the business environment more pressing. Unfortunately, all resources are being devoted to tackling the urgent needs regarding fighting COVID-19, while long-term reforms are postponed. The reforms do go on, though at a slower pace, especially in Uzbekistan, which has a strong commitment to reforms and moving towards a market economy. Tashkent also has an ambition to become a regional transit hub. In addition, it has resumed negotiations on accession to the WTO, which could help put things in order. Reforms are particularly necessary in the country's public administration sector, the inefficiency of which hinders efforts to attract investors and trading partners.

Kazakhstan has carried on with its liberalisation efforts and its path towards a market economy. Nursultan is a major transit hub in terms of Euro-China connectivity. Kazakhstan's economy has been hit hard by COVID-19, with revenues from oil exports plummeting. President Kassym-Jomart Tokayev has unveiled reform plans: he talks about abandoning the mentality of natural resources, and he calls for a

diversification and modernisation of the economy. Astana as an international financial centre is developing into fertile soil for fintech. In fighting the pandemic, Kazakhstan is using its oil reserve fund, while Uzbekistan became the world's largest gold exporter in July in an effort to save its economy. Uzbekistan is one of the few countries for which the IMF forecasts economic growth in 2020, while the rest of the region is expected to decline.

The COVID-19 crisis has also added fuel to other pressing problems, with increasing risks of radicalisation, organised crime, and ethnic tensions, which could affect political stability and security in the region. There have been several civil protests, but overall, the Central Asian political regimes, with the exception of Kyrgyzstan, are stable. Kazakhstan is still in the process of a power transfer. President Tokayev is strengthening his position, while the country's first president, Nazarbayev, also remains influential. Uzbekistan has made substantial progress during the four years of Mirziyoyev's presidency, transforming from a closed to an open state. Importantly, Uzbekistan was also elected to the UN Human Rights Council for the first time.

In 2020 and 2021, elections are taking place in all Central Asian countries, where the central issues are domestic politics and COVID-19. The October presidential elections in Tajikistan were merely symbolic, while Kyrgyzstan saw the rise of "street policy" after the parliamentary elections on 6 October, when people protested against election fraud. Rapid regime changes are characteristic of Bishkek – leaders are unable to consolidate power. The situation calmed when President Jeenbekov resigned and another round of elections was announced. Kazakhstan, too, faces parliamentary elections in early 2021, and it will be seen whether the leading Nur Otan party will attract the younger generation. Uzbekistan also has presidential elections in 2021, and there is no doubt of the re-election of Shavkat Mirziyoyev. After all, he is the one who has made Uzbekistan the epicentre of positive development in the Central Asian region.

The COVID-19 crisis has brought one positive thing to the region: it has stimulated regional cooperation among Central Asian countries, which has long been hampered by a lack of mutual trust. Thanks to the efforts of Tashkent, cooperation had already become closer; however, during the pandemic leaders started to work together more intensively. Even Turkmenistan, which has been strongly reluctant about regional cooperation, has begun to lean in its favour. During the COVID-19 outbreak, the countries have demonstrated an unprecedented solidarity, providing green corridors for the cross-border supply of goods and humanitarian assistance. This is not only a diplomatic gesture, but also shows a desire to strengthen regional cooperation. Cooperation will be key for overcoming the crisis by improving trade, putting the transport corridors in order, and improving transit procedures and tariffs<sup>2</sup>.

In the past, it would be hard to imagine the Central Asian presidents jointly addressing Kyrgyzstan, but today, when it faced its post-election crisis, the four leaders gave a statement on Kyrgyzstan, stressing that its "wellbeing is an important factor in

regional security and sustainable development in Central Asia”<sup>3</sup>. Also, Central Asia’s opening up to cooperation with Afghanistan would have been inconceivable a while ago. Now, the security and stability of Afghanistan have become a unifying element. As the president of Uzbekistan highlighted at the UN General Assembly in September, Afghanistan has become an integral part of Central Asia. He also called for the establishment of a standing UN commission on Afghanistan. The international community supports these efforts by the Central Asian countries, and thus one can expect their positive initiatives to continue.

Another growing trend is the joint meetings of the five Central Asian countries in the 5+1 format – firstly, with the EU, but later also with the US, Japan and India. Russia, which previously sought to divide the countries of the region, started to use the 5+1 cooperation format as well. For the first time, China has adopted the same approach. In the past, China relied on the Shanghai Cooperation Organisation, in which Russia also participates, but now through the regional 5+1 format it seeks to expand its political reach in Central Asia.

China is deeply settled in the economies of Central Asia, where one avoids talking about the true extent of its impact. In September, when Chinese Foreign Minister Wang Yi visited Kazakhstan and Kyrgyzstan, he made it clear that further development of the region could not be imagined without China<sup>4</sup>. In Bishkek, the main public news was Kyrgyzstan’s request for China to extend its debt repayment plan. Tajikistan has also fallen into China’s debt trap. In preparing for the Chinese president’s visit in Uzbekistan, Shavkat Mirziyoyev warned that while the mega-agreements had been concluded, things were not moving smoothly, and exports to China had fallen sharply<sup>5</sup>. The Uighur problem in China’s Xinjiang province constitute another sensitivity in the region. China’s aggressive approach faces some resistance, especially in Kazakhstan and Kyrgyzstan, forcing it to be more cautious. China has seemingly used the COVID-19 crisis for a charm offensive while strengthening its posture in the Central Asian region.

One can also observe an interesting dynamic in the region in terms of connectivity. China is pushing forward its Belt and Road Initiative. Kazakhstan plays a leading role in Chinese transit, while Uzbekistan also has regional ambitions in the field of transit. Tashkent, together with Beijing, is mapping out new transit routes to South Asia, thus posing risks to the Russian monopoly on Chinese transit to Europe. China is also developing the Digital Silk Road and entering the region rapidly in the field of digitalisation and technologies, leaving little room for competitors.

Beijing is increasingly forcing Russia to take its demands into account. Dmitri Trenin suggests that there is no Russian sphere of influence in Central Asia, just vestiges of Russia’s historical presence<sup>6</sup>. Although Moscow still dominates the region in the information space and security, it is gradually losing its former influence. The Eurasian Economic Union (EAEU) is not a panacea – Uzbekistan acceded to it only as an

“observer” and Tajikistan is also reluctant to join. However, Russia knows the specifics of the region. At the C5+1 meeting in October, the foreign ministers of Russia and the Central Asian countries declared not only an age-old friendship, but also a shared vision of connectivity, single standards and flexible tariff policies<sup>7</sup>. It remains to be seen how China and Russia will play out in the region.

In 2020, the US also renewed its interest in Central Asia. In February, US Secretary of State Mike Pompeo visited Kazakhstan and Uzbekistan. He presented the new US strategy for Central Asia 2019–2025 at the meeting of C5+1 foreign ministers, confirmed US support for Central Asia, and encouraged the development of economic ties with Afghanistan<sup>8</sup>. US cooperation projects in the region have also continued. The US increasing aid to Central Asia in the context of Afghanistan is logical, but its impact depends on a number of factors, including the role of China and Russia in the region. In any case, the countries of the region appreciate contacts with the United States, as this increases their room for manoeuvre. One can expect the US to continue its current policy in Central Asia after the elections, especially in the context of Afghanistan, including with regards to its efforts to position itself against China.

The leaders of Central Asian countries avoid supporting any of the parties in the geopolitical competition, but prefer the golden mean of building partnerships with everyone – Japan, South Korea, India, Turkey, the US, and the EU. The goal of this multi-vector foreign policy is to strengthen their national sovereignty, attract investments and develop the economy and trade.

However, given the pressing needs in Central Asia to overcome the crisis, no one can compete with China’s deep pockets. China will strengthen its influence through trade, loans, and the Belt and Road Initiative. This dynamic, as well as China’s relations with Russia and the West, will resonate in Central Asia. These combined factors affect the EU’s policy *vis-à-vis* Central Asia.

## **THE EUROPEAN UNION AND CENTRAL ASIA**

Although the EU is a relatively small player in the Central Asian region, it has established itself as a positive foreign policy partner. The EU also remains the region’s largest investor and one of its largest economic partners. The EU’s adjusted, more pragmatic approach has paid off. The EU has been consistent in focusing on modernisation and reforms in the region. The Central Asian countries no longer live under the illusion of the EU coming with mega-projects and big money, but instead appreciate EU expertise.

In the COVID-19 crisis, the EU has tried to adapt. Dialogue with the Central Asia partners was moved to video platforms. In spring, the EU took an important step of

solidarity in support of the region in terms of the COVID-19 crisis. *Team Europe* provided 134 million EUR of funding to support immediate needs. The EU's new approach in dialogue with Central Asia has an emphasis on interests (not values), reflecting the EU's new geopolitical thinking.

At the same time, the EU's policy *vis-à-vis* Central Asia shows limitations, as well as slow and disjointed action. The year 2020 has already been the second year of the implementation of the EU's new strategy for Central Asia. However, one should recognise that it has lacked a practical substance. The EU and its Central Asian partners continue to praise their friendship and to list areas of cooperation, and the list is long. As critics say, the EU wants to achieve too much with too few resources. Problems include the gap in EU funding until the adoption of the EU budget for 2021–2027, the new leadership of EU institutions, which is slowly “getting in the swing of things”, and the EU's traditional inability to speak with one voice.

The new leaders of the European Commission have promised “geopolitical” action. How is then the EU exercising its *soft power* in Central Asia, where big players with *hard power* instruments dominate? In particular, how has the EU promoted co-operation in the areas of its own interest: Euro-Asian connectivity, access to Central Asia's rich energy resources, and trade? How does the EU-Central Asian partnership contribute to peace in Afghanistan?

Firstly, the issue of connectivity is one of strategic interest for the EU. The EU is committed to building partnerships with Central Asia, as well as to extending the *Trans-European Networks-Transport* programme to Central Asia and building connections to South Asia<sup>9</sup>. The involvement of the EU means sustainable connectivity that meets international standards. However, this is fundamentally opposite of what China is offering in its Belt and Road Initiative. COVID-19 has been a “game changer” in EU's approach *vis-à-vis* China. The EU now calls China a “systemic rival”. There are also growing concerns about security risks in connectivity. Meanwhile, during the COVID-19 crisis, rail freight transport from China to Europe through Central Asia has increased<sup>10</sup>. The broader trends in EU-China relations will continue to affect the EU's involvement in Central Asia in the area of connectivity.

The same applies to energy connectivity, where the EU has an interest in Central Asia's rich energy resources<sup>11</sup>. Turkmenistan, whose natural gas is currently going to China, could help fill Europe's needs. On the positive side, EU-Turkmenistan relations have finally reached a new level in 2020 with the accreditation of a full-fledged EU delegation to Ashgabat, which Turkmenistan sees as a turning point. The EU's programme on Sustainable Energy Connectivity in Central Asia also marks the EU's renewed interest. The key to the success of EU connectivity is funding, which the EU must also reflect in its budget for 2021–2027.

Secondly, trade is in the interests of both the EU and Central Asia. The president of Uzbekistan stressed that the trade and investment is the key interest for Tashkent. The

EU from its side has put effort into upgrading bilateral agreements with Central Asia. In March, the EU-Kazakhstan Enhanced Partnership and Cooperation Agreement entered into force, and negotiations on the same EU agreement with Uzbekistan have reached the finish line. Uzbekistan has a strong interest in joining the EU's Generalized System of Preferences (GSP +), which would reduce its export tariffs to the EU. From Latvia's point of view, it would be important for the EU to move swiftly, thus helping Uzbekistan offset the negative effects of the COVID-19 crisis.

Thirdly, the issue of Afghanistan remains relevant, especially in the context of the Afghan peace process following the possible withdrawal of Allied forces. Here, the Central Asian countries have a key role in strengthening stability in Afghanistan. In 2020, this issue also had a prominent position in the EU's dialogue with its Central Asian partners. Importantly, the Central Asian countries have opened up to a wider regional cooperation with Afghanistan. Here, Uzbekistan has assumed the leading role. In this context, Latvia's contribution is its leading role in the EU border management programme BOMCA-10, which will be extended to include Afghanistan.

## **Who implements the EU's policy on Central Asia in times of crisis?**

In 2020, EU institutions have been the ones to ensure a regular dialogue via video platforms and to continue work on agreements. To keep high-level contacts, which are very important in Central Asia, Charles Michel, President of the European Council, has had a few telephone conversations with the presidents of the Central Asian countries, sending signals that “the EU stands for a strong, dynamic partnership with Uzbekistan and Central Asia as a whole”<sup>12</sup>.

In June, at the EU-Central Asia foreign ministers' video conference, Josep Borrell, the EU High Representative for the CFSP, reaffirmed the EU's commitment to strengthening cooperation on connectivity, border management, security, climate and the environment. In November, the EU-Central Asia ministerial video conference had a similar agenda, highlighting a “joint commitment to forging a strong, ambitious and forward-looking partnership that builds upon the strong mutual interests between the two regions”<sup>13</sup>. There has also been a regular high-level EU–Central Asia security dialogue, mainly focusing on Afghanistan. Peter Burian, the EU Special Representative for Central Asia, is actively engaging in the region, organising the EU–Central Asia Economic Forum and the Civil Society Forum. These are steps for maintaining the EU–Central Asia partnership and demonstrating solidarity in the COVID-19 crisis.

At the same time, EU institutions alone – without the leadership of member states – are not the driving force of the EU's foreign policy. The member states, especially the large ones, have to play a key role. Germany has been the traditional leader in the EU's efforts

*vis-à-vis* Central Asia. Therefore, there were expectations that it would play a more active role during its Presidency of the Council of the EU in 2020 as well. Germany was Latvia's close partner in advancing the Central Asia dossier during the Latvian Presidency of the EU Council in 2015. Although Germany has mentioned the EU's strategy for Central Asia in its presidency programme<sup>14</sup>, the second wave of the pandemic has wiped out everything except the most important issues. This is understandable, but if the large EU countries do not initiate a particular issue, the EU's interest as a whole diminishes.

Furthermore, the implementation of EU–Central Asian cooperation will depend on the EU budget for 2021–2027. It is important for the EU funding allocated to the region to remain at least at the current level (1.2 billion EUR), thus sending the right signals to regional partners. Concrete programme development will also be important. The priorities of the new European Commission are overall in line with those set out in the EU Strategy for Central Asia, giving hope of the continuity of EU policy.

The EU must also join forces with other like-minded partners in the region. It is necessary to create a synergy with the United States, Japan, South Korea, and India, as well as international organisations, including the UN and the OECD. For example, the European Investment Bank, which in October came to an agreement with the UNDP to support the region in overcoming the crisis of COVID-19, has set a good example.

Critics are sceptical, indicating that Central Asia should not expect anything special from the EU. They say that there will certainly be meetings, promises of support, and the provision of some assistance, but as the European Union has no significant interests in Central Asia and is itself divided, it will confine itself to promises but will refrain from specific actions<sup>15</sup>.

Of course, the EU has its limits – it cannot compete with China and Russia in Central Asia. However, the EU remains an attractive partner. The EU can use its *soft power* instruments to focus more strategically on key areas of its interest in the Central Asian region.

## **LATVIA AND CENTRAL ASIA**

Latvia traditionally sees the Central Asian region as its field of specialisation in foreign policy. The beginning of 2020 started on a promising note, with the newly opened Embassy of Kazakhstan in Latvia and the planned exchange of ministerial visits. There was also a plan for Prime Minister Krišjānis Kariņš to visit Uzbekistan along with Latvian entrepreneurs. The COVID-19 crisis has made it necessary to postpone these and other events for an indefinite period of time.

Undoubtedly, the pandemic has hurt Latvia's efforts *vis-à-vis* Central Asia, yet Latvia has managed to keep Central Asia on its political radar. For example, Zanda Kalniņa-Lukaševica, the Parliamentary Secretary of the Ministry of Foreign Affairs, has highlighted that "Central Asian countries are a priority in Latvia's foreign policy and development cooperation"<sup>16</sup>, and Andris Pelšs, the State Secretary of the Ministry, stated that "Central Asia is a priority in Latvia's foreign policy"<sup>17</sup>.

Despite the COVID-19 constraints, Uzbekistan has been increasingly turning to Latvia for assistance – it has a lot of needs in both economic and public administration reforms. Latvia's political support, its active practical engagement in projects in the region so far, its reform experience and its language skills explain the reasons behind this Uzbek interest in Latvia.

Concerning Latvia's development co-operation, Latvia has continued to actively participate in both EU and bilateral projects in Central Asia. Latvia also sought cooperation with other donors to enhance its limited development cooperation funding. European partners have noticed Latvia's efforts *vis-à-vis* Central Asia. This applies not only to Latvia's leading role in the EU border management programme BOMCA-10, but also to its engagement in the EU-Central Asia Education Platform, the SENECA consortium, and projects in justice and green technologies.

Latvia's political dialogue with the Central Asian countries has not changed during the COVID-19 era, as its political contacts had not been active previously either. However, such dialogue with Central Asian partners during the pandemic could have been performed digitally on video platforms. Embassies, of course, maintain day-to-day working relations. Also, Latvia, as an EU member state, pursues its policy in the region through the EU. Hence, it is essential that Latvia's experts continue to work with the Central Asian dossier in EU institutions.

Latvia's economic cooperation with Central Asia has felt the damaging impact of the COVID-19 crisis. Trade volumes have fallen sharply. While they were not large before, but they showed an increasing trend. In the first half of 2020, trade turnover between Latvia and Kazakhstan decreased by 30%, Latvia's exports to Uzbekistan decreased by 7%, and imports from Uzbekistan fell by 29% (year on year). Uzbekistan ranks 35<sup>th</sup> among Latvia's foreign trade partners, while Kazakhstan ranks only 47<sup>th</sup><sup>18</sup>. The Investment and Development Agency of Latvia has also closed its representative office in Kazakhstan. In contrast, neighbouring Lithuania continues to enter the Kazakh market, and believes its efforts pay off.

In terms of economic cooperation, Latvia could have better prospects with Uzbekistan, which that is becoming the hub of the region and better matches Latvia's scale<sup>19</sup>. Latvia's exports of services to Uzbekistan have been growing, and, despite COVID-19, they did not fall in 2020 either. The interest of Latvian entrepreneurs in Uzbekistan is quite high. Moreover, those who have left the country in the past are starting to return to



it<sup>20</sup>. However, the risks are high due to the Uzbek business environment, which needs improvement, and entrepreneurs are waiting for the support of their governments. However, the Latvian-Uzbek Intergovernmental Commission on economic affairs has not taken place for three years. It had been due to take place in Tashkent in the spring along with the Tashkent International Investment Forum, but it was postponed.

As for the transport and transit sector, Latvia continues to promote Riga as a transit hub. However, even before COVID-19 there were no tangible results *vis-à-vis* Central Asia. Due to the pandemic, the direct flight between Tashkent and Riga, which had been operating successfully for many years, was temporarily cancelled. The Latvian Ministry of Transport is planning to send a representative to Kazakhstan. When assessing this situation, it is clear that Euro-Asian connectivity remains in Latvia's focus, where it has experience, knowledge and infrastructure.

Another success story is Latvia's export of education to Central Asia. The Ministry of Education has continued to support the region in higher and vocational education. In October, Baltic and Central Asian partners discussed COVID-19 challenges and the digitalisation of education. Latvia is willing to continue work on the EU-Central Asia Education Platform, and hopefully there will be EU funding available for that<sup>21</sup>. Latvia has also been a very attractive destination for Central Asian students. Furthermore, in October, the Latvia University of Life Sciences launched study programmes at the *Samarkand Institute* of Veterinary Medicine and the Tashkent State University of Economics. Riga Stradiņš University, the Riga Graduate School of Law, the Latvian Judicial Training Centre and others are also active in Central Asia.

In the field of environment, *Cleantech Latvia*, a cluster of clean technologies, continues its work to implement water, heat and electricity supply solutions in the region by participating in the EU co-financing programme in Kazakhstan and Uzbekistan. Latvian experts consult their Central Asian partners on the certification and standardisation of agricultural products. The Latvian NGO *Centrs Marta* is implementing a project titled "The pandemic of violence during the global COVID-19 crisis – the risks, prevention, solutions" in Uzbekistan, Tajikistan and Kyrgyzstan.

These projects, as well as the Latvian-led EU border management programme BOMCA-10, are just a few success stories. They will continue to be relevant in addressing the consequences of COVID-19 and in supporting reforms in the region. Latvia's involvement is appreciated by the Central Asian countries. It has a good reputation and takes a pragmatic approach. At the EU level, Latvia should not lose the positive results of the work it has already done. At a time when the EU is developing concrete programmes for Central Asia for the period of 2021–2027, Latvia must actively engage.

Latvia has continuously emphasised the priority status of the Central Asian region in its foreign policy. Latvia's successful engagement through the EU and bilateral projects in Central Asia should be reinforced with political dialogue, including at a high political

level. It is digitalisation that provides such opportunities. Video platforms do not require resources, but allow for the maintaining of political contacts, even involving Brussels officials if necessary. This would also allow Latvia to position itself as an expert on Central Asia.

## **CONCLUSIONS AND RECOMENDATIONS**

The repercussions of COVID-19 will only be felt in the longer run, but currently the Central Asian region faces a mix of positive developments and challenges. Scenarios for economic development in the region differ, but generally reforms are likely to suffer. Kazakhstan is unlikely to continue to diversify its economy to avoid economic instability. Uzbekistan's reform progress is impressive, but as the crisis continues, it is at a crossroads as to whether it should move towards fundamental reforms or to stick to a state-controlled economy. The government will probably take small steps in order to create a more favourable business climate and improve the country's position in international rankings<sup>22</sup>.

The crisis has made China's influence in the Central Asian region grow rapidly, leaving little room for competitors. Although Russian patronage remains, its former influence in the region is fading. As for the West, it is unlikely that Central Asia will become a priority region. The Allies are likely to leave Afghanistan, and European relations with China are being redefined. The coming year will bring more clarity on the EU's definition of its "systemic rivalry" with China. This broader context will resonate in EU-Central Asian relations.

Central Asia was not in the spotlight during the German Presidency of the Council of the EU, and it is unlikely that Portugal and Slovenia will focus on the region in 2021. The question is whether the EU can keep its focus on a region where others have a stronger grip. The good news is that the US, following its elections, may have a renewed interest in working more closely with its European allies, including towards Asia.

The EU cannot compete with Russia and China in Central Asia, but it can pragmatically adapt its policies, knowing that the main interest of the countries in region is sovereignty. What is important is that the EU take a realistic approach that is in line with the Central Asian countries' willingness and ability to work together. The EU has the experience, consistent policies and cooperation mechanisms needed to keep up the work. It is time for the EU to demonstrate a geopolitical action.

## Recommendations

Given its contribution to the implementation of EU policy *vis-à-vis* Central Asia, Latvia must continue to advocate for active EU involvement in the region.

Latvia as an EU member state partially delegates relations with Central Asia to EU level. Thus, it is crucial that Latvian experts continue to work on Central Asian issues in EU institutions.

Latvia should continue to support existing successful EU initiatives and programmes in the fields of security, border management, education, the environment and good governance, thus strengthening its niche as an expert on Central Asia in these areas.

For Latvia to live up to its declared support for Central Asia, a consistent and coherent approach is of crucial importance. This requires both practical engagement in development cooperation projects in Central Asia, as well as political dialogue. Digitalisation and video platforms provide new opportunities, including for dialogue at a high political level, which is of paramount importance in Central Asia. This would allow Latvia to position itself more effectively as an expert on Central Asia as well.

Latvia should also use dialogue with its Central Asian partners in the context of the UN, including Latvia's candidacy for a position on the UN Security Council in the 2025 elections.

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# LATVIA IN THE MIDDLE EAST: BETWEEN THE PRAGMATISM AND CHALLENGES

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**Sintija Broka**

Researcher at the Latvian Institute of International Affairs

*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 in 2019<sup>1</sup>*, referring to the Middle East, provides a detailed description of events and their developments over the year. However, it lacks specific strategies and plans for the respective year. Therefore, as has been the case in previous years, Latvia's foreign policy activities towards this region during 2020 have been secondary, with Latvia implementing a tactics of adhering to its closest cooperation partners in Europe and across the ocean.

The past year has been challenging for the whole world, and the Middle East region has been no exception. In 2020, several axes of challenges emerged in the Middle East: 1) the COVID-19 pandemic and its impact on the socio-economic processes in the region; 2) tensions in Iranian–US relations, as well as overall regional tensions, which have indirectly led to 3) the normalisation of relations between Israel and the Arab states of the Gulf.

## **THE MIDDLE EAST, 2020**

### **The impact of COVID-19**

Given the regional dynamics, it is still difficult to determine exact figures regarding the impact of the pandemic in the region at the end of 2020. Nonetheless, it is obvious that there has been a massive social and economic effect. With the spread of the pandemic, the Middle East region is experiencing its worst economic collapse in the last 50 years. The implementation of social distancing measures and travel restrictions has affected activities in virtually all sectors in the region. Due to the insufficient functioning of the global economy and largely restricted international travel opportunities, demand for oil, a major source of income for several Gulf countries, has declined significantly. Although most countries of the region had already embarked

on various diversification strategies, the pandemic has further underlined the need for such efforts.

Regional economic diversification plans have been accelerated in the search for revenue solutions, and a number of countries are now directly dependent on other sectors. These countries are searching for alternatives through non-traditional channels: e.g., in April 2020, the Lebanese parliament legalised the farming of cannabis for medical purposes. This specific raw material for medical exports will help to boost the Lebanese economy, which for a long time has already been struggling with a number of challenges.<sup>2</sup> In May 2020, Israel also approved the export of medical marijuana. “This is a significant step for exporters and the Israeli industry, which will enable both expansion of the export opportunities as well as rising employment [...] in the field,” said Economy Minister Eli Cohen.<sup>3</sup> Although the pandemic provides space for improvisation and allows the region to develop non-traditional ways of thinking, its devastating impact on socio-economic processes is likely to continue throughout 2021.

## **Tensions between Iran and the US**

Tensions between the two sides persisted throughout 2020. In May 2018, when US President Donald Trump fulfilled his pre-election campaign promise to withdraw the US from the 2015 Joint Comprehensive Plan of Action (JCPOA), which limited Iran’s uranium enrichment programme, Tehran’s response was initially patient. Later, when European Union attempts to maintain the agreement failed and the US policy of “maximum pressure” went into full capacity, Iran, despite its interest in maintaining the JCPOA, changed its attitude.

The tone of US–Iranian relations in 2020 was largely determined by the events of 3 January 2020, when Iranian General Qasem Soleimani, one of the most influential people in Iran, was killed in a US airstrike at Baghdad airport. Abu Mahdi al-Muhandis, the deputy leader of the Iraqi military group *Hashed al Shaabi*, was also killed in the attack.<sup>4</sup> Shortly afterwards, as a result of the tensions, Iran mistakenly shot down a Ukrainian passenger plane and purposefully attacked a number of US bases in Iraq, injuring dozens of US and Iraqi personnel.

Iran’s domestic political activities and the prevailing uncertainty about the viability of the JCPOA and Iran’s intentions in this regard also fuelled the tensions. On 22 April 2020, Iran launched its first military satellite, raising concerns in the United States about Iran’s long-range missile capabilities.<sup>5</sup> Along with the new hopes that followed the US presidential elections, the assassination of Iranian nuclear physicist Mohsen Fakhrazadeh took place on 27 November 2020. Although Israel is said to be the main culprit for the attack, it is clear that the attack could not have taken place without Donald Trump’s knowledge. And again, at the end of the year, Iran must arm itself with

patience, because with the arrival of the newly elected President of the United States Joe Biden in the White House, relations between the two sides may face a slight, though existent, chill.

## **The Israeli-Arab peace process**

The normalisation of Israeli relations with the Gulf Arab countries in 2020 set a new order for the entire Middle East and North Africa (MENA) region. The normalisation of relations between Israel and the United Arab Emirates (UAE), Bahrain, Sudan and Morocco in the second half of 2020 marked the beginning of a new regional order. Cooperation on both security and economic issues between Israel and the Arab states, which have not formally recognised Israel for years, is becoming stronger. Statements in 2020 officially confirm the beginning of a new era in which economic, security and geostrategic pragmatism in the region outweighs ideological considerations.

With these new developments, Israel and the Arab states will have the opportunity to manoeuvre more openly and effectively in response to common regional threats, such as Iran and an increasingly assertive Turkey. The trend towards normalisation is also having side effects, with, for example, the United States acknowledging Morocco's claims to sovereignty over the Western Sahara.<sup>6</sup> One can expect that the normalisation processes will continue to create a more favourable environment for economic development, thus also promoting the development of mutual trade.

## **The European Union in the region**

The region's rivalries and conflicts pose a real threat not only to its immediate neighbours, but also to global players, including the European Union (EU). Although geographically the region stands relatively far from the EU's external borders, instability in the Arabian Peninsula can seriously affect European interests and its external security policy. EU policy towards MENA countries has traditionally sought to promote separate political and economic reforms in each country, taking into account their individual specificities and regional cooperation, both between the countries of the region themselves and with the EU. The EU policy for the MENA region in 2021 will continue to have two main objectives. The first of these is to promote political and economic reforms through the European Neighbourhood Policy. In turn, the second one is to promote regional cooperation between the countries of the region themselves as well as the EU through the programme "The Union for the Mediterranean".<sup>7</sup> In addition, the EU invests each year in various humanitarian aid programmes. In early 2020, the European Commission adopted a humanitarian aid budget of 900 million EUR. The budget provided assistance to some 80 countries around the world, including

states suffering from protracted conflicts in the Middle East. Some 345 million EUR were allocated for Syria, as well as to address the extremely critical situation in Yemen.<sup>8</sup> Due to the extensive spread of COVID-19 in 2020, the EU provided an additional 70 million EUR to increase aid for Yemen.<sup>9</sup>

In addition, the EU throughout 2020 regularly organised civilian and military missions in selected world regions as part of the Common Security and Defence Policy. On 15 December 2020, two missions took place in the wider Middle East region: the NATO operation in Iraq, which as of this date had 34 military personnel members, and the NATO operation in Afghanistan, which had 14 military personnel members from Latvia.<sup>10</sup>

## **LATVIA IN THE MIDDLE EAST, 2020**

The year 2020 marked perhaps the most practical achievement in the history of relations between Latvia and the Gulf region so far, namely, the parties signed an agreement on rent for the pavilion for Latvia's participation in *Expo 2020 Dubai*.<sup>11</sup> The international fair *Expo 2020 Dubai*, taking place in Dubai, United Arab Emirates (UAE), was originally scheduled for October 2020. However, due to the widespread nature of the COVID-19 pandemic, the exhibition has been postponed to 2021, scheduled to go from 1 October to 31 March 2022.<sup>12</sup> *Expo 2020 Dubai* will play an important role both by becoming the most spectacular event in the Middle East and Africa region in history, and, as the Ministry of Economy of the Republic of Latvia points out, by serving as an important stepping-stone for the overall international economy and the expo's participating countries in the context of individual economic recovery.<sup>13</sup>

The Cabinet of Ministers conceptually supported Latvia's participation in the international fair already in December 2017, entrusting its organisation to the Investment and Development Agency of Latvia (LIAA) in October 2019. The goal of Latvia's participation in the fair is to increase Latvia's visibility both in the Middle East region and globally, thus enhancing the competitiveness of businesses, boosting exports and attracting foreign investment.<sup>14</sup> Initially, the government had decided to allocate 4.4 million EUR from the state budget for Latvia's participation in *Expo 2020 Dubai*. However, later, when the agreement with the Latvian Chamber of Commerce and Industry (LCCI) was terminated, Latvia's costs for participation in the fair dropped to 1.4 million EUR.<sup>15</sup>

Latvian entrepreneurs are interested in the markets of the Gulf countries and the opportunities they provide. Consequently, the stakeholders view the development of economic relations with the UAE in a positive light, and the Ministry of Foreign Affairs defines the United Arab Emirates as one of the country's major economic cooperation



partners in the region.<sup>16</sup> Albeit slow, there has been progress in the context of the Latvia–United Arab Emirates Joint Economic Committee as well. The first meeting since the signing of the economic cooperation agreement between the governments of Latvia and the UAE in 2016 took place in December 2019; this mainly discussed issues related to cooperation concerning the already mentioned *Expo 2020 Dubai*. The next meeting is scheduled for 2021.<sup>17</sup>

Similar negotiations are underway with Saudi Arabia and other countries in the region, including countries in North Africa, Egypt among them. As is known, the Minister of Foreign Affairs of Saudi Arabia Prince Faisal bin Farhan Al Saud visited Latvia in August 2020. During the meeting, the two sides discussed bilateral relations, including the possibilities of expanding economic cooperation. It is a positive thing that during the meeting Foreign Minister Edgars Rinkēvičs also addressed the issue of human rights, calling on Saudi Arabia to continue to pay attention to the improvement of the situation and “to begin a structured dialogue with the European Union on this matter”<sup>18</sup>.

## **EVER MORE DYNAMIC, 2021!**

Like all the previous years, 2021 promises to be a rather dynamic and challenging year in the Middle East. It is clear that the challenges posed by COVID-19 concerning post COVID-19 economic recovery in the region will continue to be the primary ones throughout 2021. Work will also continue on the stabilisation processes between Israel and the Arab countries in the region. Similarly, the issue of Iran’s regional and international role, as well as the new paradigm of US-Iranian relations, will remain relevant.

Secondarily, as concerns the wider Middle East region, one can expect that Russia, Turkey and China will continue to influence the region’s dynamics, including the conflicts in Libya and Syria. Qatar, previously blocked by four countries, is moving towards a peaceful resolution to the situation after Saudi Arabia and its three Arab allies in the Gulf agreed on a full revival of ties with Qatar at the Gulf Cooperation Council Summit on 5 January 2021.<sup>19</sup> By contrast, the geopolitical ambitions of Saudi Arabia and Turkey are continuing to clash. Alongside the primary and secondary vectors, the parties should focus on the issue of how to tackle the world’s worst humanitarian crisis in Yemen, which has already lasted a decade.

## THE APPROACH OF THE NEW U.S. ADMINISTRATION

Latvia's opportunities and policy developments in the region are largely determined by the policies and priorities of our closest cooperation partners. Therefore, before addressing Latvia's policy in the Middle East in 2021, one should note the most important regional cornerstones of the foreign policy of the new US administration.

“Foreign policy starts at home, and if the USA cannot help itself, it will not be able to help others as well.”<sup>20</sup> These are the reflections shared by experts when welcoming the new US administration. Although the American public's interest in the Middle East is low and this issue has not gained popularity in these elections, the main differences with Donald Trump's Middle East policy will certainly apply to Iran in the first place. It is clear that it is in the interests of the new administration to develop and update the JCPOA. The US's approach on the issues regarding the nuclear deal will certainly be oriented toward a renewal combined with light diplomatic pressure, highlighting issues such as the Iranian missile programme and Tehran's role in the region.<sup>21</sup> Addressing these issues is unlikely to be easy; much depends on Iran's responses as well as the outcome of the Iranian presidential elections in June 2021. Therefore, in order not to lose the hope of maintaining the JCPOA entirely, it is important to outline a potential recovery scenario for the plan by June 2021 – namely, a formula that all participating parties would be prepared to agree to. For both the US and EU member states, this may prove to be a rather difficult diplomatic challenge, in which alongside the advancement of their individual interests they should reach a consensus, both within the EU and between the JCPOA countries.

In light of Joe Biden's efforts to save the Joint Comprehensive Plan of Action, US relations with Israel are likely to face difficulties. Benjamin Netanyahu, the Israeli prime minister, is known as one of Donald Trump's leading supporters. Given that Netanyahu was one of the most open opponents of the administration during Barack Obama's presidency, cooperation with the new administration will create tensions even without the fact that Trump's non-election for a second term will undoubtedly undermine Netanyahu's position in Israel and affect his political future. The latter being a task on which he has had to work particularly hard in recent years.

A similar situation is likely to arise concerning relations with Saudi Arabia. The policy approach of the new administration is expected to assume a tougher stance on the Kingdom. In addition to other issues, Joe Biden considers that human rights abuses in the Kingdom – including the murders of journalists and the issue of women's rights, as well as the creation and maintenance of the worst humanitarian catastrophe today, the war in Yemen – play an important role in building relations.<sup>22</sup> Although the US–Saudi alliance has been shaping the regional agenda for decades, the new US administration's approach promises not to tolerate the existing order. The world is changing, and it seems that Saudi Arabia now needs the United States much more than the United States needs Saudi Arabia. Saudi Arabia is the world's second-largest crude oil producer, but with the United

States becoming more energy independent, its oil imports from the Gulf have fallen by almost 65% over the past decade<sup>23</sup>, therefore bringing rapid changes in the context of its dependence and interests in the region.

Targeted sanctions will continue to be a critical tool in trying to put pressure on war criminals, corrupt regime officials, and companies and organisations engaged in exploitative practices. Consequently, a major role in Joe Biden's administration concerning relations with the Middle East will belong to the US Secretary of State, the Secretary of Defence and the increasingly important figure of the Secretary of the Treasury. Namely, the persons mainly responsible for applying sanctions, a foreign policy tool that has become an increasingly used approach by the US, especially in the last four years.

While the foreign policy vector of the new administration promises to be more globalist in its approach to broader issues, such as strengthening the climate and democracy<sup>24</sup>, it cannot be ruled out that solutions will also be sought and support will be given to endorse the ideas of the advocates of Syrian civil society and democracy. Moreover, the development of US relations with Turkey and Russia will secondarily dictate the further steps of the administration in Libya. The attitude of the countries of the region towards human rights issues, the war in Yemen, the future of Libya and Syria, as well as the ties between the Gulf region and China will determine the involvement of the US administration in the region, putting less and less emphasis on the use of military power in foreign policy. The advisers of US policymakers are increasingly emphasising the need to form civil society liaison groups in the Middle East – trade unions, as well as organisations of environmentalists and human rights advocates.<sup>25</sup>

## **2021 – A TIME TO SET OUT A CLEAR FOREIGN POLICY STRATEGY**

Based on 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 in 2019*, there was no clear plan, and therefore it is difficult to strengthen specific benchmarks that would serve as a starting point for an approach in 2021. Nevertheless, being aware of the regional dynamics, one could traditionally divide Latvia's approach towards it in 2021 into two parts – economic and political.

From an economic point of view, 2021 is important for strengthening wider economic ties through direct participation in *Expo 2020 Dubai*, putting a special emphasis on the companies in the field of advanced technologies. Awareness of our capabilities and competitiveness in the field of advanced technologies and the digital economy is vital both to successfully participating in the upcoming fair, as well as for it to serve as an

excellent basis for presenting our objective advantages at the upcoming Latvian-UAE Joint Economic Committee meeting scheduled this year.

The rapid development of technology and artificial intelligence (AI) could provide many solutions to regional issues and give Latvia cooperation opportunities in making a long-term contribution to the prosperity of the region. The digital economy is the perspective of the future. AI is becoming a major *game changer* in the global economy. Following the Fourth Industrial Revolution, Middle Eastern governments and companies around the world are beginning to realise the shift to AI and advanced technologies. The potential for AI adoption varies across industries. Research by the International Data Corporation<sup>26</sup> reveals that the greatest potential lies within the financial sector, in which the region plans to invest 25% of all AI investments in 2021, amounting to around 28.3 million USD according to estimates. The financial sector is followed by public services, including education, healthcare, and the manufacturing sector. The leading countries in this respect are the UAE, Saudi Arabia, GCC4 (Bahrain, Kuwait, Oman and Qatar), as well as Egypt.<sup>27</sup>

With the development of advanced technologies companies, we increase not only the efficiency and revenue of our work, reduce labour costs and promote competitiveness, but also adapt to the technologies, work specifics and age-specific trends of the 21<sup>st</sup> century. The development of this particular sector can improve the quality of drinking water, as well as help combat drought and hunger, not only in conflict zones in the region, but around the world. In turn, green energy technologies could create a new energy revolution. After all, global trends determine the direction of geopolitics around the world, including for Latvia and the Middle East.

The Ministry of Foreign Affairs has a secondary role in strengthening economic relations, and it mainly performs coordination functions between the Ministry of Economics, LIAA and our embassies in the region. However, in light of the rapid development of this sector, it should continue the course taken with regards to cooperation in the field of information and communication technologies, with an urgent need to expand it. The involvement of Latvian entrepreneurs in joint projects would serve to both strengthen the economic ties between Latvia and the region, as well as provide opportunities for Latvia to become practically involved in mitigating the consequences of regional conflicts. By developing our advanced technologies companies and their involvement in international projects, we would also strengthen our potential in home affairs, defence and the medical industry.

From the political point of view, the year 2021 should be used to develop a clear and institutionally coordinated foreign policy strategy for the wider Middle East region, including the Gulf states. Latvian decision-makers should consider which approaches provide opportunities and at what cost. If “the decades-long efforts to find a solution to the Middle East peace process have not seen any noteworthy progress”<sup>28</sup>, it would be worth considering a change in our own foreign policy course towards the Middle East – or in our case, its development. The report indicates that “stability and conditions conducive to the restoration of functional public governance in Libya and Yemen must be

brought about, as well as continuing the stabilisation process in Afghanistan”; however, Latvia’s policy development in 2020 in this direction has been weak. The year 2021 does not impose any restrictions on taking a specific position, expressing an open position and publicly condemning the violations of regional allies.

One can very much hope that with the change of administration in the United States and the foreign policy of Joe Biden being more focussed on common values, we in Latvia will also be able to confidently pursue our human rights slogans, as well as have faith in international law and human rights. As the countries of the region are not our closest partners, we, as of 2021, will have a free choice to decide with whom and under what conditions we want to cooperate, more according to our faith and less to pragmatic benefits. Latvia’s policy towards its closest partners, who guarantee our peace and security, is clear and incontestable as regards both the EU and NATO. However, every year comes with remaining uncertainty as to why our approach towards Middle Eastern allies is so passive.

The region is home to a highly motivated, increasingly secular and a better-educated generation of young people. New technologies and the internet have promoted the interests of young people in local and international politics, creating a generation longing for political reform. With the diversification of the regional economy, young people could become the region’s most valuable resource. New opportunities, freedoms and high-quality education in the region could lead to economic growth. The year 2020 was also marked by the regional momentum of new tendencies at the highest political level. The death of the leaders of three Arab states in Oman, Bahrain and Kuwait have led to changes of power, giving impetus to changes in the region’s political, economic and social dynamics. A new generation has come to power in Oman and Bahrain. In January, Sultan Haitham bin Tariq Al Said ascended to the throne of Oman after the death of the longest-serving monarch of the Arab world, Sultan Qaboos Bin Said. Sultan Haitham promises to introduce a new style of governance based on closer discussions with other rulers in the region to build support for efforts to diversify the economy and implement other reforms.<sup>29</sup> The appointment of Crown Prince Salman bin Hamad Al Khalifa as Prime Minister of Bahrain also marks the empowerment of a younger, more reformist generation. One can expect him to seek to introduce more transparent governance and put an end to the legacy of his hard-line predecessor.<sup>30</sup> It is likely that the regional dynamics could gradually change if the current course is maintained.

Therefore, one must be aware that the greatest diplomatic value of Latvia and the European Union (EU) is neutrality, which is an important tool for inviting the main participants of the regional conflicts to engage in a constructive negotiation process. If Latvia and its EU allies combined their regional position with the prospects for future cooperation in trade, investments and financial assistance to the post-war region, it could lead to slightly more visible progress in the resolution of conflicts. It is clear that

such an initiative would not be possible without prior negotiations with the main regional powers – the leaders of Saudi Arabia and Iran. However, Latvia, as an EU member state, has the opportunity to discuss these issues at the EU level, thus calling on EU allies to actively engage in finding solutions to regional crises.

## **CONCLUSIONS AND RECOMMENDATIONS**

In 2020, Latvia's approach towards the Middle East region has been rather explanatory and has shown signs of adhering to the allies of the transatlantic space. It is clear that Latvia's opportunities to influence the regional dynamics are very limited and our interests in the region are not on the list of foreign policy priority areas. The strongest cooperation vector currently focuses on the framework of a single regional alliance, namely Saudi Arabia and the United Arab Emirates.

The decision on Latvia's participation in *Expo 2020 Dubai*, scheduled to last from the second half of 2021 until March of 2022, is a positive development. Participation in the fair in 2021 will allow Latvia to establish contacts with a wider range of businesses, including from other countries in the region, thus allowing us to diversify economic cooperation outside a single regional alliance. Cooperation with a wider range of countries in the region would allow us to be more neutral and, alongside our EU partners, to call on regional conflict actors to engage in a constructive negotiation process aimed at resolving humanitarian disasters in the region, as well as to move closer to developing and renewing the JCPOA.

At the political level, it is likely that in 2021 Latvia's approach to the region will remain moderate and will adhere to the regional policy trends of the new US administration, with a stronger focus on the issues of human rights and democracy, developments regarding climate change, the rule of law and cooperation based on common values. Therefore, the year 2021 is also suitable for strengthening Latvia's position in the region. The phase of "self-searching" should come to an end.

Latvia must take a clear position, develop and make public a clear and institutionally coordinated foreign policy strategy plan, and the Ministries of Economy and Foreign Affairs must be mutually coordinated and united. It is important to participate in and maintain both a political and an international trade environment based on rules and common values. In 2021, it will be important to develop progress in two directions. The first of them would be to differentiate the range of economic cooperation partners, with an emphasis on the development of advanced technology sectors. By developing our advanced technologies companies and their involvement in international projects, we would also strengthen our potential in home affairs, defence and the medical industry. In turn, the second direction would be to develop a clear and

institutionally coordinated foreign policy strategy for the wider Middle East region. The diversification of cooperation in the region is an important issue, especially considering Latvia's candidacy for the UN Security Council in 2025. At the same time, Latvia must continue to engage in and support the current cooperation projects and initiatives at the EU level. It would be important to advocate for a more active EU involvement in the region, as well as promoting a political dialogue with Iran and other players in the region.

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# LATVIA'S TRANSATLANTICISM AND THE RISKS OF THE PRC'S ECONOMIC PRESENCE: A DILEMMA THAT DOES NOT EXIST

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**Una Aleksandra Bērziņa-Čerenkova**

Director of the China Studies Centre, Rīga Stradiņš University |  
Head of the Asia Programme, Latvian Institute of International Affairs

This paper examines, first of all, in light of Sino-American disputes, how China reconciles its relations within the Baltic region, including its promises of economic benefits, with the fact that the wider region in general and Latvia in particular is outspokenly siding with the US. It aims to answer whether this position is considered hostile enough in China's eyes to initiate economic coercion measures (or "icing out") strategies against Latvia.

Secondly, this paper looks at the experience of other Northern European countries in order to analyse the triggers for a Chinese economic coercion response, as well as the extent and impact of this response on the economies of the analysed countries, with the goal of establishing the risks for Latvia in 2021.

In conclusion, the author recommends that Latvian policymakers do not include the risk of China's possible negative reaction as a factor in their decisions surrounding issues that have direct security implications for NATO and Latvia's primary security provider – the United States – in 2021, for two reasons: first, currently, the dilemma between Latvia's outspoken pro-Atlanticism and Chinese business opportunities is not based in the political reality, and second, if such a dilemma were to arise in the future, security relations should undoubtedly continue to take precedence over economic prospects.

## **LATVIAN PRO-ATLANTICISM IN CHINA'S EYES**

In his *2019 Annual Report of the Minister of Foreign Affairs on the accomplishments and further work with respect to national foreign policy and the European Union*, Latvian Foreign Minister Edgars Rinkēvičs pointed out: "One of the tasks of Latvia's foreign policy is

to be able to pursue and achieve our goals in a dynamic and changing international environment. The historically established international order institutionalised in the past century is undergoing change; we are witnessing new developments in the quadrangle of the U.S.–China–European Union–Russia relationship. [...] It is Latvia's task to be able to accurately assess the international situation, and challenges and opportunities triggered by changes, and to formulate its foreign policy in accordance with the conclusions that we draw." Indeed, as "China is simultaneously a partner and rival to Europe"<sup>1</sup>, for Latvia to be able to walk the razor's edge of the geopolitical reality surrounding it in 2021, the Latvian government needs to assess which decisions contribute to opportunities, and which to challenges.

In the coming year, the 5G issue will undoubtedly continue to rank high on the national agenda, not just in Latvia, but also elsewhere in Europe. "As European governments debate whether to allow Huawei to build critical 5G infrastructure, fears of economic retaliation by China play a major role in their thinking," Lucrezia Pogetti and Max J. Zenglein write. "The economic opportunity/retaliation argument is still disproportionately affecting how governments think about China, including on issues that have strategic and national security implications."<sup>2</sup> This opinion resonates in Latvia as well: China does not like criticism, and it will retaliate through economic and trade instruments as well as by withdrawing political will regarding market access procedures – in this case, for Latvian products.

On 23 October, the Embassy of the People's Republic of China in the Republic of Northern Macedonia issued an "Embassy Spokesperson's Statement on the US Undersecretary of State Krach's Remarks on 5G issues"<sup>3</sup>, demonstrating what many had known before – namely, that China takes countries' pledges to support the US position on 5G networks personally and, subsequently, there are fears that the statement is a signal for Skopje, too.

However, when Latvia had signed a similar joint declaration on 5G with the US on 27 February 2020, a reaction from the PRC Embassy did not ensue. Was that because China does not want to criticise Latvia or comment on its domestic affairs? Such an explanation is unlikely, as the Embassy of the PRC in Latvia has proven to be vocal on other Latvian domestic issues, including the "Remarks of Spokesperson of The Chinese Embassy In Latvia on China-Related Content of The 2019 Annual Report of The Constitutional Protection Bureau of Latvia"<sup>4</sup>, which called Latvia's claims against China of cyber-espionage "groundless and irresponsible."<sup>5</sup> Rather, the embassy did not react to the Joint Declaration on 5G Networks because there is no point in challenging Latvia's well-established reliance on the US. China understands that no amount of Chinese pressure could cause Latvia to give up its transatlantic link.

It appears that even in light of Sino-American disputes, Latvia's official and outspoken pro-US gestures do not trigger the same level of response by China's diplomatic institutions as similar actions elsewhere – including Macedonia, Cyprus, and, closer

to home, Poland. First of all, the lack of an assertive and strong reaction on China's part can be explained by the fact that China is well aware of the geopolitical setting in the Baltics and in Latvia in particular. It has accepted that Latvia's security is fully reliant on the US, and therefore, if the US requires a commitment from Latvia, Latvia will provide it. Secondly, even if coercing Latvia into wiggling away from its commitment to the US would be a possibility, China does not gain much. Unlike Poland, the country is not central to China's interests in the region either strategically or symbolically.

## HOW PAINFUL IS CHINA'S ECONOMIC COERCION?

It is widely acknowledged that China tends to use economic measures to punish countries that express opinions that are not in line with Beijing's official positions. Measures such as "restricting trade, encouraging popular boycotts, and cutting off tourism"<sup>6</sup> have been exercised in East Asia and particularly in Europe. The most famous example included a 6-year-long boycott of some types of Norway fish exports in light of the Nobel Peace Prize having been awarded to Liu Xiaobo in 2010<sup>7</sup>, coming to an end only after a joint statement in which Norway admitted that "due to the Nobel Peace Prize award and events connected to the Prize, China-Norway relations have deteriorated,"<sup>8</sup> and expressed full respect for "China's development path and social system"<sup>9</sup>. More recently, Sweden became a target for the PRC's economic coercion due to their reaction to the detention of Swedish national Gui Minhai in China, as well as a scandal involving Chinese tourists in Stockholm, resulting in a travel warning against Sweden.

Consequently, as the experiences of other Northern European countries show that the issues likely to cause China to blacklist Latvia are human rights issues rooted in China's traditional sensitivities – including those framed as support for Taiwan, Tibet, Hong Kong, Xinjiang, *et. al.* On these issues, Latvia's position has been to generally support the EU position, and there is no reason to assume this policy will change in 2021. Still, the country is not seen as being at the forefront of the EU position on political and human rights in China. According to the classification presented in the 2018 European Think-tank Network on China report on political values, in its "Characterisation of policy action towards China", Latvia is a supportive but passive player in the categories of (a) active and vocal; (b) active and discreet; (c) passive and supportive; and (d) passive and potentially counteractive.<sup>10</sup>

More importantly, it has been argued that China's economic coercion measures are symbolic and surgical, aimed at creating a commotion but in fact not damaging the economic relationship between China and the affected country. In the Swedish case, a report issued by the Swedish Institute of International Affairs concluded that,

while a campaign “to pressure Swedish authorities and public opinion to be more accommodating towards Beijing’s concerns”<sup>11</sup> took place, it only resulted in “implicit threats, personal accusations [... and] warnings on the dangers of travelling to the country.” In an interview, Bjorn Jerdén, one of the authors of the report, stated: that “China has to our knowledge not applied any significant economic pressure to Sweden. [...] Doing more business with China does not necessarily mean toning down one’s rhetoric regarding political principles. Let’s remember that China values good economic relations with European states, just as European states value good economic relations with China.”<sup>12</sup>

Therefore, the notion of grave economic consequences for countries not in China’s immediate geographic vicinity that challenge Beijing on its sensitivities is itself contested – unlike in the case of countries in East Asia, including South Korea, that have “asymmetrical interdependence on China” and therefore are “more vulnerable to economic sanctions and thus more likely to make political concessions”<sup>13</sup>, Latvia is in a relatively detached position. This example can surely serve as a warning against economic overreliance on China in the future; however, developing such an overreliance in practical terms is unlikely due to the low baseline, slow cooperation, and distance.

One can, of course, argue that China could utilise the mutual competition between the Baltic States, as the three countries do not have niche advantage against each other – they are equally well-positioned to play for the promise of a place in the China-Europe transit flow. Therefore, if Latvia were to take a hard stance on issues deemed sensitive by China, it could be consequently “iced out”, and opportunities would then be given to the less principled or quieter neighbours. But one must also remember that:

- a) despite expectations, no real large-scale transit cooperation between China and the Baltic States has taken off as of yet, and this is unlikely to experience a drastic increase due to China’s emphasis on the “internal circulation” element of the “dual circulation economy”, as “China wants to reduce the role of international trade in its economy, and strengthen its domestic economy”<sup>14</sup>;
- b) any real large-scale transit cooperation between China and the Baltic States is unlikely to develop in the nearest future due to COVID-19, as well as due to the EU’s response to the disputed election outcome in Belarus, which is the main element linking the Baltic railroad and port infrastructure to Belt and Road planning;
- c) the Baltic States seem to share a very similar position when it comes to their policies *vis-a-vis* China, with none of them acting as enablers of Beijing’s positions in the region, as exemplified by the Hong Kong controversy, statements criticising the mass detentions of the Uighur minority, etc. Therefore, it would be hard to envisage an openly pro-Beijing national operator emerging in the region with the sole goal of attracting Chinese economic sympathy.

## CONCLUSIONS AND RECOMMENDATIONS

China does not expect Latvia, whose security is reliant on the US, to balance between China and the United States. Moreover, China has neither the capacity nor the ambition to match the US in this role. Therefore, if trade, transit and investment expectations are ever to be met, they will not be hindered by Latvia's outspoken pro-US position.

Still, even if Beijing was to change its policy and harshly react to displays of Latvian pro-Atlanticism, or if Latvia were to move to the forefront of criticising Beijing's traditional or newfound sensitivities, examples in Northern Europe tend to indicate that Chinese economic coercion measures are largely symbolic: China avoids carpet-bombing the whole economic relationship with the country, rather focusing on rhetorically important industries – salmon exports in the case of Norway and tourism in the case of Sweden.

In light of the arguments presented in the paper, in 2021 it is advisable for Latvian policymakers:

- 1) to continue to support and contribute to a joint EU position on human rights issues;
- 2) to keep the door open for economic cooperation with the PRC, making sure that overdependence does not occur in any given sector;  
and lastly and most importantly:
- 3) not to include the risk of a possible negative reaction from China in decisions surrounding issues that have direct security implications for NATO and Latvia's primary security provider, the United States.

Contrary to what many might think, Latvia does not currently face a dilemma between its outspoken pro-Atlanticism and Chinese business opportunities. If such a dilemma were to arise in the future, security relations should continue to take precedence over economic prospects.

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# COOPERATION WITH DIASPORA: POLICIES AND PRACTICES IN THE CONDITIONS OF PANDEMIC

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**Inta Mieriņa**

Director of the Centre for Diaspora and Migration Research, University of Latvia

The Latvian diaspora has a special role concerning the future, demographic sustainability and economic competitiveness of our country. This is evidenced by references in both the *Latvian National Development Plan for 2021–2027* and in *The Sustainable Development Strategy of Latvia until 2030 – Latvia 2030*. Despite the decline in emigration numbers in recent years, the size of the diaspora is growing. With regards to the number of Latvian citizens and former citizens abroad in 2020, at the beginning there were about 300,000. When including persons of Latvian origin and their descendants in the US, Australia, Canada and elsewhere who do not and have not had Latvian citizenship, the total size of the diaspora is significantly larger<sup>1</sup>. Over the years, an awareness of the need to promote the cohesion of the Latvian global community, including promoting a sense of community and belonging to the nation, has grown both among policymakers and in society as a whole. In this context, the adoption of the Diaspora Law and the establishment of the Diaspora Advisory Board in 2019 played not only a practical but also a significant symbolic role, given that until now most diaspora members thought that Latvia “was not interested in the people like them”<sup>2</sup>. Almost all diaspora representatives aware of this board consider its establishment a positive event, as it brings the diaspora society closer to Latvian society (Mieriņa & Jansone 2019). The year 2020 was the first full operating year of the Diaspora Advisory Board, which, despite the COVID-19 restrictions, was very dynamic and intense, with the board participating in the development of the *Diaspora Action Plan for 2021–2023*.

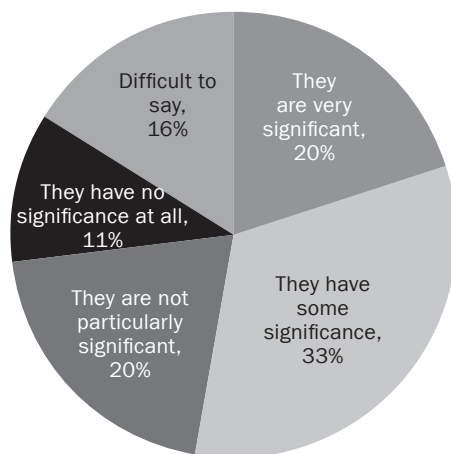
The stakeholders mostly worked in a “distance work mode”, actively engaging diaspora organisations. Moreover, diaspora research and scientific recommendations were actively used to evaluate problems and possible solutions. The *Diaspora Action Plan for 2021–2023* already outlines very specific tasks, responsible institutions and funding for achieving specific goals. It is a very positive sign that it has been possible to maintain the funding, which has increased over recent years and is available for diaspora activities even in the difficult situation caused by the economic impact of the COVID-19 pandemic.

Several issues relevant to the diaspora have been resolved or are in the process of being resolved. One of the most important of these is that the Saeima has passed the draft law

“Amendments to the Declaration of Place of Residence Law”, which enters into force on 1 July 2021 and stipulates that diaspora members will have the opportunity to register one residence address in Latvia in addition to their residence address abroad. This change will have an impact on a number of painful issues, such as the enrolment of the children of diaspora members in general and vocational education institutions before returning. Until now, one of the most important issues for diaspora and potential return migrants has been uncertainty about the taxes and social contributions they have paid<sup>3</sup>. Therefore, several of the proposed solutions refer to this area. As of 1 September 2020, the “Amendments to the Law on Maternity and Sickness Insurance” stipulate that when calculating the allowance of a returning diaspora member, Latvian authorities have to take into account the insurance periods of that person which are certified by a competent foreign institution in the respective EU member state, the Swiss Confederation, or the EEA member state. Also, in accordance with the “Amendments to the Law on State Social Insurance” adopted by the Saeima on 3 April 2019, every diaspora member has the opportunity to voluntarily join the state social insurance system in order to receive an old-age pension.

Amendments to Cabinet of Ministers Regulation No. 95 of 20 February 2018, “Regulations on State Aid for the Acquisition or Construction of Housing”, have been approved, significantly improving the provision of state aid for the purchase of housing for families with children and creating special support mechanisms for large families. In order to facilitate the return of Latvian dual-residents to Latvia, the requirement for the borrower and his or her child to be declared in Latvia before applying for the housing guarantee programme has been removed. In addition, the draft law “Amendments to the Law on Personal Income Tax” (no. 521 / p. 13), concerning the provision of a non-taxable minimum pension to a re-emigrant diaspora member in the amount established in the respective foreign country, has been incorporated in the draft law “Amendments to the Law On Personal Income Tax” (no. 699 / p. 13) and the Saeima supported this draft law at the second reading on 5 November. Finally, in order to expand access to e-services provided by the state and the use of e-signatures for Latvian nationals who have provided information about their place of residence abroad, the Ministry of Internal Affairs has developed “Amendments to the Law on Identity Documents”, which will enter into force at the beginning of 2021.

Municipalities have played an increasingly significant role in diaspora and return migration policy in 2020, mainly due



**Do the services provided by the regional return migration coordinators have any significance in facilitating the return to Latvia?**



to the activities of the Regional Return Migration Coordinators under the Ministry of Environmental Protection and Regional Development of the Republic of Latvia (*VARAM*), which both the diaspora and return migrants mostly consider as useful<sup>4</sup>. The active involvement of local governments was also made possible by the support available for promoting return migration measures, which encouraged several local governments to take the opportunity to organise various activities aimed at reaching this goal. The enhanced role of local governments in strengthening ties with the diaspora and promoting return migration is also a positive trend because diaspora representatives trust them significantly more than the Latvian national government<sup>5</sup>.

However, these developments do not mean that all the problems have found solutions. We can expect that the respective stakeholders will look for solutions to other issues relevant to the diaspora in 2021 as well. Thus, there are ongoing efforts to ensure that every diaspora member who makes voluntary health insurance contributions has access to healthcare services within the framework of the mandatory state health insurance scheme. Stakeholders are also still working on simplifying the procedure for equating and recognising the education, academic degrees and professional qualifications, including in regulated professions, that diaspora members have obtained abroad. Moreover, the respective parties are working on enabling any diaspora member who has acquired education or work experience abroad to participate effectively in the activities of the state and local governments of Latvia and to be a part of the civil service, as well as working on enabling returning diaspora members to receive more assistance in resolving housing (apartment) issues.

The Latvian diaspora, although often disappointed in Latvia's political and economic processes, maintains close emotional ties with Latvia. This is characterised by a significant interest in cooperating in the fields of economy, science, culture, etc., as well as by helping relatives and compatriots in Latvia<sup>6,7</sup>. Although diaspora members mostly do not pay taxes to Latvia, there are many types of involvement that ensure their participation in the Latvian economy, rightly allowing them to view the diaspora not only as a recipient of state aid, but also as a significant contributor to Latvia's development<sup>8</sup>.

Although 2020 created new challenges and obstacles for the implementation of the plans set out at the beginning of the year, the Latvian Investment and Development Agency (*LIAA*) and Latvia's Foreign Economic Representations continued to purposefully address and involve diaspora organisations and professionals in promoting Latvia's economic development. A new format for events was adopted – this included special hybrid events, online webinars, training sessions, and conferences, which due to the new circumstances have become available to a much wider audience as they are now broadcast via the internet. In 2020, *LIAA*'s cooperation with diaspora organisations, media, and professionals has intensified, and joint projects have become much more specific, complex and with greater added value.

In 2021, LIAA plans to implement a number of marketing activities to inform the diaspora about the latest developments, current events, and success stories, as well as to implement various cooperation projects. The projects of the highest priority are those encouraging the diaspora to engage in a six-month free online pre-incubation programme (PINK), as well as the development and promotion process for Latvia's external image.

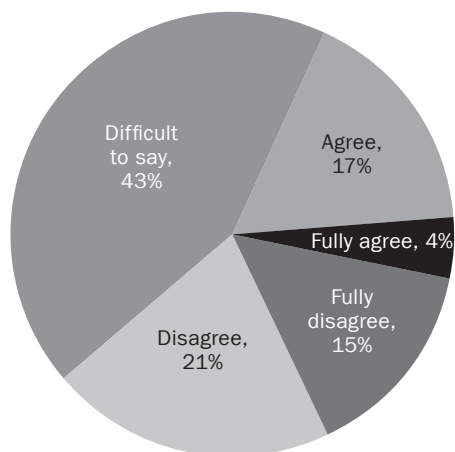
In addition, the Ministry of Education and Science (IZM) has started active work on the involvement of diaspora scientists in Latvian education and science. We can already expect more concrete progress in the implementation of various cooperation measures with diaspora scientists in 2021.

Moreover, there have been calls for more effective instruments to ensure diaspora involvement in the development of action policy documents and draft legislation. On the other hand, there is the issue of determining diaspora interests in general and the adequate representation of various diaspora groups, given that the diaspora itself is extremely diverse.

In the following pages, we will focus on the challenges ahead, which in 2021 will be determined by the situation surrounding COVID-19, technological development, and the internal dynamics of the diaspora itself. This chapter concludes with recommendations that point to a series of possible policy actions and options in relation to the diaspora to mitigate these challenges<sup>9</sup>.

## THE CHALLENGES OF COVID-19

The year 2020 has undoubtedly passed under the shadow of the COVID-19 pandemic. It has changed the attitudes and habits of many, and these changes affect not only Latvian society, but also the diaspora. A survey was conducted by researchers at the University of Latvia from September-October 2020 with the participation of more than 1,000 diaspora parents. In this survey, one out of ten parents admitted that the conditions related to COVID-19 (especially the fact that the world situation was becoming too unpredictable, that Latvia had a less stringent regime with "more normal" life, and that they could no longer visit their relatives in Latvia as often



**Those arriving from abroad comply with quarantine and other regulations in good faith**

as they would like to) had made them wish to return to Latvia. At the same time, the COVID-19 crisis has seen a part of Latvian society become more negative in its attitude towards repatriates and guests from abroad. According to a survey conducted in the autumn of 2020<sup>10</sup>, in the conditions of the pandemic, the majority of the population see members of diaspora returning or visiting Latvia as a potential source of infection. Thus, 44% of people aged 50 or more “agreed” with the statement that “The people returning from abroad constitute a significant risk of infection”, while a further 35% “rather agreed” with this statement. Many Latvian residents believe that those who have arrived from abroad do not observe the rules of self-isolation, quarantine or other regulations, or they are not sure whether they observe them. Not surprisingly, opinions on the need for repatriation flights are also very different. This situation can lead to suspicion, a lack of trust and bitterness on both sides, thus weakening emotional ties and leaving a lasting impression on relations with the diaspora. Already now, the above-mentioned parent survey shows that 4% of respondents indicated that the COVID-19 crisis has even reduced their desire to return to Latvia.

The tourism and hospitality sector is one of those most affected by the COVID-19 crisis, and it is understandable that the number of diaspora members visiting Latvia has also decreased. However, as world practice shows, diaspora tourism is more resilient to various types of crises and shocks. Therefore, in 2021, one can expect diaspora tourism to remain an important source of income, promoting local businesses at a time when other forms of tourism have declined significantly. According to the forecasts of the United Nations World Tourism Organisation (UNWTO), visiting friends and relatives will become a more and more important motivation for travel over other reasons<sup>11</sup>.

## **PARTICIPATION IN THE DIGITAL AGE**

One of the positive side-effects of the COVID-19 pandemic is that virtual work and digital participation are becoming an increasingly common part of our daily lives. An emphasis on technology has contributed to its accessibility, to digital skills and to its social acceptability. Nowadays, the organisation of many activities has moved to the digital environment, organisation has become decentralised, and events have become more mobile and less linked to a specific place. These changes will clearly benefit and enhance the diaspora’s political and civic involvement.

Those living outside their country of origin have proven to be a major political force in many historical periods and in various parts of the world<sup>12</sup>. This is familiar to the Latvian diaspora as well: during the Soviet era, Latvians in exile actively participated in various collective demonstrations and individual activities to remind people about the occupation

of their homeland. Even today, diaspora members, although less likely to vote in Latvian parliamentary elections, write petitions and letters, as well as engage in voluntary organisations and volunteer work, significantly more often than residents of Latvia, which could indicate a certain integration process in the host country's political culture and affirm the political potential of the diaspora<sup>13</sup>.

The actual level of diaspora participation in Latvia's political and social processes largely depends on given opportunities. Various forms of distance participation are particularly important in promoting diaspora involvement, e.g., voting on different initiatives on the platform "ManaBalss" (*MyVoice*) and electronic voting, which diaspora representatives would like to see very much in the future. One in every three diaspora representatives has signed initiatives on the platform "ManaBalss"<sup>14</sup>. Currently, some additional opportunities for other types of digital participation have appeared, e.g., on the platform "parvaipret.lv" (*for or against*). The platform acts as a "political Tinder". It provides a way to monitor of the weekly work of the Saeima, and its visitors have the opportunity to express their views on the issues included in the agenda of the Saeima. Other opportunities for digital political participation are underway and will already be available in 2021.

Digital participation, as well as the full use of various e-services provided by the state in the digital environment, is limited by the fact that only a small portion of those living abroad have an eID card, an e-signature or a bank card issued in Latvia – things that are required for authorisation purposes, e. g., on the platform "latvija.lv". Therefore, the fact that the organisation "ManaBalss" along with the organisation "Latviešu centrs Münsterē" (Latvian Center in Münster) has created an authorisation option for Latvian citizens who do not have Latvian online banking accounts or e-signatures is a positive development. Hence, in the future it will be possible to authenticate oneself on the platform "ManaBalss" by using a Latvian passport or ID card. Thus, we can expect wider diaspora involvement in the development and signing of various initiatives in 2021.

Despite the relatively high level of diaspora civic activity, its representatives have been so far slow to involve themselves in Latvian non-governmental organisations<sup>15</sup>. One can hope that in 2021 and beyond, these organisations will make better use of the opportunities given by the development of digital tools and the skills to digitally involve those living abroad who want to dedicate their knowledge and experience to achieving the goals of these organisations.

As interest groups aimed at Latvia did not always manage to get together in 2020, we observed various innovative solutions, such as virtual singing and virtual meetings. The World Latvian Economics and Innovations Forum (WLEIF) also took place in a hybrid format in 2020: it was possible to participate both in person and remotely, thus providing participation opportunities for a large number of people from all over the world. The importance of electronic communication tools and virtual networking is also

demonstrated by the fact that at this time more diaspora members are a part of some Latvian emigrant and diaspora newsgroup, blog or internet group of like-minded people (25%) than those that are members of diaspora organisations (18%), and this dynamic will undoubtedly continue.

The year 2020 has been especially challenging for Latvian weekend schools. Some schools have stopped working during the pandemic. The main reasons for this are the following: a lack of interest from parents, the busy schedule of parents, children having to sit by the computer six days a week, teachers' busy schedules, *Classflow* requiring a lot of time, as well as uncertainty concerning the technical side of distance learning<sup>16</sup>. Most schools have tried to introduce distance learning:

- 1) by providing sets of tasks, sending worksheets by mail or digitally, and providing links to pages where Latvian games can be played (such a format often did not elicit a response from parents);
- 2) by switching to *Classflow* or another distance learning platform (however, most teachers admitted that this solution was less preferred than attending the school in the regular way; children, especially the youngest, found it difficult to focus, as they missed their schoolmates; moreover, not everyone had a computer), or
- 3) in some other way (e.g., by combining face-to-face and distance learning).

Some schools have introduced a variety of innovative solutions to keep children interested in learning. Experience gained in the host country's institutions has also helped with this. Despite the challenges, this situation has produced positive consequences as well: teachers are considering continuing the use of distance learning, e.g., in situations where school attendance is impossible for various reasons. Overall, one must conclude that the number of children attending Latvian weekend schools will decrease in 2021, and therefore support for these schools and teachers, as well as for the development and popularisation of distance learning tools, is critical at this stage. Otherwise, there is a high risk that the COVID-19 crisis, due to its impact on visits to Latvia, school and interest group activities, and simply socialisation with other Latvians in the period of 2020–2021, will promote the assimilation processes of diaspora children into their host countries, thereby reducing their ties to Latvia.

In the future, opportunities for digital or virtual participation will reduce inequalities in the participation of different socio-economic groups living abroad. According to research<sup>17</sup>, so far those living in large cities have most actively engaged in various activities, both amongst the diaspora and others, while those living in rural areas and small towns have been the least active, as their participation is often limited by distance. Digital participation reduces these differences. Regarding participation, an awareness of events in Latvia is also important. Therefore, more active online communications by various state institutions will promote diaspora awareness and thus encourage its participation as well.

Diaspora participation in the next municipal elections on 5 June 2021 will be facilitated by the draft law “Amendments to the Law on Elections of the Republic City Council and Municipality Council” (number 629 / p. 13) submitted to the Saeima, which provides for the possibility for voters residing outside Latvia to vote in municipal elections by regular mail. The development of these opportunities is determined by the principle of participation established in the “Diaspora Law”. Considering that a significant number of diaspora representatives have retained a property or even a registered residence address in Latvia<sup>18,19</sup>, giving them the right to vote in local elections, it is expected that many diaspora members will use this opportunity to participate in local elections.

## **DIASPORA NETWORKING AND COHESION**

The basis of a strong Latvian community abroad is its cohesion and the constant maintenance of contacts between diaspora members through participation in diaspora events, organisations, and groups<sup>20</sup>. Taking into account the difficulties of gathering together in the conditions of COVID-19 (cancelled events, limited opportunities to participate in choirs, dance groups, etc.), one of the challenges in 2021 will be to unite and integrate those living abroad into the diaspora community. Another challenge in these new circumstances will be the promotion of a sense of belonging to Latvia. Even before COVID-19, only 18% of those living abroad were members of diaspora organisations, while 40% of diaspora representatives did nothing to maintain their roots in the Latvian diaspora (Mieriņa & Jansone 2019), and the pandemic is likely to worsen these participation numbers.

In the long run, developments in the field of diaspora cohesion in the coming years will be determined by how diaspora organisations are able to adapt and how successfully they are able to approach young people by offering them more engaging activities in a more engaging way using more engaging language<sup>21</sup>. In addition, one of the challenges in the coming years will be finding an answer to the following question: how can we make diaspora activities less ethno-centric in order for them to truly meet the broad definition of diaspora set in the “Diaspora Law” and in order to attract Latvian minority emigrants and non-Latvian speakers (including the spouses of diaspora members)?

## RECOMMENDATIONS

One of the challenges both in 2021 and beyond lies in finding ways to effectively provide diaspora members with information relevant to their needs. This necessity is illustrated, for example, by the fact that at the end of 2019, only 26% of diaspora representatives knew about the adoption of the “Diaspora Law” in Latvia, and just 12% knew about the establishment of the Diaspora Advisory Board<sup>22</sup>. Unfortunately, there is no single mass information channel that could reach the whole diaspora, and it is impossible to have one. Nowadays, the flow of information mainly circulates through networks – from one person to another, from one event or group to another<sup>23</sup>. In such a situation, it is important to be creative in disseminating information, to network, to identify key people in a network and disseminate information through them, as well as to ensure the coordinated cooperation of various institutions and organisations in disseminating information to the diaspora. In addition, in order to promote networking and cooperation between organisations, a single map of all diaspora organisations – similar to the one prepared by Estonia – would be useful (subject, of course, to the constraints imposed by the European General Data Protection Regulation).

The diaspora media continue to suffer from a lack of various resources, be they financial or human, and thus they mostly operate on a voluntary basis. Taking into account the special role of these media, it is necessary to more actively support the improvement and quality of their content, to provide more support from Latvian media in general, to give them access to news and photo materials, to provide assistance in preparing project applications, as well as to improve project submission and implementation skills and support the training of diaspora media representatives, including on the topic of how to implement technological solutions in their operations.<sup>24</sup> Until now, most of the funding devoted to covering developments concerning the diaspora or other related topics has been granted to the media in Latvia. It is important that starting next year the diaspora media will also have greater opportunities to apply for public procurement funding for reflecting diaspora-related developments.

In order to promote greater diaspora involvement in diaspora events and organisations, more attention should be paid to the availability of information in English (or the host country’s language) in both live events and online. One must be prepared to communicate with diaspora members in English and accept the idea that their view on belonging may differ from Latvia’s general view, and that those who do not speak Latvian might belong to the Latvian community as well. Overall, when creating events and addressing the diaspora, it is important to remember people of other nationalities – both Latvian minority emigrants and the non-Latvian spouses of diaspora representatives – and offer activities that might interest them as well. Regarding the possibility of returning, it is important that the respective parties promote the social inclusion of these groups not only in Latvia, but also abroad. At the same time, in the context of the latest trends and COVID-19, it is important that diaspora organisations and non-governmental

organisations in Latvia increasingly develop digital tools and opportunities for virtual participation.

The insufficient use of the eID card in the diaspora remains a problem that needs a solution in order to expand their access to public e-services and the use of e-signatures. The removal of this obstacle could make it much easier for people living abroad to get services and participate.

Given the challenges faced by diaspora weekend schools during the COVID-19 pandemic, it is necessary to provide as much support as possible to the teachers at these schools in order to reduce the risk of the assimilation of Latvian children living abroad. It is necessary to continue to develop distance learning in order to support the use of the Latvian language in the diaspora as well. In addition, when in 2021 diaspora members resume more active visits to Latvia with the pandemic still ongoing, it is important to inform people in Latvia about the diaspora's contribution to the Latvian economy and thus reduce possible prejudices against the diaspora and return migrants.

In accordance with the principle of legitimate expectations laid down in the "Diaspora Law", it is important to ensure stable and predictable state support for diaspora policies and diaspora organisations, which would allow planning and ensure the continuity of activities. Understandably, this is not an easy task for an economy weakened by the pandemic. However, it is important to consolidate the achievements of recent years and boost the confidence of the diaspora. There is a certain risk to the stability of funding for diaspora activities in 2021, as it is the end of the current programming period of European Union funds, after which EU financial support for Latvia will significantly decrease. This means that in order to fund activities that previously received funding from various structural funds, it will be necessary to find resources in the national budget. In any case, it is important to remember that in order to avoid resistance and unnecessary social tension when communicating diaspora policies and measures, one should avoid giving the impression that diaspora or return migrants receive any privileged treatment in comparison to those who have remained in Latvia.

It is typically characteristic of Latvian policymaking to pursue quantitative performance indicators that are capable of confirming the effectiveness of this or that policy, as well as the usefulness of the investment of respective funds. While this is understandable, one must take into account that in the context of the diaspora, the achievement of many tasks is difficult to measure statistically (or impossible to do so precisely), and the data can even provide a misleading impression. Thus, for example, in recent years there has been a small increase in the volume of return migration. However, a significant portion of return migrants have been unable to adapt to life in Latvia and have left again<sup>25</sup>. In order to establish a successful cooperation with the diaspora in the future, it is also important to understand that they are not only a "resource" for Latvia, and one should not measure the benefits of the diaspora only in euros.



While planning support for diaspora activities, it is important to focus not only on the countries with the largest number of diaspora members, but also on countries and regions where there are fewer people of Latvian origin – namely, Southern European countries, Eastern European countries, CIS countries and Georgia. A smaller diaspora means a much smaller level of support, which makes it more difficult to maintain a sense of being Latvian.

Despite the generally positive assessment of the Diaspora Advisory Board, it is advisable to work on improving cooperation mechanisms with diaspora organisations and representatives. Given that interest from organisations in participating has been greater than the number of rotation places, it may be worth considering expanding the Diaspora Advisory Board or increasing the number of rotation places approved for a year. It is important to ensure coordination and a common understanding of diaspora policy issues at the state, municipal, private and non-governmental levels. Full-fledged discussions require that diaspora organisations and non-governmental partners have timely information on budget priorities, as well as current and diaspora-binding legislation, thus enabling diaspora members to prepare comprehensive proposals in a timely manner.

The adoption of the “Diaspora Law” in 2019 made it possible to simplify the implementation and coordination of the diaspora policy by merging the diaspora and return migration policies under a single responsible institution – the Ministry of Foreign Affairs. At the same time, there is also the “Repatriation Law”, with its implementation falling under the responsibility of the Ministry of the Interior. In order to ensure the efficient use of funds and coordination of measures, there is a need for an evaluation of the “Repatriation Law” in comparison with the “Diaspora Law”. The circle of persons specified in the “Repatriation Law” eligible to apply for support within the framework of the “Repatriation Law” creates segregation and possibly the unequal treatment of emigrants of different generations and emigration waves. Therefore, it is worth considering the proposal introduced by the Ministry of the Interior and supported by the Ministry of Economics to expand the circle of persons eligible to apply for the status of a repatriate and for the subsequent state support in the case of actual moving. If this proposal is not confirmed, it is worthwhile to assess the amount of funds allocated for this kind of support and its usefulness in comparison with other measures relevant to the diaspora.

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# THE GREEN DEAL, INTERCONNECTIONS AND THE TANGO OF ASTRAVETS

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**Reinis Ābolģiņš**

Researcher at the Riga Technical University

In 2020, several events drew a particular attention as concerns the energy sector. It is important to note here that the term “event” in the energy sector refers to an uncharacteristic situation concerning production, transmission or distribution, or an important moment for energy development, such as closing down an obsolete infrastructure object, launching the construction of a new object, or launching a new operation. This article will focus on some of the most visible events that will play a key role in the future and the path toward it – namely, the European Green Deal, the development of the gas market, the Belarus nuclear power plant project, and interconnections.

## **THE DEAL. THE GREEN DEAL**

At the end of 2019, the European Commission (EC) launched a new strategy on energy and climate policy, the European Green Deal<sup>1</sup>, a comprehensive set of policies and measures ensuring that EU member states organise their future economies in a way that provides significant or even radical advancement towards climate neutrality. However, the key actions and the ensuing policy strategies were widely announced as early as 2020, and even the global COVID-19 pandemic failed to hold back the EC’s climate plans. On the contrary, the EC used the COVID-19 crisis to show people in Europe and the rest of the world even more clearly than before the reasons why the economy needs restructuring to meet its climate goals. To this end, it has encouraged the creation of the so-called “recovery plan”, including a mechanism for financing relevant policies and measures<sup>2,3</sup>.

All the actions continued and launched in 2020 constitute part of the EU’s long-term climate strategy<sup>4,5</sup>, where the core is formed by the European Green Deal, which operates closely with the Paris Climate Agreement of the United Nations Framework Convention on Climate Change (UNFCCC)<sup>6,7</sup> and determines several lines of action, strategies and laws. These are the following: the European Green Deal Investment Plan and Just

Transition Mechanism<sup>8</sup>, the European Climate Law<sup>9</sup>, the European Industrial Strategy<sup>10</sup>, the EU Circular Economy Action Plan<sup>11</sup>, the Farm to Fork Strategy<sup>12</sup>, the EU Biodiversity Strategy for 2030<sup>13</sup>, the EU Strategy on Energy System Integration and Hydrogen<sup>14</sup>, the EU 2030 Climate Target Plan<sup>15</sup>, the EU Renovation Wave – greening buildings, creating jobs and improving lives<sup>16</sup>, the EU Methane Strategy<sup>17</sup>, the EU Chemicals Strategy for Sustainability<sup>18</sup> and the EU Strategy to harness the potential of offshore renewable energy for a climate neutral future<sup>19</sup>.

Latvia will also have to make significant efforts to implement the principles of a circular economy – namely, the reuse of raw materials, eco-design, waste reduction, and particularly waste sorting, as it still buries about 60 percent of its municipal waste, which is one of the worst rates in the European Union.

In 2020, a new impetus was gained by commitments to invest in renewables and green technologies even more than ever before. In this context, natural gas has received a temporary role in the energy portfolio, and now it is openly called a transitional resource – these efforts will ensure that coal mining becomes a topic in the chapters of history books referring to the pre-digital period of the Industrial Revolution. The International Energy Agency's projections on changes in energy technologies and primary energy resources, based on a number of modelled scenarios for economic recovery from COVID-19, confirm this thesis<sup>20</sup>. Coal has already been absent from Latvia's energy portfolio for a long time, and thus the Green Deal in the Latvian context means not reducing its share of RES in energy production and implementing policies in the sectors of energy, transport, agriculture and land use that allow for a reduction of GHG emissions. One of the key horizontal measures for the next 10 years, at least, will be the “energy efficiency first” principle, which involves significant investments in energy efficiency in households, in renovating and insulating residential buildings, and in the manufacturing sector, installing more energy efficient equipment and increasing the energy efficiency of production facilities.

In order to ensure the EU is making significant progress by 2030 towards the climate neutrality goals for 2050, each EU member state must prepare a national energy and climate plan (NECP) identifying each sector's contribution to reducing GHG emissions and listing policies that will be implemented to ensure they will reach the 10-year plan objectives. Member states have already defined the achievable performance indicators in the NECPs 2030. However, in the light of the Council of the European Union endorsing the European Commission proposal at the end of the year to increase the EU's GHG reduction target to 55% of the level of 1990, member states may need to review national targets and the policy instruments for their achievement. The Latvian NECP for 2030, like the national energy and climate plans of several other member states, has been evaluated as insufficiently ambitious<sup>21,22</sup>. Therefore, the authorities may need to introduce some adjustments to the range of policies included in the NECP 2030 in favour of renewable resources, as well as setting stricter and less-favourable use requirements for fossil fuels, including natural gas<sup>23</sup>.

## MORE GAS?

Due to the peculiarities of the Latvian and Lithuanian energy portfolios, both countries depended on natural gas supplies from a single supplier and a single supply route until the establishment and operation of the Klaipeda liquefied natural gas import terminal. The LNG terminal in Klaipeda solved this dependency issue by paving the way for the Baltic States to procuring a competitive supply of natural gas from various sources and suppliers.

The Baltic energy market interconnection plan (BEMIP)<sup>24</sup> took a step closer to the implementation of all its projects when the Baltic Connector, a natural gas interconnection between the Estonian and Finnish gas transmission systems, started to operate commercially in 2020<sup>25</sup>. Therefore, it is possible to conclude that the single natural gas market of the Baltic States and Finland started to function in 2020. The situation has been further improved both by the construction of the interconnection itself and by the fact that LNG imports are now possible in both Finland<sup>26</sup> and Lithuania. As of the end of 2020, Lithuania is not yet an official part of this single market area, as it has not signed the Memorandum of Understanding with Latvia, Estonia and Finland, or an agreement with the transmission system operators of those countries on the terms of the inter-transmission compensation mechanism<sup>27</sup>. However, in practical terms, Lithuania is an integral *de facto* member of the Baltic gas market, and there is little doubt of Lithuania also becoming a member of the single Baltic and Finnish gas market, as envisaged in BEMIP<sup>28</sup>.

The LNG import terminal in Klaipeda is the only LNG import terminal in the Baltic States. Thus, although it has no longer been the only primary energy supply route since the launch of the Baltic Connector, it is still the main alternative natural gas supply route to Lithuania, Latvia and Estonia. As long as natural gas remains a substantial primary energy resource in both Latvia and Lithuania, any alternative route for securing the natural gas supply will be important for the energy security of the Baltic States. In a regional context, the LNG import terminal in Swinoujscie in Poland may also play a certain role in improving energy security in Lithuania and Latvia after the completion of another major BEMIP infrastructure object, the Polish-Lithuanian natural gas interconnection (*GIPL*).

Gas consumption forecasts in the Baltic States are not favourable for this primary energy resource. The EU Green Deal aims to reduce GHG emissions in all sectors of the economy, putting a strong emphasis on energy efficiency measures, which means lowering the consumption of natural gas for domestic heating, including in centralised district heating. However, until the wave of housing renovations begins in earnest, natural gas will continue to play a stable role in providing seasonal heating.

Different energy production technologies have different advantages and disadvantages. The main disadvantage of natural gas technologies is the potential instability of the costs of energy the resource, as well as price fluctuations caused by climate conditions and economic growth. Although the global gas market has been favourable to consumers

over the last five years, any upward fluctuations in gas prices will have a negative impact on all gas consumers, who will have to get used to higher energy prices. However, while gas producers and suppliers are fighting for market share, gas prices in the Baltic States are also favourable to buyers. Nonetheless, forward-looking projections envisage the introduction of various policy instruments with the aim of phasing out the use of fossil fuels, including natural gas.

The EU also sees natural gas as a still stable, and yet only transitional, resource on the way to cleaner energy and climate neutrality by 2050. If the price in the European Union Emissions Trading System (EU ETS) reaches 50 EUR per tonne of CO<sub>2</sub>, it will also affect the price of natural gas and the price of energy produced using natural gas. The climate policy has one of the greatest potentials to make the use of natural gas increasingly disadvantageous compared to the use of renewable resources.

One sector where the role of gas in reducing GHG emissions can play a role in increasing natural gas consumption is the wider use of compressed natural gas (CNG) in the transport sector. In 2020, Latvia adopted regulations providing for a reduced excise duty on compressed natural gas used in vehicles, thus creating competition for other low-emission or zero-emission transport powering solutions, such as electric cars and hydrogen-powered vehicles. One must admit, however, that at the end of 2020 the CNG market share of the Latvian transport system is insignificant. However, it has the potential to experience growth if there is an increase in the number and availability of CNG-powered vehicles and fuelling stations.

## **THE TANGO OF ASTRAVETS**

Ignoring shortcomings and failures in construction, and despite the diplomatic efforts of neighbouring Lithuania, the Belarusian nuclear power plant (Belarusian NPP) was opened in Belarus in the autumn of 2020. It was built near the small Belarusian village of Astravets (therefore, in colloquial terms, it is referred to as the NPP of Astravets), located less than 50 kilometres from Vilnius, the capital of Lithuania. The agreement between Belarus and Russia stipulates that Russia covers 90% of the construction costs of the Belarusian NPP, with the remaining 10% covered by Belarus itself. Under this agreement, Belarus has to start repaying the loan in 2023 and finish repaying it by 2035<sup>29</sup>. Alexander Lukashenko, who has declared himself the winner of the 2020 presidential elections in Belarus and whose election is not recognised by the EU and Western countries, sees this NPP not just as an important energy project for the country's economy, but also as an important element of future Belarusian-Russian national integration. In this context, he has also called on neighbouring Lithuania to be friendly and to seize opportunities for cooperation in the energy sector<sup>30</sup>.

However, Lithuania never intended, and still does not intend, to buy electricity produced by the Belarusian NPP. Lithuania has made diplomatic efforts to ensure that Poland, Latvia and Estonia join the boycott of electricity generated in Astravets, thus ensuring that electricity originating in a project whose usefulness and safety have been under question from the outset does not enter the Baltic and Polish markets. Lithuania has always emphasised the geopolitical nature of the project, noting that the only reason Belarus had to implement it was its potential economic impact on the Lithuanian economy, as well as Russia's intention to create competition with the possible Visaginas nuclear power plant project, which Lithuania had spent years lobbying for<sup>31</sup>.

The Belarusian NPP project has had an interesting impact on relations between the Baltic States: Lithuania's years of efforts to gain stable support from Latvia and Estonia failed for a long time. Estonia has consistently been almost indifferent, with Latvia expressing scepticism towards the need to take active action against it. One could probably explain this approach by an unwillingness to risk damaging economic relations with Belarus, which would endanger the fragile transit flows from Belarus to Latvian ports. Even the transmission system operators for electricity (TSOs) of all three Baltic countries came under the political crossfire, as it had to figure out a way to ensure that electricity produced in Belarus does not enter the Lithuanian, Latvian and Estonian trading area of the Nord Pool power market. In August 2020, the Latvian government decided not to buy electricity produced in Belarus if Belarus started operating its NPP<sup>32</sup>. In negotiations between Baltic TSOs and in coordination with the national energy regulators, it was agreed that Latvia would not close the Russian-Latvian border for the electricity trade. Instead, it would require the certificates of origin for electricity from the Russian TSO, which should theoretically ensure that electricity produced in Belarus does not reach Latvia – and then Estonia and Lithuania – via transit through Russia<sup>33</sup>.

From Latvia's point of view, the most unexpected turn was objections from the Lithuanian national energy regulator to approving a joint agreement on methodology for electricity trade with third countries. Informed sources in Lithuania reported that such actions by Lithuanian stakeholders were linked to the wish to show a strong position to the voters before the general election. As for Latvia, it can be considered to have taken a pragmatic compromise decision, which legally resolves Lithuania's wish for electricity produced in Belarus not to reach the Baltic States. However, this solution has yet to be tested in practice. Since the beginning of NPP operations, electricity trade over the Russian-Latvian border has been modest.

The exercises performed by the three Baltic States – from their differently formulated attitudes towards the design and construction of the NPP itself to the non-inclusion of Belarusian NPP electricity in the Nord Pool trading system – can be referred to as dancing tango between partners that have been put together in one dance group despite their own desires. Hence the sometimes clumsy, sometimes sharp performance.



## MORE ELECTRICITY

Significant progress could also be observed at another facility important for the further development of the sector, namely, the installation of the largest portion of infrastructure for the third 330 kV interconnection between Latvia and Estonia. Over the past year, the tasks envisaged for 2020 were completed, ensuring the completion of the interconnection in 2021, thus enabling Latvian and Estonian transmission system operators to use the energy resources available in both countries more efficiently<sup>34</sup>. This project to improve the transmission system, like the reconstruction of the two already existing overhead lines between the countries, is an important step towards the desynchronisation of the Baltic power system from the one currently shared by Belarus, Russia, Estonia, Latvia and Lithuania (BRELL) in 2025 and the synchronisation of operations with the continental European energy system<sup>35</sup>.

The importance of this interconnection stems from the electricity generation peculiarities of the Baltic States: each country has a different energy portfolio and different options to generate electricity for its own consumption or export. Estonia so far has relied on being self-sufficient and able to export electricity to Latvia and Lithuania by burning shale oil. Now it has to reckon with the impact of climate policies on fuel costs, as a tonne of CO<sub>2</sub> at the end of 2020 no longer costs 6 EUR – instead, the price has gone to 25–30 euros, thus significantly increasing the cost of electricity generation. In the near future, the EU climate policy (stemming from the Paris Climate Agreement) to eradicate polluting fuels in order to prevent and limit climate change could complicate the situation even more.

Estonia plans to further develop the use of wind energy, which means a much bigger role for an enhanced electricity transmission infrastructure in the western part of Estonia, including a stable interconnection of sufficient capacity with neighbouring Latvia. Such a development benefits Latvia as well, as thanks to a well-developed wind energy sector, Estonia – in times that are optimal for the use of wind energy – will be able to export more cheap electricity to Latvia without obstructions, thus potentially reducing electricity prices in the Latvian price area of the Nord Pool exchange. Also, if Latvia in cooperation with Estonia implements offshore wind energy projects during the next 10 years in alignment with the NECP 2030<sup>36</sup>, the role of the third Estonian-Latvian electricity interconnection in the regional energy supply will increase even more. As Lithuania has the most significant electricity deficit among the Baltic States, meaning that it lacks the capacity to generate electric power for its self-consumption, the development of transmission infrastructure in Estonia and Latvia is also critical for Lithuania, especially as Lithuania has refused to buy electricity from Belarus.

## CONCLUSIONS AND RECOMMENDATIONS

None of the events considered above is a result of chance; each of them stems from a long history that has made it necessary to find solutions for specific situations. If these situations were left unresolved, it would complicate not only the energy security of Latvia but of all the Baltic States. The development of infrastructure along with the improvement of market regulations, even if it stems from the need to resolve diplomatic disagreements with neighbours in a positive way, is an important task in order to strengthen the security and safety of the power supply in the future.

It may seem that the European Green Deal could complicate Latvia's situation, as Latvia is certainly not one of the EU member states where energy production is dominated by fossil fuels. However, in the medium- and long-term, the EU climate policy has the potential to cause changes in the mindsets and attitudes of energy users regarding the climate, environment and energy.

The infrastructure projects described above will ensure the improved operation of the energy system in 2021 and show in practice the impact of two factors on the Lithuanian and Latvian electricity supply. The first factor is that Lithuania no longer buys electricity from Belarus, and the second refers to Latvia opening up its border to trade with Russia and having to trust Russia's confirmation of the origin of electricity – namely, trusting that the energy coming to Latvia from Russia has been produced in Russia and not in Belarus.

Conversely, the policies following the European Green Deal will have a *long-lasting* effect on Latvia, as well as on other EU member states, as the climate goals revised at the end of 2020 will not be achievable with the current policies or the current intensity of these policies. In the case of Latvia, this means greater challenges in all sectors of the economy that cause the largest GHG emissions – namely, energy, transport and agriculture. Areas such as the use of land, changes in the use of land, and the forestry sector will also face challenges, as forests serve as an important source of biomass for producing power and heat. However, over the last decade, the structure of the species and the age of trees in Latvia has changed in such a way that forests no longer sequester carbon in sufficient amounts [36] and even risk becoming a source of CO<sub>2</sub> emissions.

### Recommendations

It is not necessary to consider all the issues of the energy sector in the context of foreign policy. However, the horizontal nature of climate policy affecting all other sectors of the economy marks the international dimension of many energy sector issues. Due to the priority status of climate policy, which also follows from the Latvian national energy and climate plan for 2030, everything that is and will be done in the energy sector is expected to have an impact that will not only change the situation in Latvia, but will also

extend beyond Latvia's borders. Such an impact will result from both the development of energy production, transmission and distribution infrastructure and the improvement of the regulatory environment. In this light, when almost everything has cross-border implications as well, it is advisable for policy makers to take into account a number of recommendations.

Firstly, one should consider decisions regarding the development of energy production infrastructure both in the national and regional context, especially taking into account the development of the electricity transmission network in the Baltic States and even in the entire Baltic Sea region. A secure provision of electricity can be achieved not only by installing new electricity production capacities, but also by making optimal use of the region's unified transmission network allowing large-scale transfers of electricity between the countries of the region. The current interconnections between the Baltic States, as well as the interconnections with the Scandinavian countries and Poland already provide an opportunity to benefit from the advantages of a single regional electricity market in terms of both physical provisions with electricity and financial aspects. It provides a good basis for countries to set ambitious national targets for the further development of renewable energy and dispersed electricity generation in their decisions on the development of energy production capacities.

Secondly, when assessing the improved energy security resulting from the development of the electricity transmission system supported by the Baltic energy market interconnection plan, one should bear in mind that the development of the transmission network must increasingly be seen in an international context. It refers to both the regional context and the context of the development of electricity infrastructure and market throughout the European Union. Transmission system operators make development plans for a ten-year span, and an active planning for the development of offshore transmission networks is currently underway in the North Sea, the Mediterranean and the Baltic Sea. When listening to plans of transmission system operators, policy makers must listen carefully and consider the development of infrastructure and its future benefits from a strategically forward-looking point of view. It means that they must not put any political and financial obstacles to an even wider regional co-operation towards establishing electricity interconnections between countries in the region, as they are directly linked to the energy security of Latvia.

Thirdly, if climate goals are given priority in the European Union, such an approach must be adopted at the national level as well, being aware that today's investments in a climate-neutral economy will pay off in a not too distant future in the form of international competitiveness. Latvia's decision makers must be brave enough not to stand against the wider use of renewable energy and technologies. There is also a very rational justification for this approach: a tonne of carbon dioxide will cost more and more in the future. Those economies that will not have accepted the challenges presented by the European Green Deal to ensure the priority of energy efficiency, to

develop the technologies of renewable energy and to shift to a environment-friendly system of transport energy will risk to pay more for their indecisiveness in the future than they would have if they immediately invested to go in one step with time and technologies in their thinking and actions.

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# PUBLIC DIPLOMACY: ON THE WAY TO A VIRTUAL ENVIRONMENT

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**Silvestrs Savickis**

Co-owner of the public relations company “LEAD”

In September 1814, the city was in a state of unprecedented turmoil. Vienna, whose parks had adorned themselves with the heralds of autumn in the form of slightly yellow leaves, was preparing to receive more than 200 foreign diplomats who were planning to gather at the Congress of Vienna. There were also crowds of private assistants, chiefs of staff, journalists and intellectuals accompanying them, thus increasing the city's population by more than a third.

However, this was all only a backdrop for the main event – the arrival of the rulers of the newly formed coalition in Vienna, in all their grandeur. Austrian Emperor Francis II was about to receive Tsar Alexander I of Russia, King Frederick William III of Prussia, King Frederick VI of Denmark and other nobles at his Hofburg Palace, and he needed at least 300 carriages with 1,400 horses for their entertainment and banquets. A series of social events within the congress presented the diplomats with enough time to develop and refine their negotiating tactics. Those activities included luxurious banquets, a masquerade ball, traditional jousting tournaments with knights, as well as a performance of the Seventh Symphony conducted by its author Ludwig van Beethoven<sup>1</sup>. The Congress of Vienna has had an invaluable influence on the political future of Europe and left its mark on the standards of 19th century public diplomacy, which, one has to admit, were widely adopted and replicated for at least the next two centuries.

In theory, public diplomacy is a tool for generating influence, and it envisages a three-stage influence-generation process. Firstly, it assumes the existence of some groups of influential individuals or elites that public diplomacy actors – ministries of foreign affairs, diplomats, etc. – should address. Secondly, the aim of public diplomacy activities is to influence the views, perceptions and behaviours of these elite groups. Finally, it is expected that those target groups would influence government policies<sup>2</sup>. In other words, the task of public diplomacy is to create a positive image of a country by positioning it in a certain way, by speaking about it and providing information, as well as by highlighting the country's advantages and attractiveness to various audiences in various countries. Hence, one of the main goals of this task is to indirectly influence

the policymaking of other governments in a direction that is favourable to the respective country.

How did Latvian public diplomacy develop in 2020? What were the events by which people will remember the activities of diplomats? What messages were conveyed through these events? In this paper, the author is going to try to summarise and outline scenarios for public diplomacy events in 2021.

## **TO BECOME A PART OF FOREIGN POLICY PRIORITIES**

“The past year has marked a fundamental change in foreign policy priorities in terms of defining Latvia’s image and outlining relevant public diplomacy priorities”<sup>3</sup>, says Vita Timermane-Moora, a diplomat and former head of the Latvian Institute (until 31 July 2020).

Its growing presence in legislative processes confirms this as well. There is an assumption that policy priorities are set out in policy documents or speeches delivered by politicians. Until two years ago, almost no politician, including Foreign Minister Edgars Rinkēvičs himself, mentioned public diplomacy or the image of Latvia in traditional foreign policy debates in Saeima. Thus, they were making it clear to audiences that these topics were not and would not become a part of the working agenda of foreign and other services for at least a year. However, 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 2019*<sup>4</sup> indicated a different picture at the end of 2019. This report traditionally touches on the achievements of the current year, as well as outlines the priorities for the next one – in this case, 2020.

In order to concisely summarise the *status quo* of foreign policy priorities at the turn of the year, the authors of the report formulated them as follows: “The overarching goal of Latvia’s foreign policy is to ensure the irreversibility of the independence of Latvia, promoting its security and strengthening the values enshrined in the Satversme (the Constitution)”. The main directions of implementation are the ones that can already be considered traditional – Latvia’s activities in the EU and the OECD, bilateral relations, regional security, etc.

However, in comparison with previous years, this report brings a pleasant novelty in the form of the “Involvement of Civil society and public diplomacy” section. This section demonstrates the importance of public diplomacy in foreign policy implementation. The report states the following: “As part of public diplomacy, the Ministry of Foreign Affairs has implemented a series of activities aimed at the involvement of the general public in explaining, discussing and presenting foreign policy and related topics. There is a

continuous dialogue with various groups of society – associations, non-governmental organisations, foreign policy and security policy research centres, the academic environment and a broad range of experts”.

The report indicates that the Riga Conference is one of the most important public diplomacy activities and events, and it is undoubtedly an excellent tool for direct and immediate dialogue with foreign politicians, diplomats, military personnel, researchers and officials, whose annual presence can be ensured by the conference organisers. Significant appreciation has been given to the activities of the Latvian Institute of International Affairs – including its discussions, seminars, research and publications – and this Latvian Foreign and Security Policy Yearbook obviously counts as one of them.

As for the organising of events, the authors of the report also point out the cooperation between the Ministry of Foreign Affairs, the Representation of the European Commission and the Liaison Office of the European Parliament, as well as consultations with a number of non-governmental organisations such as the Employers’ Confederation of Latvia, the Latvian Association of Local and Regional Governments, the European Movement in Latvia, etc. These are events of public diplomacy, which one could regard as a form of so-called “inner communication”. The events create a dialogue with the local society while focusing less on foreign target audiences.

In turn, the public diplomacy programme for the Centenary of the Republic of Latvia, which lasts for five years, namely from 2017 to 2021, is to be considered one of the most significant support tools of public diplomacy with regards to financial aspects. The report states the following: “Latvian diplomatic and consular missions, the *Investment and Development Agency of Latvia*, Latvian honorary consuls and diaspora organisations abroad are involved in the implementation of the centenary programme. The centenary public diplomacy programme increases attention of our partners with regard to Latvia’s achievements and promotes further cooperation in economy, security, culture and education”.

As usual, the report presented the image and public diplomacy of the state through the prism of the development cooperation policy. The report states the following: “In 2019, we marked 15 years since Latvia, as a European Union Member State, has been providing assistance to developing countries. It is a vital and practical foreign policy instrument by which Latvia supports positive change and development in partner countries, and an essential means for achieving global security and addressing the causes of migration at their roots through strengthening democracy and local economies, in partner countries, and in the Eastern Partnership countries and Central Asia in particular” (emphasis added). At the same time, it outlines the following perspective: “The year 2020 will be a crucial year in the formulation of Latvia’s development cooperation policy guidelines for the future. This will be an opportunity to highlight Latvia’s priority partner countries and the scope of involvement to



reinforce development cooperation as part of foreign policy and to facilitate the fulfilment of Latvia's international commitments. Development cooperation tools will be used to ensure Latvia's engagement and visibility outside its traditional regions for engagement". According to the Development Cooperation Policy Plan for 2020, the amount allocated in the budget of the Ministry of Foreign Affairs was almost half a million euros (463,813 EUR, to be exact), which is equal to the amount in the previous four years<sup>5</sup>.

In turn, the section on the Eastern Partnership of the European Neighbourhood Policy confirms that the Eastern Partnership is one of the foreign policy priorities for 2020 and outlines the main directions of its activities. Accordingly, last year's intention was to support Ukraine in implementing reforms, improving its economic and legal environment, and providing medical and humanitarian assistance, as well as to promote the euro-integration processes in Moldova and Georgia by providing support and advising specialists in various fields. As for the countries of the South Caucasus, Latvia's Eastern Partnership programme intended to provide support to and share its experience with Azerbaijan and Armenia in order for them to carry out internal reforms and promote the euro-integration processes.

The second point of reference when analysing foreign policy priorities is the Foreign Policy Debate in Saeima, which traditionally takes place less than a month after the publication of the previously discussed foreign policy report and is closer to the annual celebrations of the *de iure* recognition of Latvia on January 26. Although the introduction by Foreign Minister Rinkēvičs, in which he usually quotes classics of Latvian literature, was not optimistic – as with predictions about the forthcoming plague of COVID-19, one could hear about the growing need for managing the positive image of the state in the speeches of parliamentarians. As the minister put it: "And the whole wide world / Is one big, heavy teardrop". These lines by the Latvian poet Jānis Poruks aptly illustrate the current international situation".

If the foreign minister in his speech focused the elements of public diplomacy mainly on activities regarding the Eastern Partnership, thus forming a logical connection with the foreign policy report, then, unlike in previous years, other MPs highlighted other aspects of building the country image as well. Hence, Artis Pabriks, the Minister of Defence (Development/For! (AP!)), noted how important the allocation of 2% of GDP to national defence is to public diplomacy, saying: "We are one of those countries that are invited to the so-called two percent lunch". In turn, a colleague from his faction Inese Voika (AP!) also outlined some practical suggestions: "... for the first time, Latvia had a representative in the UN Youth League... The first practical thing, Mr. Minister, could be a youth working group dedicated to the development of Latvia's image strategy for the social media platform *TikTok*". In turn, opposition member Viktors Valainis (the Union of Greens and Farmers (ZZS)) said the following words on behalf of his faction: "I would also like to thank all the Latvian

people from the cultural and sports domains, who have allowed each of us to be proud of Latvia with their individual successes”. Thus, he emphasised the importance of sports diplomacy in foreign policy. For her part, the MP and member of the Presidium of the Saeima Marija Golubeva (AP!) was in tune with the foreign policy report and suggested to triple the funds allocated to the Eastern Partnership in the national budget.

Moreover, the Chair of the Foreign Affairs Committee of the Saeima, Rihards Kols (the National Alliance (NA)), has set a clear vector for the institution headed by Edgars Rinkēvičs. As he put it: “The Ministry of Foreign Affairs, as the ministry carrying Latvia’s image in the world, must take on the role of a flagship in the development of this policy, with the ministries and the Cabinet of Ministers defining the goals and results that need to be achieved in the relevant sectors”<sup>6</sup>.

## **CHANGES IN THE MANAGEMENT OF LATVIA’S IMAGE**

Over the past year, the national image-building mechanism has seen a number of structural changes that potentially shift the balance of power in terms of the supply of ammunition for public diplomacy.

In the summer of 2014, a coordinating institution was established under the Cabinet of Ministers in order to work on the country’s external image. The newly established Council on Policy Coordination for the External Image of Latvia (*Latvijas ārējā tēla politikas koordinācijas padome*) included a number of ministers and representatives of the State Chancellery, the Latvian Institute, the Investment and Development Agency of Latvia (LIAA), the Riga Tourism Development Bureau (RTAB), the Latvian Association of Local Governments (LPS), the Latvian Chamber of Commerce and Industry (LTRK) and the Latvian Employers Confederation (LDDK)<sup>7</sup>. To tell the truth, this Council did not excel for being very active – there were only two (!) meetings in more than five years. Following the results of the 13th Saeima elections, the Declaration<sup>8</sup> of the Cabinet of Ministers formed and led by the Prime Minister Krišjānis Kariņš, as well as the Action Plan<sup>9</sup> based on this declaration, introduced some positive adjustments. Point 45.1 of the declaration states: “We will achieve a single and positive image of Latvia as a place for exporting companies”. A few months after the approval of the Action Plan, the Council on Policy Coordination for the External Image of Latvia convened for its third meeting, and by October 2020, two more meetings had taken place. In retrospect, one must conclude that work on the country’s image, and thus resources for public diplomacy, had gained a new breath.

Of the most important decisions taken by the council, there are two worth mentioning. The first established five discussions under the leadership of LIAA, with

116 participating experts from various different fields. The aim of these discussions was to decide on a proposal for the country's image values. The framework of discussions included sectors under the supervision of LIAA – the promotion of exports, the attraction of investments, and tourism. The second decision was to appoint LIAA as the main institution responsible for coordinating work on the country's image (the national brand). In addition, it officially ended the formal, albeit greatly debated, dominance in the field of another state institution, namely, the Latvian Institute, which operates under the supervision of the Ministry of Foreign Affairs. This decision was confirmed during the government meeting on 29 September, where the government approved the Informative Report on the Development of a Single Country Image prepared by the Ministry of Economics.

Through this, the work of the expert group expanded to include Latvian foreign policy, culture, historical memory, sports and other aspects related to the country's image. LIAA intends to develop the marketing plan until the end of 2020 and to launch activities for the implementation of the image in January 2021 by promoting the values defined in the image strategy. LIAA experts have calculated that the successful fulfilment of the planned activities will improve the overall economic performance of the country. It expects that investing 4 million EUR in the campaign for building the national brand will bring 128 million EUR in investments in addition to the current investment plan and create 4,500 new jobs over the next three years<sup>10</sup>. We will see soon enough whether these expectations prove to be true.

## **DIRECTION: DIGITALISATION**

We live in a time when it is difficult to predict whether projects will become a reality, either indoors or outdoors, and the only seemingly safe environment is the internet. The virtual environment is one in which nothing stops and everything continues – in culture, art, sports, and education. Virtual events may not be as engaging and exciting as they are in person. However, it is gradually becoming more acceptable – as in these circumstances, there are no choices. I wrote this article in October 2020, so perhaps (as I would like to hope) by the time this book comes out, everything (or at least something) will have changed: namely, perhaps events and activities will return to normalcy. Still, if we look at the situation “through the window”, all that remains is to talk about public diplomacy events in the virtual environment.

The arrival of COVID-19 only confirmed and promoted the development vector of all possible sectors – including economic, political, as well as diplomatic – in the direction of digitisation. At the end of 2019, the previously mentioned foreign policy report marked the year 2020 – which was at the time the year still to come – as an important

playing field for digital cooperation. During the year, OECD experts worked on a review of Latvia's digital transformation and an analysis of the causes of shortcomings it identified. The review is due to come out at the same time as this Foreign and Security Policy Yearbook, in January 2021.

Moreover, the foreign policy report uses the concept of "digital diplomacy" for the first time. As the authors of the report put it: "The Latvian Foreign Service appreciates the opportunities offered by modern technologies and the challenges they present also in digital diplomacy. Parallel to the existing traditional diplomatic channels, the Ministry of Foreign Affairs is increasingly often using social networks to spread its strategic messages. Latvian diplomats are active participants in online platforms to inform the general public in Latvia about the country's foreign policy priorities in pursuit of specific objectives in politics, economy and culture as well as in countering disinformation".

Regarding the calendar of centenary public diplomacy events maintained by the Ministry of Foreign Affairs, the pace of events has been at a standstill since March 2020 with the official outset of the COVID-19 pandemic<sup>11</sup>. Consequently, it is not possible to go to one place to obtain concise information on public diplomacy activities and events that are or were planned. Perhaps, though, this is not that necessary, as the COVID-19 pandemic has not only changed the traditional methods of long-term planning (at least for activities taking place in real environments or face-to-face), but also made our lives much more flexible by improving our ability to make decisions and organise ourselves for various events faster. Therefore, in terms of perspective, this time lets us focus on form instead of content.

## **PUBLIC DIPLOMACY IN A DIGITAL ENVIRONMENT**

As for public diplomacy, its manifestations in the digital environment are nothing new. If we assume that one of the most relevant – and often most effective – manifestations in the context of the digital environment is being active in the most popular social media networks, then it is important to note that Latvian state institutions have considerable experience in this field. If we look at public diplomacy, the various branches of the Latvian Foreign Service, namely, the Ministry of Foreign Affairs and diplomatic missions, each have at least one account in one of the social media networks, and most often, this network is *Facebook*. Thus, for example, in 2020, the official *Facebook* account of the Ministry of Foreign Affairs of Latvia in English not only actively reports on its daily work – including ministerial visits, meetings with representatives of other countries and other official events – but also makes a significant contribution to events with public diplomacy potential.<sup>12</sup>

Thus, for example, a significant portion of the content of the account consists of a retrospective look at the history of Latvia, its statehood, and events relevant to the topic of national independence. Undoubtedly, these subjects form a part of public diplomacy. Last August, the ministry created a *Facebook* post dedicated to the centenary of the Latvian-Russian peace agreement. A short film consisting of documentary shots accompanies this post, and it presents this historically significant event in an easily accessible way, thus creating a responsiveness from diverse audiences relevant to the public diplomacy goals.

Moreover, the ministry emphasises the topic of European unity and solidarity, for example, by posting a video where representatives accredited in Minsk representing the embassies of the European Union, Switzerland, Japan, the United States and the United Kingdom were calling on the Lukashenko regime to end violence on the streets of Minsk. This video message was released on 2 October, the UN International Day of Non-Violence.

The Latvian Embassy in Washington has published a post on its official account where the popular musician *Joji* is performing a song while wearing a Latvian national basketball team uniform with jersey number 6, which belongs to the outstanding Latvian and NBA basketball player Kristaps Porziņģis. With this recording, the embassy reminds its followers that Latvia is a basketball superpower and the homeland of outstanding basketball players. This particular video has had more than five million views on another social networking site, *YouTube*<sup>13</sup>, and therefore the contribution of this video is significant for the goals of public diplomacy.

## **DEFINING THE POTENTIAL OF THE NATIONAL IMAGE AND PUBLIC DIPLOMACY**

An examination and analysis of the issues discussed in the working groups on the strategy led by LIAA of building a unified image of Latvia has shown that the results of the working groups cannot yet be called guidelines, as their work is still ongoing. At the time this analysis was conducted, the experts were working on a menu of topics that would allow them to create a unified Latvian national brand story and attract foreign interest, investments and talents more successfully, as well as to bring forward potential themes for Latvia's national story, as well as the most striking characters and examples of that story.

The experts in their discussions have come up with three directions (or focal points), as well as messages that can be defined in the framework of these. The first direction is “the environment”, and its motto is “Connectors of different worlds”, which the developers describe as follows: “Latvia is a connector that helps the right people to come together

in order to create new and unexpected combinations. We are between the East and the West. We are between the sea and the woods, between ancient traditions and the latest technologies. This has made us learn to find ways to connect the incompatible. Latvia is also compact, and anyone can be reached at our fingertips, which allows us to quickly find the necessary partners to fulfil an idea". The creative English equivalent, which would obviously play the decisive role, is "Connecting worlds apart".

The second direction is "the mode of thinking", with the slogan "Ready for new challenges" and the following description: "It is the Latvian nature to create and surprise the world with their ideas, skills and great working abilities. History has taught us to be creative and overcome hardships, making us able to adapt and accomplish complex tasks quickly, creatively and according to global standards. By combining people's knowledge and skills with the possibilities presented by technologies, as well as the environment, we become problem solvers of the highest level". The creative English equivalent is "Ready for any challenges".

Finally, the third direction proposed for the unified Latvian brand is "the goal", with the slogan "Natural playground" and the following description: "Latvia offers the opportunity to create or test ideas in safe and environmentally friendly conditions. We focus on the environment, which can be adapted to the widest range of needs. We have four seasons. The high level of technological development allows us to be anywhere, but still be provided with 4G internet. An integral part of the environment is our people, who are able to solve problems of different natures and complexity with creative approaches. All of this allows us to create, test and develop the most unusual solutions, ideas or dreams." The creative English equivalent would be "Natural playground".

From the viewpoint of the actual implementers of public diplomacy, a "national strategy on a single image of Latvia" would be a valuable tool that would serve as a kind of a road map for both planning face-to-face activities and events (if those were possible) and thinking about broadcasting these events via the digital environment.

However, it is one task to define the features of a country's image, while it is quite another to develop practical guidelines for their implementation. Thus, for example, when investing in the development of a national image through social media networks, diplomats would need clear guidelines on what types of posts to make. Moreover, they would need guidelines on what tools and to use and at what intensity – for example, on platforms such as *Facebook* or *Instagram* – so that their content would be in line with the strategy behind the newly created national image. The social media network accounts should be designed in a way that makes visitors get exactly the feelings that the creators of the national image strategy would like them to have. In Latvia's case – as a connector of worlds apart – this is an image of a place where people are ready for any challenge and where they can fulfil their most unusual ideas safely and in a natural environment.

At the same time, it would be good if the planners of public diplomacy resources – ministries, state and municipal institutions, cultural institutions, etc. – organised, for example, their face-to-face or virtual cultural and artistic events through the prism of one of the directions defined in the national image strategy. Moreover, in doing that, they should keep in mind the overall goal of the national image strategy: to create the story of the national brand and to attract foreign interest, investments and talents more successfully. This goal should serve as a beacon at the end of the road.

## **STEP BY STEP**

Undoubtedly, some of the most important actors in shaping the national image with the tools of public diplomacy are Latvian diplomats – ambassadors and the employees of diplomatic missions. The need for an active presence in today’s digital world and society is going to remain, whether the pandemic continues to constrain us or not, thus opening the curtain to new developments and public diplomacy events.

Therefore, it is crucial for diplomats to understand the laws and algorithms of the digital world, because only in this way can we be successful and unified carriers of the national image. Accordingly, the Ministry of Foreign Affairs should already be focussing on three dimensions today.

Firstly, it needs to provide investments for mastering the vast fields of the digital world. This means organising regular trainings for diplomats on the novelties and technological opportunities of the digital environment. The digital environment is highly dynamic, and an inability to keep up with it threatens to reduce competitiveness, including the capacity to fight in the playgrounds of public diplomacy. This training is necessary for all diplomats, not only for those employees whose job responsibilities include operating social media networks for the ministry or embassies. And most of all, the ambassadors, given the authority and reputation stemming from their position, are also very important image-creators in the digital environment. Other foreign diplomats, government officials and politicians, who are among the main target audiences of public diplomacy, follow the ambassadors on social networks and read their posts.

In order to facilitate this task, both the Ministry of Foreign Affairs and the embassies may need to recruit so-called *digital natives* – most often these are members of a younger generation, for whom working in the digital environment and social media networks is “an innate skill”. Synergy between them and experienced diplomats would greatly improve the chances of being more effective in digital competition. Moreover, the foreign services of various other countries already practice this approach.

Secondly, it needs to learn to listen to the digital environment. In the world of today, public diplomacy has long since ceased to be a one-way communication of information and messages, but it is rather a two-way communication, where listening is the first and often most important element. Listening means following representatives of the target audience on social media networks, analysing their posts and in so doing trying to understand the current issues, challenges and expectations of their agenda. Just like in “real life”, this is not an easy task, as people in the digital world have much higher coverage, and therefore it is more difficult, but at the same time more efficient. Therefore, technologies designed to reduce the problem of TMI (too much information) can be of help here. Technology extends the limits of human cognitive perception. There are various paid tools and platforms, which analyse the behaviour of target audiences online according to defined criteria, and thus they are an indispensable tool for the fulfilment of the task of “listening”.

Thirdly, it needs to learn to communicate in the digital environment. The task of public diplomacy is to create a positive national image, and there are three tools that serve this purpose in the digital environment – a word, a static image, and a moving image or video. Certainly, the contents and the messages are crucial, as is the struggle for attention, which is the main challenge of the modern world – people will notice interesting content. In turn, traditional and flat content will most likely land in digital archives.

However, attractive content alone will not suffice. Social networking algorithms demand creating a dialogue with one’s target audiences. This is also called “dialogic engagement”<sup>14</sup>. In practice, this means not only creating one’s own posts, but also sharing ones published by followers (representatives of target audiences). Moreover, it means commenting on them and adding emoticons to their posts. Otherwise, there is a risk that the social networking algorithm will make one’s own posts go unnoticed by the target audiences and other followers.

Still, even the latter exercise is not the decisive one in the digital playgrounds of public diplomacy. The actors must be able to create an agenda and a narrative through their actions on social media networks. The creation of an agenda, in general terms, is about giving importance to the topics, issues or problems of the public agenda that have traditionally belonged to the media – newspapers, radio and TV, and now also news portals on the internet<sup>15</sup>. In the digital age, the ability to create an agenda is available for any individual or organisation, including the Ministry of Foreign Affairs and embassies. They can try to create an agenda favourable to them (the country) by using social networking platforms and talking to the digital society. Furthermore, they can reach this goal by highlighting, promoting, participating in, and re-inciting discussions and conversations; by creating posts about topics that shed a positive light on the country, such as the economy or culture, while also softening discussions on topics that are not desirable to the state in the context of the



public diplomacy, such as internal political disagreements or contradictory foreign policy initiatives.

In turn, the creation of a narrative is a way of presenting or understanding a situation or series of events that reflects and promotes a particular point of view or set of values<sup>16</sup>. Diplomatic institutions use a narrative approach that enables the digital public to understand world events through the specific prism that is fostered through this narrative approach. The narrative is used to show how different world events are related to each other, how different diplomatic and political actors influence each other, and how the country's numerous diplomatic initiatives are formed and become an independent part of the country's foreign policy<sup>17</sup>.

The narrative is used to demonstrate how various world events relate to one another, how different actors influence each other, and how a nation's numerous diplomatic initiatives all come to form a coherent foreign policy.

Finally, let us turn once more to the Congress of Vienna in 1814. Undoubtedly, it would have been very interesting and valuable if there were a live broadcast of the congress on *Facebook*, or the publication of fragments on *Instagram IGTV* and *TikTok*. While at that time something like that were unimaginable even in the fantasies of court jesters and public entertainers, today failing to include these would not be possible. The opportunities presented by the digital world and technology not only create favourable conditions for message delivery, but even oblige public diplomacy events and the messages they generate to be delivered to the widest target audiences. This is especially true at a time when the possibilities for face-to-face real events are limited.

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# REINVIGORATING THE TRANSATLANTIC ALLIANCE: THE ROLE OF THE BALTIC STATES

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**Daniel S. Hamilton**

Professor at Johns Hopkins University  
and Woodrow Wilson International Center |  
Austrian Marshall Plan Foundation Distinguished Fellow

Although small in size, Latvia and its Baltic neighbours stand tall in the transatlantic relationship as partners and allies who uphold our shared values of freedom, human rights and the rule of law, democracy, and market economies. Each country's principles, its success in building a strong and resilient democracy and free markets, and its determination to support democratic development throughout Europe and beyond, make it a valued ally in NATO. Baltic voices are also important in European councils when Europeans debate whether they want an outward-looking, Atlanticist Europe that can be America's counterpart on a range of regional and global challenges, or an inward-looking Europe that seeks to protect itself from outside challenges and attempts to pose as America's counterweight. The Baltic democracies continue to showcase the best of a Europe that could be truly whole, free and at peace. They and their diasporas remain vigilant and vocal opponents of authoritarian states such as China and Russia.

The role of the Baltic States will again loom large as the Biden administration seeks to reinvigorate the transatlantic alliance. Joe Biden has emphasised that "Europe is the cornerstone of our engagement with the world" and "our catalyst for global cooperation." As president, Biden's first instinct will be to turn to Europe as America's indispensable partner of first resort when it comes to addressing international challenges. He is a passionate transatlanticist.

Nonetheless, perhaps the greatest danger to a vital transatlantic bond will be Europe's temptation to believe that the relationship can go back to "business as usual." That would be a mistake. The Biden administration will not want to restore the transatlantic partnership; it will want to reinvent it. It will want to position each side of the Atlantic for a world of severe health, economic, and climate challenges, more diffuse power, dizzying technological changes, greater insecurities, and intensified global competition. A reinvigorated transatlantic partnership will demand more, not less, of Europe. Latvia

and its Baltic neighbours can play an important role in rousing Europe to reenergise the transatlantic bond. They can do so in five key areas.

Our first and main task will be to defeat COVID-19 and engineer an economic recovery. While these twin challenges are primarily domestic in nature, the United States and Europe can work more effectively together to ensure the equitable, widespread distribution of vaccines, to reduce or eliminate any economic or bureaucratic hurdles to efficient trade in medicines and medical equipment, and to create economic pathways out of the recession. An early step might be a Transatlantic Recovery Initiative that galvanises US and European efforts to generate jobs and growth, and to get the transatlantic economy back on track.

A second important task will be to position the NATO Alliance for the future. North America's security commitment to Estonia, Latvia, and Lithuania enjoys broad support. NATO's enhanced Forward Presence, decided during the Obama–Biden administration at the 2016 Wales NATO Summit, now provides a battalion-sized level of troops on the ground, led in Poland by the United States, in Latvia by Canada, in Estonia by the UK, and in Lithuania by Germany. They are supplemented by NATO Centers of Excellence for Strategic Communications in Latvia, Cyber Security in Estonia, and Energy Security in Lithuania. However, Donald Trump's cosiness with Vladimir Putin and his inability to clearly affirm US commitment to Article 5 of the North Atlantic Treaty – NATO's mutual defence clause – caused great concerns among the Baltic States. The three governments kept their concerns quiet, preferring to use public statements to acknowledge US contributions to NATO's forward defence. Nonetheless, they were deeply anxious.

With a new US administration led by a president who has called NATO a "sacred duty", allies have an opportunity to generate new unity after four years of mutual doubt. They have a chance to update NATO's tasks and tools within a narrative that explains why the Alliance is as relevant for our future as it has been in our past.

Whenever NATO allies have faced critical junctures in the past, they have sought a new consensus on the changing strategic environment and how to address it together by crafting a guidance document that is called the Alliance's "Strategic Concept". NATO's current Strategic Concept, its sixth over the past 60 years, was adopted in 2010. It is woefully out of date. A Strategic Concept review could usefully prod allies to reinvent NATO as an Alliance continuously adapting to future threats. It could also be a means to engage a new generation of citizens and leaders who do not view the Alliance through the twin lenses of the Cold War or the "endless war" in Afghanistan. They want to know why NATO is relevant for the future, not why it was important in the past. They deserve an answer.

Given current fissures, Alliance cohesion must be the central strategic underpinning of a new Strategic Concept. NATO must shore up its foundation as an effective defensive alliance of nations bound by common values. Reaffirming our common commitment

to this foundational purpose as the basis upon which NATO must conduct its activities will be the most important element of a new Strategic Concept. The Baltic States, as exemplars of freedom, will be important participants in this debate.

With this foundational affirmation in place, NATO will be well-positioned to update its three existing core tasks – collective defence, crisis management, and cooperative security – and take on a new fourth core task: building comprehensive resilience to disruptive threats to our societies. Advancing the Alliance’s ability to deter and defend doesn’t just depend on conventional measures of defence; it means prioritising ways to deal with unconventional conflicts such as cyberattacks, energy intimidation, election interference, and disinformation campaigns. The Alliance must be able to perform each of these core tasks by incorporating military tools into a broader array of diplomatic, political and economic instruments.

A new Strategic Concept that gives attention to a diverse range of external dangers, including the need to address resilience and human security needs, could offer NATO a way to re-tune its long-standing burden-sharing debate to new circumstances, including by adding resilience expenditures to calculations regarding how much each ally contributes to Alliance efforts.

Unlike Trump, Biden won’t be Putin’s chum. But he is likely to want to extend New START and engage with Moscow on arms control and other initiatives that can lower risks and avoid accidents and miscalculations that could lead inadvertently to conflict. Europe needs to be prepared with ideas and contributions.

Third, it is time to create a US–EU strategic partnership that is worthy of the name. Trump called the EU a “foe” and “worse than China, just smaller”. Biden, in contrast, has supported European integration. An effective US–EU relationship would provide a strong second anchor to NATO. It would provide a strong foundation for joint or complementary efforts to tackle climate change and a green energy transition, head off digital conflicts, stop Iran’s efforts to acquire nuclear weapons, reset the course of US and European policy with regards to the Arab-Israeli conflict, and address China’s rise. It would offer Americans and Europeans a frame to devise a new model of globalisation, one geared less to market efficiencies and more to enhancing societal resilience and well-being. The United States and the EU need to consider together how some international institutions, such as the World Trade Organisation, need to be recast. Others will need new authorities – for instance, the World Health Organisation, which needs to be able to gather and disseminate real-time information and investigate when states are being deceptive when it comes to health security. And other institutions will need to be created – for instance, a global disease surveillance and rapid response system similar in concept to our global weather forecasting capabilities. New mechanisms could be devised to tackle climate change, the proliferation of agents of mass destruction, and challenges emanating from the digital, biological, and quantum computing revolutions. The old system of state-centric multilateralism will not do. A new multilateralism is needed – one

that is more inclusive, more networked, more flexible, and more agile. Success or failure will turn on the relative effectiveness of the US–EU partnership. Some EU member states have been ambivalent about a deeper partnership with the United States. The Baltic States will be important proponents for a more outward-looking, Atlanticist EU.

Fourth, it is time to undo a lingering legacy of Soviet occupation that continues to restrain the potential and undercut the security of US allies in Central, Eastern and Southern Europe: the dearth of cross-border infrastructure across the region. EU enlargement to these countries over past decades has done little to remedy the situation. As a result, 30 years after the end of the Cold War, Central and Eastern European countries operate too much like a set of islands with limited energy, transportation or digital connectivity.

The Three Seas Initiative (3SI) offers one mechanism for transatlantic efforts to address these gaps. Most infrastructure links in the region run east-west; the 3SI seeks to strengthen north-south connections. It offers a means to enhance the security, prosperity and resilience of the region, which is the European front line against Russian intimidation and the European beachhead for China's efforts to establish greater influence on the continent.

The 3SI brings together 12 EU member states between the Adriatic Sea, the Baltic Sea and the Black Sea: Austria, Bulgaria, Estonia, Croatia, Lithuania, Latvia, Poland, Romania, Slovakia, Slovenia, the Czech Republic and Hungary. All but Austria are also members of NATO. The United States and Germany are partner countries of the 3SI; the European Commission has been supportive despite early hesitation.

The 3SI was supported by both the Obama-Biden and Trump-Pence administrations. It enjoys bipartisan support in the US Congress. That support for the 3SI is rooted in the US's interest in strong, prosperous and resilient allies along NATO's eastern edge. NATO has adopted multiple measures to secure its eastern flank, including new military deployments. But without improving both civil and military mobility – i.e., by building high-quality roads, railways, bridges, airports, pipelines, and fibre optic links – the eastern frontiers will be very difficult to defend. The EU will provide the heavy lifting in terms of infrastructure funding, and the United States can leverage that funding through political engagement and strategic investments. In this way, the 3SI offers opportunities to integrate additional countries into the European mainstream and advance longstanding US interest in a Europe that is whole and free. It could bolster US LNG exports to Europe; the US has emerged as Europe's third largest supplier of LNG, with a 12% share of EU LNG imports in 2019. Just having US LNG available to Europe is enough to put pressure on Russian gas prices. Finally, an active US role is important to reassure NATO and EU partners, some of whom harbour residual suspicions of each other's motives.

The 3SI's energy dimension offers the United States and its European partners ample opportunities to align their strategies on energy connectivity and strategic infrastructure investment, to increase the diversification of supply and mitigate the impact of Nord

Stream 2 and TurkStream, to develop competitive and transparent energy markets, to address the energy-corruption nexus still prevalent in the region, and to cooperate on clean energy innovation. Consideration should be given to including Ukraine and non-EU/non-NATO states in the Western Balkans.

Fifth, the United States and its allies and partners must again engage on challenges to security in the grey zone that has emerged in Eastern Europe, before things get worse and Europe itself faces more serious risks of instability. Europe's eastern lands beyond the EU and NATO are less secure and less at peace than they were a decade ago. They are challenged as much by their own internal weaknesses as by Russian aggression. Their instabilities have mixed with Moscow's revisionism to form a combustible brew.

Russian troops are now in all six of the EU's Eastern Partnership countries. Tensions over Crimea and eastern Ukraine, Transnistria, Nagorno-Karabakh, and Abkhazia and South Ossetia, which some euphemistically label as "frozen" or protracted conflicts, are in reality festering wounds that absorb energy and drain resources from countries that are already weak and poor. They inhibit the process of state-building as well as the development of democratic societies. They offer fertile ground for corruption, organised crime, trafficking, and terrorism. They foster the proliferation of arms and a climate of intimidation. They are a major source of instability within these countries and the broader region. These conflicts severely undermine future prospects for these countries, while giving Moscow major instruments for leverage on domestic policy and openings to question the sovereignty of these states.

An immediate challenge is the crisis in Belarus. The fraudulent August 2020 election there, which has been followed by dramatic popular protests, has challenged strongman Alexander Lukashenko's decades-long rule. The Baltic States, together with their European neighbours and the United States, have a strong interest in a peaceful transition of power in Belarus to a government chosen in democratic elections that enables better ties with its neighbours, the acceptance of European human rights norms, and sovereign independence from Russia, and that stops being a conduit for corruption, smuggling, drugs, and other negative flows. The Baltic States have helped their Western partners focus on the stakes and understand better the dynamics in Belarus. They and their EU partners have the lead when it comes to penalising those behind election manipulation, corruption, and the violent suppression of dissent. The United States can play an active supporting role, including through an increase in democracy assistance programming in support of opposition parties and civil society representatives, including those now in exile outside the country. At the same time, it is important not to give Lukashenko or Putin any excuse to claim that NATO is in any way involved in the current turmoil in Belarus, which it is not. The common goal should be establishing a framework that enables a peaceful transition of power to a government that respects human rights and the will of its people.

Over the longer term, Ukraine is the true crucible of change. It stands at a critical crossroads between, on the one hand, a more open society integrated increasingly into the European mainstream and serving as a positive alternative model to that of Putin for the post-Soviet space, or on the other hand, a failed, fractured land of grey mired in the stagnation and turbulence historically characteristic of Europe's borderlands. The transatlantic partners have a strong common interest in facilitating Ukraine's evolution into a successful Western-oriented state able to support the aspirations of its people. That means doubling down on efforts to help Ukraine defend itself, to support anti-corruption efforts, and to strengthen Ukrainian institutions. They will need to keep pressing Kyiv to advance needed reforms, even as they raise the economic, military and political costs for Moscow for its interference and intransigence.

## **EUROPE'S CHOICE**

In the next few years, there is a great opportunity to reposition the transatlantic partnership for future challenges. Much will depend on the Biden administration. But much will also turn on Europe's own actions. In many ways, Donald Trump relieved Europeans from their own – and equal – responsibility to reinvent the transatlantic partnership for a new age. It was far easier for them to agree on what they didn't like about Trump than on what they must do together with America. Reinventing the transatlantic partnership will be painstaking work, and as in the past, the principled stance of the Baltic States will be an important guide as we manage differences and identify priorities.



# HOW TO UNDERSTAND WHO IS YOUR ALLY AND WHO IS YOUR OPPONENT: CHANGES IN THE INTERNATIONAL SECURITY LANDSCAPE FOR ESTONIA AND LATVIA

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**Viljar Veebel**

Researcher at the Baltic Defence College

Fifteen years ago, when Estonia and Latvia joined the EU and NATO, the logic of *modus operandi* and balance of power in the global arena was much easier to understand for the Baltic countries. After EU accession in 2004, the Baltic countries finally felt that they fully belong within the family of Western countries, sharing similar democratic values and policy priorities on the liberal democratic continuum described by Francis Fukuyama. NATO membership, under the strong and dedicated leadership of the United States, made Estonia, Latvia and Lithuania feel secure, as the principle of collective defence was expected to guarantee reliable military deterrence in the region and to protect them against any security threats. However, after the 9/11 terrorist attack in the US and subsequent violent terrorist attacks in European countries, the international community was focused on fight against terrorism as the main security threat. Since Russia was interested in the development of a strategic partnership with the EU and there was no sign of a future confrontation on the horizon, at least people in Estonia were more afraid of organised crime and international terrorism than that Russia would attack Estonia.<sup>1</sup>

In 2020–2021, times and circumstances have changed. Misunderstandings and confrontation between EU institutions and some EU member states like Hungary and Poland are relatively common. The NATO allies do not seem to be particularly united in terms of Russia, Turkey or PESCO. An emotional dispute between the US and France in 2019–2020 over claims that NATO is “brain dead”, as well as military tensions between Greece and Turkey in the Mediterranean in the summer of 2020 and Turkey’s active support for Azerbaijan in the Nagorno-Karabakh conflict between Armenia and Azerbaijan in late-2020 (although the NATO Alliance distanced itself from the conflict and recognised that both Armenia and Azerbaijan are valuable long-term partners for NATO) are just some examples of recent confrontation between the NATO allies. Next to that, due to its aggressive ambitions, Russia is definitely at the foreground of world

politics today, especially after the Russo-Ukrainian conflict broke out in 2014. Although NATO leaders expect that in the future Russia will continue or even intensify its adventurism in the global arena, the dynamics of the “love-hate” relationship between Russia and the Western countries are not always clear, as simultaneously Russia also contributes to international cooperation on counterterrorism, institutionalism and the importance of international law. Furthermore, despite the fact of the EU-imposed sanctions against Russia over the annexation of Crimea since 2014, some EU member states like France, Italy, Hungary, Cyprus and many others are still interested in enhancing their strategic partnership with Russia. The circumstances have also changed in this respect: the Russo-Ukrainian war showed that nowadays it is extremely difficult to identify the beginning and the scope of a conflict between countries, not to mention the parties involved in the conflict. Due to the use of cyber attacks, disinformation, psychological pressure and other non-military capabilities, the essence of war has undoubtedly drastically changed. Last but not least, meanwhile China has undoubtedly gained an important role in reshaping the global political and economic balance today.

In this light, in the current era of global uncertainty it is difficult for everybody to understand who’s a friend and who’s an enemy. The Baltic countries are no exception in this respect. Thus, the overall aim of the current study is to discuss whether the focus of the partnership relations of the Baltic countries has changed recently or should change in the future, considering that the international political and security landscape is undergoing major changes. The particular focus of the article is on Estonia and Latvia. Section 1 gives an overview of attitudes in Estonia and Latvia about which countries are considered to be allies and which countries are described as security threats in the global arena. The results of some local surveys and studies are highlighted in this section. Section 2 briefly introduces recent trends and changes in the global arena that have motivated the author to claim that the partnership relations of Estonia and Latvia might no longer be as unequivocal, homogeneous and persistent as they were decades ago. Section 3 discusses the challenges and risks related to changes in the international security landscape for Estonia and Latvia, and makes some suggestions on how to fully explore the benefits of the changing circumstances in the global arena.

## **WHO ARE “ALLIES” AND “OPPONENTS” FOR ESTONIA AND LATVIA IN 2020–2021?**

The most recent survey “Public opinion and national defence” from autumn 2019 indicates that Estonians consider NATO the greatest ally of Estonia. A total of 74% of survey respondents in Estonia support Estonia’s membership in NATO, and 53% mention that NATO membership is among the three most important factors in terms

of Estonia's main security guarantee. The other two are the defence willingness of Estonia's residents and the development of Estonia's independent defence capabilities. Furthermore, 67% of survey respondents find that the Alliance has already done enough to ensure Estonia's security, and 73% of respondents favour the presence of NATO military forces in Estonia.<sup>2</sup> This also applies to Latvia, where according to the survey about 73% of survey participants supported Latvia's membership in NATO and called it the right decision.<sup>3</sup>

Another survey conducted among military experts in Estonia in 2018 reveals that the contribution of the US is considered to be of critical importance in ensuring Estonia's security. Hereby, all experts participating in the survey mentioned three aspects in particular: the military presence of the US in the region, the high-level coordination of policy measures, and technical cooperation in the military area and in the area of intelligence. A majority of experts also stressed the competence of the US in the areas of technological information and know-how to be very valuable in ensuring Estonia's security, and half of them emphasised the nuclear capabilities of the US.<sup>4</sup>

Next to high trust in the NATO Alliance and the US in particular, trust in the EU is also high among the Estonians and Latvians. According to the Standard Eurobarometer Survey from the summer of 2020, 58% of survey participants in Estonia tend to trust the EU and 54% of survey respondents in Latvia do the same. This is clearly above the EU average (43%). Furthermore, the share of those who think that the image of the EU is positive is increasing in Estonia and Latvia. The latest results indicate that 46% of respondents in Estonia and 43% of survey participants in Latvia see the image of the EU positively. Furthermore, in 2020 this level was the highest in Estonia that it has been over the last five years.<sup>5</sup> Thus, both Estonians and Latvians clearly consider the NATO Alliance and the EU to be strong allies.

Two other surveys reveal in more detail which EU countries Estonia and Latvia feel more attached to. The results of the first survey, the ECFR Coalition Explorer Survey 2020, indicate that in most policy areas, both countries consider their closest neighbours to also be their closest allies and essential partners. This applies mostly to Finland, Sweden, Denmark, Latvia and Lithuania in case of Estonia, and to Estonia, Lithuania, Germany and Poland in case of Latvia. However, depending on the policy area in question, other countries like Germany (fiscal policy, the common market, digital policy, foreign policy, Russia policy), France (defence structures), Poland (foreign policy, migration policy, defence structures, US policy, Russia policy) and the Netherlands are also considered as essential partners in the eyes of survey respondents in Estonia. Estonia itself was mentioned by other EU member states as essential partner mostly in the areas of digital policy and defence structures. In case of Latvia, some Nordic countries (for example, in the area of fiscal policy, energy policy and Russia policy) and the Netherlands (fiscal policy) are also mentioned in the survey as essential partners in the eyes of Latvian respondents. Among the Baltic countries,

Latvia is considered to be an essential partner in most policy areas, while some other EU countries consider Latvia to be among their essential partners in the areas of fiscal policy, the common market, digital issues and Russia policy.<sup>6</sup>

The second survey – referring to the survey conducted in the military community in Estonia in 2018 – partially confirms the results of the EU Coalition Explorer Survey. The survey participants were asked about Estonia’s main partners in resisting security threats. Altogether, 6 countries (i.e., three pairs of countries) were mentioned by Estonian military experts as the most essential partners: the first was the UK and France, the second was Germany and Poland, and the third was Finland and Denmark.<sup>7</sup>

Both Estonia and Latvia seem to be also united with regards to who their main “enemy” is. Particularly since the Ukrainian conflict broke out, Russia has been a serious security threat in the eyes of both countries. For example, the 2019 annual report of the Constitution Protection Bureau of Latvia (SAB) argues that Russia should be regarded as the main threat to Latvia’s security. The report also points to various forms of security threats that are related to Russia, such as the activities of the Russian special services, Russia’s attempts to re-write history, and the spread of disinformation, which refers to the actions of the Russian Embassy in Latvia in commissioning and paying for targeted articles in the local Russian-language media.<sup>8</sup> According to public opinion surveys, Russia’s activities in restoring its authority in the world arena are considered to be serious security threats in Estonia, too.<sup>9</sup> However, at least in Estonia, according to the surveys the role of Russia in threatening Estonia’s security is somewhat decreasing compared with several years ago. In 2019, about 39% of survey participants considered Russia’s attempts to restore its authority in its neighbouring countries to be certainly threatening; however, other security threats like cyber attacks, the immigration of war refugees and asylum seekers, and the actions of terrorist organisations were considered to be more dangerous than Russia’s activities in Estonia. The role of China in the world is also being regarded as increasingly threatening in Estonia.<sup>10</sup> Other security threats next to Russia – like cyber attacks or the rise of China in the global political and economic arena – were also mentioned in the 2019 annual report of SAB.<sup>11</sup>

## **IS IT ONLY US OR EVERYONE NOW? GLOBAL AND REGIONAL CHANGES IN THE INTERNATIONAL SECURITY LANDSCAPE**

Global security, political stability and the international order in Europe and worldwide have for more than 70 years already relied on some key cornerstones, such as the transatlantic NATO Alliance under the leadership of the US; the European Union, consisting of individual member states but still focused on a wider, European

perspective; intergovernmental and international institutions such as the United Nations, OECD and many others to coordinate global and regional issues between countries; and some democratic norms and rules, which have functioned as certain standards that should be attained by countries. However, some recent developments have seriously questioned the foundations of today's world order and shaken both the political balance and the security environment in the global arena. No doubt the Baltic countries, as members of the EU, the NATO Alliance and many international organisations, are also affected in these developments.

First and foremost, for some time already the global political system and global order have been experiencing significant shifts and changes. The post-Cold War period marked an era of unipolarity, where the United States of America was considered a single power centre worldwide. This is also reflected in the security ideologies of Estonia and Latvia: both countries consider the NATO Alliance that is led by the United States to be the strategic priority of national security and defence policy, as well as considering the military presence of Allied forces in the Baltics their main security guarantee in general.<sup>12,13</sup> However, today the global political system is turning out to be more and more multipolar, with many new and emerging power centres and more diversity in both guiding principles and regulating institutions. Studies suggest various alternative developments in this respect. For example, Flockhart (2016) differentiates between three alternative narratives: either 1) unipolarity will be replaced by global multipolarity, in which the relationship between the US and China is likely to be the most important one (i.e., the multipolar future), 2) a cooperative security architecture will be created in a multi-partner world where the US remains the enduring power, but the country shares more interests with other powers in comparison with the previous narrative (i.e., the multi-partner narrative), or 3) that the hegemony of the US and the Western countries will be replaced by the more de-centralised system of diverse regional sub-systems (i.e., the multicultural narrative).<sup>14</sup>

In this context, at least in Estonia, in both the political and academic community the election of Joe Biden as the 46th President of the United States has been welcomed with some relief, and his first decisions in staffing his administration have been interpreted more or less as the "good old times are back again". However, even if Joe Biden proceeds on the same course as Barack Obama, nothing will be like it was a decade ago, because whatever form multipolarity might take in the future, it is clear that the US needs to constantly reposition itself in the global arena as the circumstances keep changing globally due to the emergence of various power centres worldwide, changes in countries' national interests, new technologies, and so on.

Russia's interpretation of the transformation of the current world order is particularly intriguing in this respect. The so-called Primakov doctrine indicates that Russia had already accepted the idea of a multipolar world with many "power centres" in the 1990s – however, the country did not recognise the idea of a unipolar world with the US as a single

power centre. Whereas in Russia's eyes, the multipolar system was prestigious because the country considered itself as one of the "power centres" alongside the US, the EU, China and Japan, the idea of unipolarity under the supremacy of the US was humiliating for Russia. Intriguingly, Russia has clearly lacked the resources to fully realise its multipolar image in the global arena. In this respect, to avoid a loss of prestige in the global arena, Russia developed an ideology of "selective multipolarity", meaning that from time to time Russia returns to multipolar ideology, particularly in its relations with the EU, with the aim to strengthen Russia's positions in Europe in comparison with the Western countries. This allows the country to demonstrate that Russia is as important as the Western countries, at least as far as the security environment in Europe is concerned.<sup>15</sup> In practice, Russia has used this pattern in recent years, for example, in "stabilising" the Ukrainian conflict next to France and Germany, guaranteeing the Minsk agreements, and interfering in various conflict situations in places like Syria and Venezuela. Furthermore, it has been argued in Russian academic and media circles that "the current crisis of liberalism will definitively bury the unipolar Western system of hegemony" and that populism and regional protectionism could serve as the basis for a new, multipolar world order.<sup>16</sup>

Second, despite some ambitious goals of the EU and its efforts to gain more political influence in the international arena, it is still highly likely that the international position of the EU will not remain particularly strong in the future. On the one hand, the union is struggling with intra-union differences and confrontations, and these differences in views and positions seem to increase rather than decrease. For example, recently Hungary and Poland blocked the adoption of the EU's long-term budget and the coronavirus recovery package in response to the plan to link the usage of EU funds with the implementation of the rule of law. On the other hand, both EU member states and partner countries erode the collective image and the collective potential of the EU. Sven Biscop argued already in 2013 that the weaknesses of the EU are closely related to the union's image in the eyes of both its member states and partner countries. Biscop stipulates that the "EU is not perceived and therefore not treated as a strategic actor, as a pole of the multipolar world, as one of the great powers" because "Europe lacks the unity and sense of purpose for resolute and sustained action to uphold these values, and continues to liberally spend its money quite regardless of values or effect". As Biscop sees it, this is related to the inability of the EU to effectively defend the interests of the EU and its member states, and therefore, EU member states might think that "they don't need the other Europeans". This, in turn, stimulates EU member states' bilateral "wheeling and dealing with the great powers".<sup>17</sup>

In practice, this development is closely related to the multipolarity discussed in previous paragraphs and might be more dangerous than it seems at first sight. In more detail, Sven Biscop explains that EU members see European collective engagement as no more than a secondary supplement to national foreign policy, which creates "a competition between Europeans to appear the most attractive to investment by and trade with the great powers".<sup>18</sup> Cooperation between China and the 16 Central and

Eastern European countries, including 11 EU member states and 5 Western Balkan countries in the form of the 16+1 cooperation format, is a good example of this. Local high-level politicians in Estonia have argued that this cooperation format supplements both cooperation between the EU and China and bilateral relations, as well as that close relations are beneficial for the Estonian entrepreneurs.<sup>19</sup> Regional cooperation has also been promoted in local media. For example, it has been stressed in the Estonian media that summits involving the political leaders of both China and Estonia constitute an essential platform to develop close relations between countries<sup>20</sup> and that this initiative provides a better opportunity for Estonia to stand for the interests of Estonia and Europe.<sup>21</sup> In this light, Estonian political leaders seem to highly value close relations with China. Furthermore, this seems to be reasonable, assuming that China is one of the great powers in the global arena today. However, based on the arguments of Sven Biscop, this 16+1 cooperation format is negative in its essence, because the potential of both the EU institutions as well as that of the union's common tools remains unused. Furthermore, this undermines the collective credibility of the EU and gives great powers the opportunity to play off one EU country against another. Sven Biscop argues that this is closely linked to the irrational view that the EU should not have own interests, because it contrasts with the idealised view of the altruistic EU Common Foreign and Security Policy (CFSP) that the CFSP exists solely to do good in the world. To sum up, while developing close bilateral relations with other great powers in a multilateral world, EU member states simultaneously erode the image and the position of the EU as a whole. Furthermore, to strengthen its position in the international arena, Russia is clearly interested in exploiting this weakness by showing that the West is weak and helpless.

Along with the EU, the role of international organisations and institutions has somewhat weakened too, including the NATO Alliance. Recent diverging views and confrontations between the NATO partners have weakened the “unified voice” of the Alliance. For example, in the summer of 2020, Turkey blocked the Alliance's updated defence plans for the Baltic countries to deter Russia in realising its aggressive ambitions and asked the Alliance for more support in Turkey's conflict with the Kurds in northern Syria. Although Turkey has been a reliable ally of Estonia and Latvia for many years, if not decades already, this particular step caused some confusion in the Baltic countries and made them ask whether Turkey is not an ally of the Baltic countries anymore. Furthermore, particularly in light of the recent Russo-Ukrainian conflict, the coronavirus pandemic and statements by US President Donald Trump, many international organisations such as the UN, the OSCE or the WHO have lost part of their credibility in enhancing multilateral cooperation and regulating global relations. The lack of both unity and cooperation potential in international organisations and institutions means that it could be even more problematic for the Baltic countries to find allies and realise their national interests. Furthermore, even the Baltic countries themselves have lacked solidarity and cohesion recently – this refers to the meeting of the three presidents of the Baltic countries that was scheduled for June 2020, but from

which Lithuanian President Gitanas Nausėda pulled out basically at the last minute because of a disagreement about buying electricity from third countries and the Astravyets power plant in Belarus.<sup>22</sup>

Third, the particular way that the Russo-Ukrainian conflict broke out, as well as how it developed, proves that nowadays it is difficult to identify both the start and the scope of a conflict, not to mention the parties involved in the conflict. Müür and co-authors argue that in this conflict the Russian military has adopted a new doctrine with the aim to gain information superiority to achieve victory on the physical battleground. In more detail, they state that the Russian information war in Ukraine was a massive, coherent and multifaceted operation that combined military activities and an active media campaign to undermine the Ukrainian authorities. In the conflict, Russia has also denied direct involvement, but it actively supported local pro-Russian separatists.<sup>23</sup>

All this means that it is extremely difficult to identify who is actually an enemy in modern warfare. In this light, Estonia itself has felt what it means to be the target of a cyber attack. During the relocation of a Soviet-period military statue in Tallinn in 2007, the country fell under a cyber attack campaign that lasted for 22 days. Again, the Russian government denied any direct involvement in the cyber attacks that hit Estonia in 2007; however, experts are convinced that the vast majority of the malicious traffic originated from outside Estonia, and that the event can be explained as a Russian information operation against Estonia.<sup>24</sup> Furthermore, in recent times Estonia has been in the news again in association with the cyber attack during the US presidential elections in November 2020. In more detail, menacing emails were sent to voters in the US that urged them to vote for Donald Trump, and the metadata of the email addresses revealed that the emails were sent using the server of one Estonian publishing house, the security weaknesses of which were exploited by cybercriminals<sup>25</sup>.

Last but not least, the current COVID-19 crisis reveals that despite all kind of security networks and multilateral cooperation, it is almost impossible in practice to predict, avoid or deter all the threats that make societies vulnerable. On the one hand, we do not know the potential sources of security threats that could potentially paralyse the whole society. On the other hand, as the first wave of the COVID-19 crisis demonstrated in particular, governments and political leaders might not be ready to react adequately to crisis situations. Thus, it might actually happen that if the strategy or the measures that governments decide to implement are disproportional or inadequate, then political leaders are in practice working against their own country's best interests.



## THE CHALLENGES AND RISKS RELATED TO CHANGES IN INTERNATIONAL SECURITY FOR ESTONIA AND LATVIA

As several experts, including Sven Biscop, have pointed out, the main security challenge for European countries is linked to the decreasing role of the US in intervening in security-related issues in Europe. To quote Sven Biscop, “We can no longer count on our prince from America to save us from each and every danger. Not that the prince does not care for us anymore: if once again the territory of Europe itself were directly threatened, he would charge to the rescue, because that directly concerns American vital interests. But absent such a threat, the real focus of US strategy is now in Asia and the Pacific. [...] Consequently, in case of crises in our neighbourhood Washington expects Europe to take the initiative and respond with its own means, at an early stage, with US support in specific areas in order to prevent escalation and the drawing in of more substantial US assets”.<sup>26</sup> Estonian foreign policy analysts have made similar observations, pointing to the growing uncertainty about the role of the US in the Baltic Sea region.<sup>27</sup>

Bearing in mind the above, the Baltic countries should not stick rigidly to their previous understanding of how things work. This applies, on the one hand, to traditional visions for security. A survey that was conducted among military experts in Estonia in 2018 also reveals that the Estonian military community is to some extent stuck on the view that military threats and external attempts to split the society are the biggest security threats to the country. On this basis, sovereignty of the state and the territorial integrity are the main values that should be protected.<sup>28</sup> However, considering the changes in the international security environment, this approach is completely inadequate.

On the other hand, the Baltic countries should keep in mind that the unipolar world, with the US as a single power centre, does not seem convincing anymore. Donald Trump’s criticism that European countries should increase national defence spending and to contribute more to the Alliance’s resources has forced European countries to pay more attention to their own defence capabilities. Now that Joe Biden was elected president of the US, some politicians in Estonia expect that the US will gain back its credibility in the international arena and that Joe Biden will also continue to support the strengthening of the Alliance’s Eastern Flank. Their argument is that Joe Biden knows that the security of the US depends on the strength of the relationship between transatlantic allies.<sup>29</sup> However, from another angle, this view represents exactly the unipolar approach that the security guarantees of the NATO Alliance, and particularly of the US, are sufficient to ensure Estonia’s and Latvia’s security. Considering the political views of Joe Biden and his administration, it is more than certain that the US will consider Estonia and Latvia as its allies in the future as well – however, since the policy focus of the US is not so much on Europe anymore, the question about Europe’s own capabilities to react to conflicts in Europe is still topical.

So far, Estonia has supported basically unreservedly all the decisions that its most influential allies, meaning the US, have made. For example, in early 2020 the Estonian Minister of Foreign Affairs Urmas Reinsalu strongly supported the US strike on Iranian General Qasem Soleimani and justified it as self-defence,<sup>30</sup> although according to UN experts the attack violated international laws. Furthermore, in the above-mentioned survey, all Estonian military experts participating in the survey agreed that even if the policy measures implemented by the US would potentially increase the vulnerability of Estonia, the country would still be ready to make compromises and concessions in this respect, should it be the key to maintaining the military presence of the US in Europe.<sup>31</sup> However, such behaviour also contains some risks. Although the likelihood that the most essential allies in the eyes of Estonia and Latvia – referring to the US, Germany, France and the UK – could have fundamentally opposing security interests was definitely higher in the period of Trump’s presidency in comparison with that of Joe Biden, similar risks cannot be fully excluded in the future. Next to that, although Estonia and Latvia consider themselves allies of the US, the UK and other countries, they still can’t be certain whether this is their allies’ true view or just political rhetoric. This places local politicians in Estonia in a difficult situation, where they have no idea what they should do to please allies. One example of a potential dilemma is, for example, whether Estonia is considered to be a more credible ally when the country does not support the enhancement of security cooperation in Europe (because it competes with NATO, duplicates capabilities and wastes resources) or supports European cooperation in the security and defence area (because it guarantees the development and unification of the capabilities of the NATO members in Europe). In this light, hypothetically, if something happens that does not overlap with Estonia’s expectations, the country has no other choice but to relay the security needs and to revise its views as soon as possible.

So far, the Baltic countries were not particularly successful in either detecting or reacting to the changes in international security. However, considering that there are clearly more power centres today in the global arena than 5-10 years ago, it is necessary to keep up with the changes in the international security environment and particularly in relations between NATO allies. Thus, both diplomatic relations and foreign policy analysis are as important as military capabilities nowadays.

One aspect that also makes Estonia and Latvia vulnerable to changes in the international security landscape is the regional balance between the EU and Russia. On the one hand, the local military community (referring to the survey conducted among military experts in Estonia) does not particularly appreciate the contribution of the EU in providing security guarantees for Estonia in the long term. About two-thirds of the survey respondents suggest that the EU is mostly a project of economic cooperation that supports the security of the EU member states only to the extent that it stabilises the economies of EU countries and enforces peaceful relations between countries.<sup>32</sup> None of the respondents agreed that the EU is a security union, although in the EU global

strategy the union sets a clear aim that it should provide autonomous security both in the EU's neighbouring countries and globally. The EU has also demonstrated its weak position in recent conflicts – for example, if we take a look at events in Belarus after the recent presidential elections. As regards Belarus, Russia has in real terms behaved significantly “softer” than the Western countries expected in light of the Ukrainian conflict. Thus, it is not so much about Russia being active, but the EU being extremely passive in recent conflicts. To return to Biscop's arguments, all EU countries, including Estonia and Latvia, should take more responsibility to make the collective potential of the EU work in the defence and security area. In the long-term, this would also be in the best interests of the Baltic countries, as it would allow them to better represent their national interests in bilateral relations with other countries, including Russia, the US, China and others.

In the EU, the Baltic countries have been mostly concerned about Russia's aggressive ambitions and actions. These worries have been heard by EU institutions, as far as the PESCO initiative and the European Defence Fund are concerned. However, the question still remains as to whether this is sufficient to deter Russia from putting pressure on the Baltic countries.

Cooperation between the Baltic Sea countries could potentially increase the benefits of collective behaviour for the Baltic countries. However, in practice, the Baltic Sea region seems to be fragmented into several largely disconnected spheres. This can be seen, for example, in the EU-promoted normative space of good and liberal governance versus Russian-German bilateral “energy regionalism” (exemplified, e.g., by the Nord Stream project). Next to that, Poland seems to be interested in promoting the Intermarium project and participating in the Three Seas Initiative, but without so much political investment in region-building regarding the Baltic Sea. Developments in the adjacent Northern Europe range from the re-actualisation of NATO membership discourses in Finland and Sweden, coupled with a drastic deterioration of Russian-Norwegian relations, to the initiative of the Barents Council, aimed at creating a visa-free Barents area regime in spite of the extant Schengen regulations. These new process and trends also contribute to a new and less predictable (geo)political environment for the Baltic countries.

## CONCLUSIONS AND RECOMMENDATIONS

At the end of the year 2020 and the beginning of 2021, there is no question anymore about whether the global balance is going to change. It is already changing, considering the changes in the world order, new power centres, technological innovations, non-military tools of modern warfare like disinformation and cyber attacks, and other tools.

This has to some extent also redesigned relations between Estonia and Latvia and their allies. To some extent, it seems that at least in Estonia, the politicians and local military community are trapped in their previous understanding and mental commitment to a unipolar world order and traditional security concepts, as this is expected to be more reliable against security threats originating from Russia or other quasi-totalitarian states.

However, both the most essential “allies” and the “enemies” for Estonia and Latvia are clearly not the same as before. After the controversial presidency of Donald Trump, the US first needs to find its domestic balance, and only then can it re-establish its credibility in the world arena. The same applies to the European Union, which has to overcome the increasing differences between EU member states. Russia, on the other hand, has already demonstrated its determination in destabilising the world order.

This means that the Baltic countries also have to change, adapt and improve their competences. What can be recommended to Baltic politicians for 2021? Three aspects are most crucial in this respect.

First, greater unity will definitely help the Baltic States when hoping for better results in relations with their allies and opponents. Allies especially have been rather confused as to how it is possible for the Baltic States to have three very different sets of foreign and security policy goals, aims and strategies, while the expected risks and threats, as well as the expected allies, are fully overlapping. Why not start with a legal harmonisation of the main documents defining state defence and security aims, tools and processes, to make them as similar and understandable for NATO and EU allies as possible? Additionally, the Baltic countries should adequately revise and constantly update their own strategies and capabilities, as well as actively participate in defence initiatives at the EU level. It is likely that, for example, the PESCO initiative could function as a corollary to the current NATO framework if it is more efficiently and synergistically developed. Unified force will also convince our neighbour Russia to see regional balance in different way.

Second, more united and transparent communication to our main allies is needed. In recent years we have been signalling a lot about the importance of common values, while in actual moments of decision-making, at least Estonia has preferred the functional deliveries of Trump’s US (to compensate for growing fears) to sounding the values of the EU. The absence of reactions to the killing of Iranian General Soleimani and Turkey’s role in fuelling the Nagorno-Karabakh war in 2020 are just two most visible ones. Accordingly, in the context of both the EU and the NATO Alliance, the Baltic countries should be ready to choose between value-based or needs-based actions also in 2021. The dilemma of whether small countries should agree with influential allies based on their security needs, or remain firm in their values and criticise allies, is more crucial in the longer term than it appears at first sight.

Third, Baltic leaders should be more vocal and clear in terms of the necessity for reforms, both in NATO and in the EU. Yes, it might make it look like we are the ones who most need more capable support from transatlantic institutions in turbulent times, but pushing NATO to update its strategic concepts and pushing the EU for reforms to be a more responsive and capable actor, especially in field of security, would be an added value for all member states.

Finally, we also need to continue to follow two old wisdoms: first, ask from NATO what is possible to ask from them and ask from the EU what is reasonable to ask from them. Second, the Russian threat is never as credible and real as we fear and never as absent as we wish.

## ENDNOTES

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# CONTRIBUTORS

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**Māris Andžāns** is a Senior Research Fellow at the Latvian Institute of International Affairs and an Assistant Professor at Rīga Stradiņš University. In 2019/2020 was a Visiting Fulbright Scholar at the Johns Hopkins University School of Advanced International Studies in Washington, DC. He has 10 years of experience in the public administration of Latvia. He has served in different positions related to the coordination of EU and NATO issues, the security of transport and communications, civil-military cooperation, aviation, electronic communications and postal issues. He has also chaired the National Cyber Security Council of Latvia and the Dangerous Goods Movement Consultative Council of Latvia.

**Reinis Āboltiņš** is a researcher at Riga Technical University. Previously, he was an energy market expert at Lattelecom and a consultant to the Saeima's European Affairs Committee, specialising in energy, the environment, and climate issues. Before joining the Saeima, he was a five-year Providus Energy Policy Researcher at the Public Policy Centre, a member of the President's Energy Security Commission, a member of the Energy Committee of the Ministry of Economics, and an expert in the Energy and Transport Working Groups of the Foreign Investors' Council. Āboltiņš is a lecturer for the "Energy Policy and International Relations" study course at the University of Latvia, as well as a guest lecturer for the "European Energy and Environmental Law" course at the Riga Graduate School of Law. Āboltiņš is a doctoral student and lecturer for the "Energy and Environmental Science" study programme at Riga Technical University.

**Satenik Avetisyan** is working in the Charitable Programs Coordinating Commission of the Government of the Republic of Armenia. In 2020, she obtained a master's degree in International Economics at the European Studies and Economic Diplomacy Programme at University of Latvia. As an Erasmus+ student, she studied Economics and EU Law at the European University of Rome (September 2019 – December 2019), as well as Business Administration at the University of Murcia (September 2017 – January 2018) and at the Hochschule Wismar (September 2016 – February 2017).

**Una Aleksandra Bērziņa-Čerenkova**, is a political scientist, China scholar, Head of the Rīga Stradiņš University China Studies Centre, Head of the New Silk Road Programme at the Latvian Institute of International Affairs, and a member of the



European Think-tank Network on China. Bērziņa-Čerenkova has studied at Beijing Language University, Beijing Normal University et.al. After having defended her doctoral dissertation on traditional Chinese discourse in Hu Jintao's report to the 17<sup>th</sup> National Congress of the Communist Party of China, she has held a senior visiting research scholar position at Fudan University School of Philosophy, Shanghai, China (2014/15) and a Fulbright visiting scholar position at the Center for East Asia Studies, Stanford University, US (2019/20).

**Artūrs Bikovs** is a researcher at the Latvian Institute of International Affairs and a doctoral student of political science at Rīga Stradiņš University (RSU), where he studies the Russian Orthodox Church's role in Russian foreign policy in the post-Soviet space. Artūrs Bikovs obtained his bachelor's and master's degrees in RSU's international relations programme, analysing Russia's interference in other countries' elections and Russia's role in the Eurasian Economic Union in his theses. His academic interests include Russia's domestic and foreign policy, the Russian Orthodox Church, and the countries of Eastern Europe, the Caucasus, and Central Asia. Artūrs Bikovs has worked as a journalist and the Editor-in-Chief of RUS.LSM.lv for three years.

**Sintija Broka** is a researcher at the Latvian Institute of International Affairs and a Ph.D. candidate in political science at Rīga Stradiņš University. Sintija Broka holds a bachelor's degree in International Economics from the University of Latvia and a master's degree in International Relations and Diplomacy from Rīga Stradiņš University. Sintija Broka studied International Economics at the University of Malta. She has recently worked as an economic researcher at the United Arab Emirates Embassy in Riga. She is currently studying Arabic studies at the Middle East Institute in Washington. Sintija Broka's academic interests include Middle East political and economic sustainability, religion and politics in the Middle East, as well as the policy dynamics of the Gulf region.

**Ilvija Bruģe** is an Associate Researcher at the Latvian Institute of International Affairs. She holds a BA degree in Political Science and an MA degree in International Relations from Rīga Stradiņš University, as well as an MSc degree in Social Anthropology from the University of Edinburgh. Bruģe is a co-editor and author of several articles and books, has worked as a civil servant, a research analyst for a UK-based political risk advisory, and as a national expert for various international research projects. Her research interests are linked to socio-economic, historic, political, and cultural developments in the post-Soviet area, with a particular focus on Ukraine.

**Kārlis Bukovskis** is a Researcher and the Deputy Director at the Latvian Institute of International Affairs. He is the author of numerous articles and the scientific editor of several books. Bukovskis is also an Assistant Professor at Rīga Stradiņš University, where he focuses on the global political economy, the international financial system and the European Union. Since 2017 Bukovskis has been an Associate Researcher at the European Council on Foreign Relations. He acquired master's degrees from the

University of Latvia and the University of Helsinki, and a doctoral degree (Dr. sc. pol) in International Politics from Rīga Stradiņš University. Kārlis Bukovskis has dealt with European Union institutional, political and economic developments while serving at the Ministry of Foreign Affairs of Latvia, at the Secretariat of the Latvian Presidency of the Council of the European Union (where he developed the Presidency's six-month work program), and at the Ministry of Finance of Latvia. Dr. Bukovskis also produces and co-hosts a program on Latvian Radio 1 in which he analyses the political economy of various world countries.

**Jānis Eichmanis** is an Associate Fellow at the Latvian Institute of International Affairs. Jānis Eichmanis has served in various positions in the diplomatic sector, including Ambassador Extraordinary and Plenipotentiary at the Permanent Representation of the Republic of Latvia to NATO and as Ambassador Extraordinary and Plenipotentiary of the Republic of Latvia to the Kingdom of Spain and Andorra.

**Daniel S. Hamilton** is Director of the Global Europe Program and is the Austrian Marshall Plan Foundation Distinguished Fellow at the Woodrow Wilson International Center for Scholars. He is a faculty member at Johns Hopkins University's School of Advanced International Studies and former US Deputy Assistant Secretary of State, responsible for US relations with the Baltic States.

**Rihards Kols** is a member of the 13<sup>th</sup> Saeima and serves as the Chairman of the Foreign Affairs Committee of the Saeima. Rihards Kols is a representative of the Saeima to the OECD, and the Deputy Chairman of the National Alliance "All for Latvia!" – "For Fatherland and Freedom/LNNK" political party. Kols graduated from the University of Westminster with a specialisation in International Diplomacy. Kols is also the Chairman of the Board of the "Latvian Flag" association and a Member of the Board of the "European Movement in Latvia" association. He is a member of the "Atlantic Council" organisation, as well as part of the Latvian National Guard.

**Imants Lieģis** is a Senior Researcher at the Latvian Institute of International Affairs. He has cooperated closely with the Institute since 2011. He was a Latvian public servant for 28 years, between 1992 and 2020, during which time he served as Latvia's Minister of Defence (2009–2010), Member of Latvia's 10th Saeima (Parliament) and as a career diplomat with ambassadorial postings to NATO, France, Spain, Hungary and the Benelux countries. He is on the Advisory Board and is an active member of the European Leadership Network. He has published widely on foreign affairs and defence and security matters.

**Beāte Livdanska**, Researcher at the Centre for East European Policy Studies (CEEPS). She holds BA and MA degrees in International Relations, both from Rīga Stradiņš University. Currently she is studying for her Ph.D. in Political science at the same university. Her main research focus includes analysing relations between Belarus and the Baltic States, as well as research into Russian hybrid warfare methods.

**Inta Mieriņa** is an Associate Professor at the Faculty of Social Sciences of the University of Latvia and is Director of the Diaspora and Migration Research Center. Inta Mieriņa led the research project “Latvian Immigrant Communities”, within the framework of which more than 14,000 Latvians and Latvian citizens living abroad were interviewed in 2014. Inta Mieriņa has also been involved in several large-scale European research projects, works as an expert of the European Commission, and has had several scholarships, including the Fulbright Scholarship. As a researcher, Inta Mieriņa has visited the University of Aarhus in Denmark, the University of Illinois at Chicago, the Universities of Washington and Yale in the US, GESIS EUROLAB in Germany, and worked at the University of Warsaw in Poland.

**Aleksandra Palkova** is a Junior Researcher at the Latvian Institute of International Affairs. She analyses the European Union’s political and institutional processes and operates as a project manager. Aleksandra Palkova is a Master’s student in International Relations and a senior laboratory assistant at Rīga Stradiņš University, where she studies climate policy. Aleksandra Palkova is a former exchange student at Western University in the Netherlands.

**Gunta Pastore** is Latvia’s Ambassador to the Czech Republic and a non-resident Ambassador to Northern Macedonia, Bosnia and Herzegovina, and Kosovo. Previously, Gunta Pastore has been the Head of the European Union Affairs Division of the Ministry of Foreign Affairs, the Head of the Eastern Europe and Central Asia Division of the ministry, worked in the Latvian embassies in Denmark and Sweden, and has been the Foreign Affairs Adviser to the Speaker of the Saeima. She coordinated EU–Central Asia cooperation during the Latvian Presidency of the EU Council (2015). Gunta Pastore holds a doctorate degree in Political Science and International Relations. She has participated in a research exchange at the Swedish University of Defense (2012–2013). Her research interests include the role of the EU member states in shaping EU foreign policy.

**Gunda Reire** is Advisor to the Minister of Foreign Affairs of the Republic of Latvia and Director of the Center for International Studies. She also holds the position of Visiting Lecturer at the Riga Graduate School of Law and Rīga Stradiņš University. Her core research interests include global peace and security, strategic communications, Russia, multilateral cooperation, and geopolitics. Combining both academic and practical spheres of politics, she has served as Deputy Chairperson of the Strategic Analysis Commission under the auspices of the President of Latvia, Chief of Staff of the Speaker’s Office, and Advisor to several ministers. She holds a doctoral degree in Political Science and International Relations from the University of Latvia. Reire has also studied Political Science at the Humboldt University of Berlin (Germany) and *Albert Ludwig University* of Freiburg (Germany), and she has held a Residing Fulbright Research Fellow position at the John Hopkins University’s SAIS Center for Transatlantic Relations.

**Edgars Rinkēvičs** has been the Minister for Foreign Affairs of the Republic of Latvia since October 2011. Between 2008 and 2011, Rinkēvičs was the Head of the President's Chancellery. Between 1997 and 2008 he was the State Secretary of the Ministry of Defence. From 2005 to 2007, Rinkēvičs was Head of the NATO Summit Latvia Task Force. In 1997, Rinkēvičs obtained a master's degree in Political Science. From 1999 to 2000 he studied at the Industrial College of the Armed Forces of the US National Defence University, where he received a master's degree.

**Toms Rostoks** is a senior research fellow at the Centre for Security and Strategic Research at the National Defence Academy of Latvia. He also holds the position of Associate Professor in International Relations at the Department of Political Science, University of Latvia. Rostoks has written a number of articles and book chapters on deterrence, state intentions, Latvia's foreign and security policy, Latvian-Russian relations, human security, and small states. His current research interests are related to the impact of the COVID-19 pandemic on the defence policy and armed forces of the Baltic Sea region, Latvia's foreign and security policy, NATO's military deterrence measures in the Baltic region, and the choice between compulsory and professional military service.

**Silvestrs Savickis** is a Ph.D. candidate at Rīga Stradiņš University, where he is working on a doctoral thesis on public and digital diplomacy in Latvia's diplomatic service. From 1993 till 2000, he served as a career diplomat in the MFA of Latvia, including holding the position of First Secretary of Latvia's Embassy in the United Kingdom of Great Britain and Northern Ireland, being responsible for political, defence and communication issues. During his career at the MFA, he was Director of the Eastern European department and Head of the EU Integration division before Latvia joined the EU. Later, he worked as a local PR consultant for the World Bank Health Reform Project in Latvia. Currently, he is an entrepreneur engaged in the field of communication, the co-owner of the PR company "LEAD. Corporate Communications", a member of the Council of the Latvian Association of Communications (LAKA), and an elected member of the Services Council of the Latvian Chamber of Commerce and Industry (LTRK).

**Andris Sprūds** is the Director of the Latvian Institute of International Affairs. He also holds the position of Professor at Rīga Stradiņš University as well as is the Dean of the European Studies Faculty. Andris Sprūds has an MA in Central European History from the CEU in Budapest, Hungary, and in International Relations from the University of Latvia. He has also obtained a Ph.D. in Political Science from Jagiellonian University in Krakow, Poland. Andris Sprūds has been a visiting student and scholar at Oxford, Uppsala, Columbia and Johns Hopkins University, as well as at the Norwegian Institute of International Affairs and Japan's Institute of Energy Economics. His research interests focus on energy security and policy in the Baltic Sea region, the domestic and foreign policy of post-Soviet countries, and transatlantic relations.

**Inna Šteinbuka** is a Professor of Economics at the University of Latvia, Director of the master's degree programme "European Studies and Economic Diplomacy". She also serves as a chairwoman at the Fiscal Discipline Council of Latvia. From 2005–2018, she served at the European Commission as Head of the EC Representation in Latvia and Director of Eurostat. From 2001–2005, she was Chair of the Latvian Public Utilities Commission in charge of the regulation of electricity, gas and telecommunication markets as well as railway and postal services. From 1999–2001, she was Senior Advisor to the Executive Director in the International Monetary Fund in Washington, DC. From 1991 to 1999, she was Director of the Economic Analyses and Fiscal Policy Department in the Latvian Ministry of Finance, and Advisor to Minister of Finance. Šteinbuka is a full member of the Latvian Academy of Sciences.

**Vita Anda Tērauda** is a Member of the 13<sup>th</sup> Saeima (from the alliance "Development/For!") and was elected as the Chairperson of the European Affairs Committee of the 13<sup>th</sup> Saeima. Tērauda was a founder of the movement "FOR!" and served as its Executive Director until her election to the Saeima. She worked in the NGO domain for about 20 years, founding and for 10 years directing the Centre for Public Policy Providus, as well as being involved in other NGOs as a member of the board. Between 1995 and 2002, Tērauda was the Director of the "Soros Foundation – Latvia", the largest private philanthropic organisation in Latvia. Between 1994 and 1995, Tērauda was the Minister of State Reform. She obtained her education in the US – Tērauda holds a master's degree in International Economics and Soviet Studies from Johns Hopkins University.

**Viljar Veebel** is a researcher of the Department of Political and Strategic Studies at the Baltic Defence College. He holds a BA in International Relations from the University of Tartu, an MA in International Relations from the University of Tartu ("Spill-over barrier in European integration process") and a doctoral degree in political science (Ph.D.) from the University of Tartu ("The Role and Impact of Positive Conditionality in the EU Pre-Accession Policy"). He has worked as academic advisor to the Estonian government in the European Future Convention and as researcher for several research institutions, including the OSCE, SIDA, the European Council on Foreign Relations, the Estonian Foreign Policy Institute, the Latvian Institute of International Affairs and the Eurasia Group. He has been a lecturer at the University of Tartu, the Estonian National Defence College, the Ukrainian Diplomatic Academy, the OSCE Border Management Staff College and the Estonian Diplomatic Academy. His main areas of competence cover: Russian military doctrine and strategic ambitions; game theory, particularly non-cooperative game models in security studies and deterrence; the positive conditionality concept in initiating reforms and policy change; concepts and models of deterrence for small nation states; and hybrid warfare and the concept of deterrence during hybrid warfare.



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