

STRATEGIC COMMITMENT AND CHOICES FOR **LATVIA AND LITHUANIA** IN THE AGE OF DISRUPTION AND GREAT POWER RIVALRY

Report on Latvia-Lithuania future cooperation



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PROLOGUE

In 2011 Foreign Ministers of Latvia and Lithuania agreed that 20 years after regaining independence the time had come to review the developments of bilateral cooperation of both countries. Based on the Ministers' proposal the Prime Ministers of Latvia and Lithuania commissioned the report to promote and broaden mutual co-operation. 'Report on Latvian – Lithuanian Co-operation Perspectives' came out in early 2012. The recommendations became guidelines for expanding the bilateral co-operation in various fields.

Over the past decade, both countries have made significant progress in implementing several recommendations of the report. Decisions have been taken by governments and relevant ministries and intergovernmental agreements have been signed. Inter-institutional relations and cooperation on issues of common interest to both countries have been strengthened.

At the same time, bilateral cooperation has increasingly become an integral part of trilateral cooperation among the Baltic countries and within the EU in many areas. Many of the proposed objectives have been achieved in a broader, European context.

On the other hand, some of the proposed measures, which might still be relevant today, have not been implemented for variety of reasons.



On 12 February 2021 Lithuanian Foreign Minister Gabrielius Landsbergis visited Latvia to mark the centenary of Lithuania's *de iure* recognition. Latvia was the first country to recognize Lithuania in 1921. During the visit Latvian Foreign Minister Edgars Rinkēvičs agreed to his colleague's proposal to launch a new report on Latvia and Lithuania's future relations.

Working on our report we have been talking to experts in governments, agencies, institutions, municipalities, NGO, and business community in both countries. Various documents have been carefully studied.

There are several crucial areas that this report is not covering because they are handled on a national level and within the EU. As most national decisions are closely integrated into the EU policy making process, Latvia and Lithuania need to continuously coordinate and cooperate with like-minded countries to advance our political, security, trade, and other interests.

Primary focus of this report is on issues our parliaments, governments, decision makers and societies need to work together and carry out bilaterally, in different regional groups, organizations and globally to further our common objectives.

This report was prepared while Russia launched and continued its war against Ukraine. Russia's invasion of Ukraine has fundamentally shaken numerous previous assessments and will continue to affect international affairs for decades. Unpredictability and the impact of permeating disruption of global developments greatly influenced our work too.



Latvia and Lithuania are close neighbors and strong allies. They enjoy dynamic relations and advanced cooperation in all areas of bilateral contacts. To describe and address them all would require writing a book.

Previous report has done a great service in advising Latvian and Lithuanian governments how best to expand bilateral cooperation. This report is offering a fresh review of achievements in the previous decade and suggesting the way forward.

We think our governments should be considering the ideas and recommendations of both reports together. Even though these reports are advisory, it would make sense to discuss them among experts in different fields in both countries at first separately and then in a joint forum to decide on further steps bilaterally. Ministries of Foreign Affairs could organize this process.

EVENTS AND DEVELOPMENTS SINCE 2012

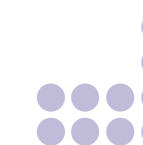
To focus on goals, prospects, and obstacles for our countries in the next decade we need to step back a little and look at what has happened since the previous report. During the first couple of decades, after the restoration of independence our societies went through dramatic changes, institution building, economic transformation and joining international and regional organizations.

Significant progress has been achieved domestically, in the Nordic-Baltic cooperation and in the European and Transatlantic community since 2012. At the same time the world order, international rules-based system and regional security have been fundamentally shaken. We will mention here just a few most important events and developments that have impacted Latvia and Lithuania and changed situation in the region during the last 10 years.

Our countries managed to recover from the 2008 global financial crisis and have been able to show healthy growth; the volume of export increased in both economies. Latvia and Lithuania joined the Euro zone and became members of the OECD.

Baltic countries consistently strengthened their credibility, demonstrated expertise and skills on a global scale and in regional organizations. All three countries successfully handled their EU Council presidencies. Lithuania and Estonia with dignity and efficiency carried out their tasks as non-permanent members of and contributed to the work of the UN Security Council. Latvia intends to be elected and is campaigning for its non-permanent seat in 2026-2028.

Russian annexation and occupation of Crimea in 2014 and its active military support to proxy regimes in Luhansk and Donetsk territories finally changed the discussion in the EU and NATO. Our allies slowly began to recognize the true nature of modern Russia. EU countries were able to agree on sanctions and stood firm in supporting the territorial integrity of Ukraine. NATO allies decided on the enhanced Forward Presence troops in Poland and the Baltic countries, thus strengthening region's deterrence.



Even though the Baltic diplomats, politicians and societies have been constantly experiencing the Russian propaganda and influence operations, white lies, and systematic incitement since the beginning of 1990s, the new age of misinformation, hybrid attacks, cybercrime, cyber-operations, and election manipulation advanced to unseen level globally during the past decade. Russia was not alone in its hostile posture and actions; China, Iran, North Korea, and several other countries developed their capabilities to challenge and undermine the Western interests domestically and globally.

Democratic countries in the West have managed to regroup, many defensive measures and institutions have been put in place. In addition to existing frameworks new institutions and communities with the required expertise emerged and found ways to exchange information. Open debate on the set of hybrid attacks gained a new significance and meaning.

Digital age has long been with us; however, the last decade spectacularly showed both the enormous potential and impact of emerging technologies that have already changed and will exponentially dominate and transform so many aspects of individual and collective choices, will require political understanding and determination to regulate the great variety of digital domains, and will fundamentally modify job market, business models and trade in the years to come.

China launched its Belt and Road Initiative in 2013. It resulted in a new cooperation platform in Central and Eastern Europe known as 16+1 format. It certainly was aimed at splitting the EU and influencing the group of these countries to accept the Chinese dominance. Luckily the Baltic countries managed to avoid significant Chinese investments. Nevertheless, China's ideological and confrontational footprint was being felt in our region too. Lithuania withdrew from this cooperation format in 2021. Latvia and Estonia followed suit in August 2022.

In 2015 Europe went through a very difficult debate on how to handle the exploding migration from the Middle East and Africa. Temporary solutions were found, however, the solid understanding among the EU member states was not established. In 2021 Belarus confronted the EU with unseen cruelty and brutality in transporting migrants and organizing their forced entry into the EU.

On top of the migration problem many EU countries were confronted with the terrorist attacks that took place in several European cities. Significant number of the EU citizens became foreign fighters and took part in the ISIS military operations in the Middle East.

New disruptive developments arrived in 2016. The people of UK in the referendum took a decision to exit the EU. Brexit has profoundly challenged the work of the EU and took several years of arduous discussions to agree on functioning relations between the EU and UK. The election of Donald Trump and his style of executing the US Presidency instigated grievances and caused some distrust among NATO allies.

The effects of climate change gradually influenced the political decision making on a global scale and important agreements were reached at the Paris and Glasgow summits. The EU forged its Green Deal. However, it remains to be seen if and to what extent these decisions will hold in the light of multitude of global disruptions caused by Covid19 pan-

dem and the Russian invasion of Ukraine.

As our report was being prepared Russia invaded Ukraine. The outcome of the conflict will greatly influence the international relations in the next decade. Many countries are studying the resolve and ability of the West to keep its unity and to act in these extremely volatile circumstances.

During the first two decades of this century the Western political leadership was not prepared to acknowledge that Russia was already a bellicose power which deliberately attacked Western interests abroad and permanently attempted to cause confusion and disruption within the NATO and EU countries. After Russia's invasion of Ukraine, the mood rapidly changed. The West was suddenly prepared to adopt crucial measures to stop Russian invasion and give critical assistance to Ukraine, including military technology and weaponry.

DECADE OF CONSTANT CONFRONTATION AND DISRUPTION

The world order, that we have been experiencing since the restoration of independence of the Baltic countries, was established at the very end and soon after World War II. Global rules-based system was gradually established, and it governed international relations since. This order was dominated by the US even throughout the Cold War. After the collapse of the Berlin Wall many expected that a new era of democracy and peace had come, that the global order will predominantly be based on the Western norms, democratic institutions, freedoms, values, and principles.

We are witnessing the first signs and arrival of a different world order. It will be shaped by multiple factors; however, the great power competition will be dominating the agenda. The next decade or two will be highly uncomfortable and out of clear order. We will witness a new era of global, military, technological, ideological, and diplomatic rivalry between two superpowers – US and China.

The US global leadership and supremacy has been under set of attacks for the past couple of decades. China has been systematically planning to displace American order first in Asia and now at the global level.

It is highly likely that two main opposing systems will eventually emerge. The US led coalition of democratic countries will be constantly challenged by the China dominated groups of countries. Significant number of countries will try to maneuver attempting to find temporary choices to avoid picking sides.

International organizations and their bodies will be affected by the great power competition and further fragmentation of international rules could take place in the coming decades. Fragmentation might lead to a gradual establishment of initially parallel and eventually separate systems and organizations on a global scale. The world order which was created after World War II is going to be disrupted and shaken continuously.



Latvia and Lithuania together with the EU partners and NATO allies will have to recognize and agree that the emerging world order is going to demand a new type of resilience both politically and militarily. We need democratic and open debates about this challenge in our countries. The West must prepare and be ready for a long period of confrontation and disruption. The contest between the democratic West and loose coalitions of the authoritarian states is at its initial phase.

China and Russia as well as other autocratic regimes manifest extreme set of vulnerabilities. They fear and regard democracy, rule of law and fundamental freedoms as existential threat. To prevent the spread of democracy, freedom of expression and open debate in their repressive regimes, China and Russia will relentlessly continue to fight these phenomena within their countries and keep developing tools and use every opportunity to attack the democratic countries worldwide. Digital technologies enable authoritarian regimes with unseen options to control and monitor their own societies.

Even though people residing in a zone of European liberal democracies might have previously imagined that their security is a given and future of their children is bright, we need to acknowledge the reality and constantly continue democratic discussion about the ways of defending our principles and values. Russia in concert with other authoritarian powers in not going to stop fighting the spread of democracy. It will keep on with interfering into domestic affairs of its smaller neighbors to dominate their political agenda. Russia will remain a hostile power for many decades to come.

Our primary focus and resources should be applied to strengthening the Western democracies, institutions, organizations, and to advancing Transatlantic cohesion and integrity. What China and Russia regard as vulnerabilities and weakness of the West should in fact be cherished and acknowledged as a common strength of democratic world.

We must also be able to admit that the principles, values, and fundamental freedoms of the West might not be welcomed by most countries and cultures globally. Therefore, our former expectations about the gradual spread of democracy globally should be revised. What works best for us could and will be resisted elsewhere. Post-colonial grievances and a strong sentiment about the Western hypocrisy play an important part in many countries.

We should provide the assistance in building democratic institutions abroad only to the extent that it is welcomed and supported by the people of those countries. The democratic aspirations must come from the people and should not be imposed by foreign governments. Afghanistan is just one of the most important examples in this regard.

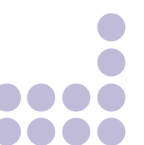
In the age of globalization business models were built on a variety of global or regional interconnection. Supply chains have become unpredictable and were extremely difficult to manage during the Covid19 pandemic and because of Russia's war against Ukraine. It's highly likely that the existing business models and global interdependence will sustain new waves of uncertainty in the coming years. It's become evident that almost every interdependency has been weaponized during the last decade. It will take several years before a new and predictable model for global trade could be established.

Even though decoupling and fragmentation of global channels of trade and communica-

tions are not a desired outcome for innovation and business opportunities, one must not rule this option entirely out. In the environment of constant confrontation with the China-Russia led anti-democratic regimes our countries should reconsider ways how the Latvian and Lithuanian business would be able to operate in the future. In some instances, the political and military logic might influence and determine the trade and commerce.

Many things will be affected by the outcome of the Russia's invasion of Ukraine. It's too early to see the full picture. On top of that the effects of climate change will fundamentally challenge countless current assumptions and policies in the next decade.

Considering these aspects, we should analyze and discuss the prospects and options of relations and cooperation between Latvia and Lithuania.



EXISTING COOPERATION AND OPTIONS FOR LATVIA AND LITHUANIA

Given the global and regional context, a disruptive decade ahead of us and the established relationship between Latvia and Lithuania in the past three decades, this report is aiming to describe the essence and recent developments in the bilateral cooperation on one hand, to set goals and give recommendations if appropriate on the other hand.

In the report's recommendations we focus on new options for our countries. Everything that already works well is not addressed by our recommendations.

Even though in the modern age almost everything is interdisciplinary and interlinked we agreed to analyze the future of Latvia-Lithuania relations in five chapters. The set of recommendations is to be found at the end of each chapter. As many issues are closely interconnected, we faced the problem how to evenly spread the recommendations within the five chapters.

POLITICS AND FOREIGN POLICY

BACKGROUND

Latvia and Lithuania are close neighbors and strong allies, they have similar and often identical foreign policy views and objectives and are affected by the same challenges. Foreign policy is regularly discussed and coordinated on all levels bilaterally, within several regional formats and international organizations.

Latvia and Lithuania have broadened and enriched their bilateral relations during last 10 years. Presidents, Speakers, Prime Ministers, Foreign Ministers speak and visit each other frequently. In 2015 governments of Latvia and Lithuania assembled in Rokiškis (Lithuania) for a joint working session.

Since 2017 Foreign Ministries annually organize informal seminar where both ministers and top management informally discuss important bilateral, regional, EU, NATO, and global issues.

In addition to bilateral contacts the cooperation of the Baltic countries is the most used format in the field of foreign policy. This cooperation took strong roots at the end of 1980s with the establishment of popular movements and was developed further even before regaining independence. The importance of this cooperation is clearly reflected in all chapters of the report.

Regular meetings of three Presidents, Baltic Assembly (BA), Prime Ministers, Baltic Coun-

cil of Ministers (BCM), foreign ministers take place. Rotating chairmanships of the BA and BCM set the annual agenda and schedule. The Embassies of the Baltic countries closely cooperate daily.

3+1 format has been successfully used and expanded in the past decade. Foreign ministers of the Baltic countries regularly meet their US, German, UK, French and Polish counterparts. The Baltic foreign ministers regularly meet their Benelux counterparts.

Covid-19 crisis gave further boost to the Baltic cooperation. While the most EU borders were partially closed due to the spread of Covid-19 virus the Baltic countries managed to establish the so called the Baltic bubble in 2020.

In many parts of the world, the Baltic countries are viewed as a politically and economically united region, as some sort of trinity. Even our allies in the EU and NATO often regard us as a consolidated entity. Even though politically the Baltic countries are united on most issues the picture is more nuanced in other domains of our collaboration (it is discussed in other chapters of the report). Nevertheless, the Baltic unity pays off at the EU and NATO tables and in international organizations.

In 2021 the Baltic cooperation at the United Nations has finally reached a new stage in nominating joint candidates for positions in international bodies. For the first time jointly nominated Baltic representative was elected to the International Law Commission. This type of joint actions could be further strengthened. Even though our partners in the Nordic countries are working within a different regional group at the UN there is a need to expand the cooperation among Nordic and Baltic countries in international organizations in supporting and promoting joint nominations and developing common agenda where possible. Positive trends could be seen in the previous decade.

Nordic – Baltic partnership (NB8) grew stronger over the past 10 years too. Foreign ministers of these 8 countries met frequently in front of screens and discussed options for deepening cooperation during the Covid-19 pandemic in 2020. NB8 foreign ministers met their Visegrad counterparts according to NB8 yearly schedule. There is a strong tradition of NB6 (members of the EU) foreign ministers to consult ahead of the EU Foreign Affairs Council meetings.

NB8 Speakers and MPs of Foreign Relations Committees regularly organize joint trips to the Eastern Partnership countries and elsewhere. In some capitals NB8 embassies cooperate closely and carry out joint events.

NB8 cooperation must be broadened, and it should eventually go beyond regular consultations on foreign and security policy issues. Nordic – Baltic region has a great potential to become one of the world's most integrated regions, NB8 countries could be frontrunners in several areas.

Sweden and Finland becoming members of NATO will significantly improve and positively impact NB8 partnership. It will take some time for both countries and their regional partners in the NB8 format to establish working relationship on all levels – political, military, think-tank, and research groups. This provides the Baltic partners with novel opportunity



to assist Finland and Sweden in finding their identity and role both regionally and in the Transatlantic community. The next few years will require additional expert and financial resources to facilitate this transition.

NB8 should be developing and deepening cooperation to strengthen resilience of our societies. Exchanging best practices and working together NB8 could evolve into a joint resilience space and become a showcase in the EU and NATO.

Given the nature of disruptive challenges the Transatlantic and EU countries are going to be confronted with in the next decade, Latvia and Lithuania and our partners with similar views must transform national political debates so that decision making would eventually be based on national security considerations. The sooner our political elites and decision makers can agree that the market economy principles solely won't help us withstand the impact of many coming problems stemming from the great power rivalry the better. Since it might require longer period to reach this understanding on the EU level, Latvia and Lithuania could agree on this principle at first and try to convince other partners gradually.

From 2030 onwards the generational shift will increasingly begin. More and more young people who were born after our countries regained independence are going to take leading positions in politics, civil service, and business. Their perspective and understanding about the Soviet occupation will differ from generations that experienced it first-hand.

People of Latvia and Lithuania have had to make strategic choices since regaining the independence. Our political leaders and societies will have to walk the extra mile in defending and promoting democratic principles and fundamental freedoms within our countries and in Europe in the next decade. Strategic commitment will have to be regularly renewed and adapted through open debate and targeted investments.

For many years our partners in the Western European countries have demonstrated the lack of understanding about Russia's determination to change and destroy European security order, to subvert and disrupt European and Transatlantic cohesion. This is also evident at this dark time of Russia's invasion of Ukraine, therefore, Latvia and Lithuania together with like-minded countries must relentlessly continue dialogue with our Western allies. Russia will remain a hostile power, security problem and existential threat to its immediate neighbors for a very long time.

Latvia and Lithuania are among the most strong and active supporters of the EU's Eastern Partnership program. They actively assist the Eastern Partnership countries to carry out necessary reforms and streamline political, economic, and social integration into the EU. The achievements of Moldova and Ukraine have been recognized this summer by granting them the EU candidate country status.

OBJECTIVES

As the existing global order is going to be gradually reorganized over the next decade our countries' primary task is to make sure and work hard to safeguard and further develop liberal democracy, democratic institutions, rule of law, fundamental freedoms, and credible information space in the West. We need to keep our house in order and make it fit to

withstand numerous internal challenges and external threats.

Strong partnerships, determination and strategic commitment are key to success. Transatlantic community, Australia, Japan, South Korea, New Zealand must find common means and ways how to involve countries which will have hard time to pick sides in the age of great power rivalry of the century.

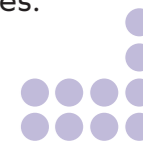
After the Brexit, the EU will continue to look for a new internal balance. Resources and full focus should be devoted to facilitating and making decisions that make the EU stronger.

Russia's invasion of Ukraine has completely disrupted the European security order and caused major impact on energy security, food insecurity and trade; it may also lead to stagflation. Our diplomatic efforts must ensure the EU and NATO cohesion, readiness, and ability to deal with the continuous Russia threat for decades to come.

From our history we know the importance of political signals and commitment. Dialogue and cooperation programs with the Eastern Partnership and the Western Balkan countries will remain a principal part of foreign policy objectives.

RECOMMENDATIONS

- National security considerations must become primary principle in formulating foreign, trade and domestic policies in Latvia and Lithuania.
- United States and Transatlantic community must remain our core partners in restructuring emerging global arrangements based on democratic principles.
- To better assess and counter China's growing influence and threats our countries should continue to develop and deepen dialogue and cooperation with Australia, Japan, South Korea, and New Zealand.
- After Finland and Sweden's accession to NATO NB8 countries have a unique opportunity to harmonize their views and policies achieving common understanding, set of shared capacities, and establishing a regional resilience against foreign hostile activities, disinformation, influence operations, election manipulation, cyber-war, and cyber-crime.
- To reach the next level in the NB8 cooperation the Baltic countries should seriously discuss the creation of a permanent structure like the Nordic Council of Ministers Secretariat. That could be the decisive step towards greater regional integration in the Nordic – Baltic family.
- The Baltic countries must continue promoting and supporting jointly nominated candidates to international bodies.
- Painful experience of explaining the Baltic history and consequences of the Soviet occupation to the allies and partners in the West require certain measures to educate our young diplomats, civil service as well as decision makers in our countries.



SECURITY AND DEFENSE

BACKGROUND

Latvia and Lithuania are strong allies that closely cooperate daily to defend their countries. Military cooperation and planning are taking place nationally, regionally – among the Baltic countries, and within NATO.

At times when Latvia and Lithuania face external pressure and existential threats our political leadership and civil service can mobilize, take necessary decisions, adopt important measures and work together bilaterally and in the Baltic region to further our national and regional interests. The most evident success beyond foreign policy realm could be observed in the Latvian and Lithuanian cooperation in defense and security domains.

Over the past 10 years there were more than enough occasions to prove this observation.

In 2013, a new framework document of military cooperation among the Baltic States was signed. The new cooperation format of the Baltic States became compatible with Nordic defense cooperation (NORDEFECO).

After annexation and occupation of Crimea in 2014 Russia increased its military presence next to the Baltic countries; its military activity and provocative exercises grew exponentially.

Latvia and Lithuania took relevant steps to strengthen their defense forces and worked closely with NATO allies to deter Russia.

At the Wales Summit in 2014 NATO allies pledged to reach 2% of GDP spending on defense. Latvia and Lithuania gradually increased their military spending and reached 2% threshold in 2018. This summer both governments committed to increase the defense spending to 2,5% in the coming years.

At the Warsaw Summit in 2016, allies agreed to enhance NATO's military presence in the eastern part of the Alliance, with four battalions in Estonia, Latvia, Lithuania, and Poland, on a rotational basis. These battalions became operational in 2017. Working hand in hand with soldiers from many NATO countries the enhanced Forward Presence (eFP) troops in Latvia and Lithuania have reached a new level and unique experience of combat cooperation over the past 5 years. On top of that our troops regularly participate in many military and defense exercises that take place in our region among the Baltic countries, other NATO allies and partner countries.

At the Madrid Summit this June NATO allies demonstrated enhanced level of cohesion and resolve to counter Russia. Commitment to protect populations in NATO countries and defend every inch of NATO territory at all times is a strong fundament to strengthen security of our countries. The Warsaw and Madrid Summits are, therefore, a watershed moment in the history of the Alliance.

These decisions would not have come true without intensified and straightforward dia-

logue among allies. The Baltic countries have played their part in this process. To gain allies' trust they constantly explained the dangers and threats our nations have faced over many years and continue to deal with in the Baltic Sea neighborhood day by day.

The 2023 NATO Summit in Vilnius must buttress the Madrid Summit's commitments to defend NATO's eastern flank. Our countries also need to take all necessary steps to prepare for receiving and accommodating additional NATO allies' troops – a brigade-size units – in Latvia and Lithuania. Discussion on Russia's growing hostility and Belarus's support to war against Ukraine must remain high on NATO's agenda during the preparations for the Vilnius Summit.

Relentlessly working on all necessary measures to support Ukraine's fight against Russian aggression NATO allies must pay a special attention to Belarus which in practice has been used for Russian military operations.

We need to emphasize that Latvian and Lithuanian bilateral cooperation in defense and security domain has been mostly taking place within the cooperation of the Baltic countries. Our allies and NATO adversaries view the Baltic countries as one military theater. Over the past 10 years the Baltic countries have significantly improved and deepened coordination, consultation and cooperation structures and channels.

One prime example is the Baltic Defence College which for more than two decades has educated military and security related civilian personnel to meet the security and defense needs of Estonia, Latvia, and Lithuania.

After continuous deliberations and consultations, on 21 December 2021 the Defense Ministers of the Baltic countries decided to work out a legal framework to facilitate military assistance across the borders and to establish joint operational or Baltic Defense area. The Baltic countries have also agreed to develop Multiple Launch Rocket System in the coming years. In 2022, Ministers of Defense signed a Letter of Intent outlining the political, military, and legal aspirations for a future defence agreement.

This experience will prove to be invaluable in the very near future when Finland and Sweden will become members of NATO. Their NATO membership will immensely boost security in the region. It will also influence the military planning rationale. In addition to all other benefits of the enlarged NATO the Nordic – Baltic cooperation framework is finally going to be almost complete.

The Baltic countries should step forward and initiate a new type and more structured collaboration among the Nordic and Baltic countries on defense and security. It will take some time before all relevant partners and institutions in the Nordic and Baltic framework will sort out and comprehend ways how best to deal with the multitude of options for the enhanced coordination and cooperation in the region and within NATO structures. There is a need for a renewed dialogue on all levels – political, military, academia, think-tank community, and business.

In 2021 Latvia, Lithuania, and Poland were suddenly confronted with well-planned hostile actions by illegitimate regime in Belarus which transported migrants from the Middle East



and other regions to Belarus, organized their passage to the border areas, and forced them to cross borders of Latvia, Lithuania, and Poland. This was a new way of weaponizing illegal migration with the aim to disrupt and challenge security of the EU and NATO. During this crisis the Baltic countries and Poland learned how to coordinate their national actions and successfully managed the dialogue among the EU partners, NATO allies and with the international organizations.

OBJECTIVES

Irrespective of the outcome of the Russian invasion of Ukraine our countries' primary task is to adopt all possible measures to defend the NATO eastern flank against Russia's threats, clandestine actions, and military operations. We cannot possibly know what impact the Russian war against Ukraine will eventually have on its immediate neighborhood, however, it's safe to assume Russia will remain a hostile and unpredictable power for many decades to come. Therefore, the Baltic countries must continue to coordinate their actions, work closely with NATO allies to increase, and maintain the permanent and adequate presence of NATO troops at the border with Russia.

NATO countries on the Alliance's eastern flank will permanently have to spend significant amount of their income on defense, military technologies, and equipment.

At the Madrid Summit this June the allies have committed to deploy additional robust in-place combat-ready forces on the NATO eastern flank, to be scaled up from the existing battlegroups to brigade-size units where and when required, underpinned by credible rapidly available reinforcements, prepositioned equipment, and enhanced command and control.

To fulfill these commitments the Baltic countries in close cooperation with their Nordic partners must rethink, prepare, and adapt to ever changing military threats posed by hostile Russia. The military infrastructure, equipment, weaponry, planning and exercises must meet new circumstances in part based on lessons from the Russia's war against Ukraine.

Finland and Sweden becoming NATO members will gradually change the developed thinking and will require a new mid-term military rationale to combine existing and develop new capabilities so that the NATO Northeast flank is credibly defended. Importance of NATO Multinational Division North and the UK Joint Expeditionary Force will grow and should be carefully calculated into the regional defense arrangements.

Ironically, it took too many years and casualties before the Western partners realized what NATO has been confronted with. Russia for many years has been quite clearly stating that the West and NATO are its enemies, it has carried out great many hostile actions for some time even before attacking Georgia and annexing Crimea. Yet the Western leaders ignored these signals and facts and continued to build cooperative relations with Russia. Therefore, we think, the Baltic countries must continue dialogue with and guide the political leadership and decision makers of NATO countries.

Emerging technologies, big data, artificial intelligence, internet of things and other digital tools give an opportunity to synchronize cross-border cooperation among the Baltic coun-

tries. We don't need to wait until these issues are eventually regulated and fixed on the EU level. The Baltic countries should develop their own capabilities and ideally together with the Nordic countries create new human friendly digital space in the region.

Despite continuously growing cyber threats and ongoing cyber warfare against NATO interests and infrastructure our countries, EU and NATO have been fairly slow in finding ways how to deal with fragmented and underdeveloped coordination among relevant institutions on the national level and within EU and NATO. Next decade will be crucial to develop functioning coordination and consultation mechanisms in this regard.

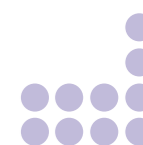
RECOMMENDATIONS

- Rapid development of military technologies and weapons, constantly changing security environment in our region, size of the Baltic economies and a few other factors require intensified cooperation among the Baltic countries with the focus on joint procurement.
- Before the Russian invasion of Ukraine, it was obvious that there is a need to upgrade and expand a dialogue and cooperation on defense and regional security among the Baltic countries and Poland. This is still a valid point.
- Finland and Sweden will soon become members of NATO. This will affect many things in the region. New situation will have to be carefully analyzed and discussed among the Nordic and Baltic allies to develop the most effective regional defense system at NATO's Northeast flank. Baltic countries must step forward and help establish coordination and consultation tradition within Nordic-Baltic framework.
- Nordic - Baltic countries eventually could become a zone of NATO where concept of total defense is carried through.
- Think-tank communities in the Nordic and Baltic countries must rediscover old contacts and set up a new forum to discuss and compare security context in the Baltic Sea and High North to see the whole picture.
- While national governments struggle with fragmented and ill coordinated policy on exponentially growing digital world the Baltic countries should establish regular consultations among Ministries of Defense on cyber defense.

ECONOMY AND TRADE

BACKGROUND

As noted in previous chapter, Latvia and Lithuania enjoy significant cohesion and extensive cooperation in foreign policy, defense, and security policy domains. The picture is more nuanced and sometimes controversial in trade, energy, transport, and other key fields of bilateral cooperation.



After regaining independence Latvia and Lithuania had to establish bilateral trade relations, develop, and consult about many relevant measures and regulation so that emerging private sector in our countries could successfully compete for customers and markets. In the process disputes, misunderstanding and frictions often accompanied the progress that was achieved over the past 3 decades.

Having analyzed existing cooperation in many sectors, we can attest that the Ministries, agencies, experts and businesses in Latvia and Lithuania have developed consistent and regular contacts and widespread cooperation across most sectors.

Lithuania has become the most important trade partner for Latvia during the past decade and is one of the main investors in Latvia. Latvia also features among top trade partners for Lithuania. There are all necessary preconditions and regulation in place in our countries today so that business and individuals can freely trade, cooperate, and invest. Entrepreneurs in both countries regard Latvia and Lithuania as their home market. Relations are widespread and healthy in most instances.

On the other hand, enormous difficulties that both countries went through in the 1990s and at the beginning of 2000s have in some instances created lasting impressions. Interviewing experts in several ministries and private sector we have detected a sense of mutual suspicion about the intent of the other side and grievances caused by earlier experience and encounters in working together on bilateral or regional projects. Our differences sometimes are determined by a different national character, history perception, and political tradition in Latvia and Lithuania. The reasons and feelings are real, as very often is a case even between friendly neighbors; they will most likely stay.

Experience of bilateral and regional cooperation, however, is clearly indicating that these emotions can usually be overcome by working closely on joint projects. The set of urgent and troubling geostrategic challenges demand determined political leadership and unity of purpose.

Looking at Latvia and Lithuania's trade relations it is very important to emphasize that both foreign investors and local business very often view the Baltic countries as one entity and integrated region. Foreign companies, planning their actions and before taking decisions, usually consult their partners in all three countries, look at data and compare regulations in Estonia, Latvia, and Lithuania. Even though the Baltic neighbors often compete for the same customer and their economies may look similar, there are many advantages to operate in all three countries.

Over the past 10 years several important decisions have been taken and new major projects launched both nationally and in the Baltic region. Our report is addressing the ones which will clearly determine and influence the growth and development in our countries in the next decade.

Energy security was one of the most important issues of bilateral and regional cooperation over the past 10 years. After the closure of the Ignalina nuclear power plant in 2009 Lithuania had to find new ways how to balance its energy deficit. Discussions among the Baltic countries were not successful in this regard. Therefore, Lithuania unilaterally

financed and constructed the Klaipėda LNG terminal. It became operational in December of 2014. This terminal was supposed to become integral part of the Baltic gas market, however, negotiations proved to be too difficult for it to come true. The LNG price was too high at a time. Estonia, Finland, and Latvia established common gas market in 2020 in anticipation that Lithuania would eventually join it.

In the meantime, Belarus continued construction of the Astravec nuclear power plant near Lithuanian border. Even though the Baltic countries had a common political understanding of potentially catastrophic consequences of the Astravec NPP, the governments and energy experts in the three capitals disagreed on various aspects and tactics how to handle the Astravec NPP issue both domestically and in discussions on the EU level and in other relevant fora.

These disagreements clearly show how difficult is to reach a unity among governments and relevant authorities on issues of crucial importance for the regional energy security. Different national agendas and business interests often prevail over the long-term considerations.

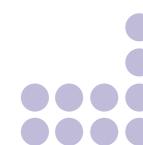
Nevertheless in 2020 the Baltic countries finally agreed not to purchase electricity generated by the Astravec NPP. The national system operators in Estonia, Latvia and Lithuania continue consultations and take necessary steps to synchronize their energy systems with the European grid and to decouple from the Russian electricity grid in a very near future.

After Russia's invasion of Ukraine on 24 February security environment and circumstances have fundamentally changed. The global energy market and routes of supply are being redesigned as of writing this report. In the midst of these dramatic changes, the governments of the Baltic countries and in the wider region were trying to find quick answers for the consequences of subsequent decoupling from Russia's fossil fuels and its energy systems.

At the same time long-term solutions will have to be found and properly financed. It requires a new mindset and renewed commitment to find regional approach that would fit the energy needs of our countries for the next decade and beyond. No single country can manage these complex issues on its own. Concerted and coordinated effort is needed.

It's important to continue discussion on the EU energy policies. However, it's also obvious that the EU countries around the Baltic Sea will have to agree on long-term projects that would eventually guarantee the energy security and provide with competitive and environmentally sound solutions for the Baltic, Nordic and to some extent Polish energy systems and markets.

During the previous decade several key projects of regional importance have been implemented and they provide a good basis for the next set of steps and policies to be agreed about. Latvia and Lithuania gradually joined the Nord Pool AS. The regional energy infrastructure was significantly improved and strengthened by the development of several interconnectors for electricity (Estlink 2, NordBalt and LitPol Link) and gas (Baltic Connector and GIPL). Inčukalns underground gas storage and Klaipėda LNG terminal will play even more important role in the new context.



Global struggle for available resources and the steady impact of climate change will strongly influence both the EU internal debate and options for our region to work out suitable combination of needed infrastructure, energy production, supply, and consumption. The EU Green Deal will be once again reevaluated in the light of new geopolitical circumstances; however, the required and acceptable green transition will have to be calculated into every set of options that our governments will be able to collectively agree about.

It is also important to emphasize that on a national level our governments, municipalities and energy companies need to take all necessary steps to facilitate and promote energy efficiency, renewable sources, and green technology so that our societies would become more resilient in facing climate change and shortage of resources.

Latvia and Lithuania Sea border agreement has yet to be ratified by the Latvian Parliament. This has been one of the most difficult issues in our bilateral relations since mid-1990s. Consultations and discussions about the additional agreement on economic cooperation haven't moved an inch for the past couple of decades.

It clearly indicates that both parties from the very beginning have had serious misgivings about the intent and motivations of the other side. Economic interests and estimates about the availability of natural resources in a disputed sea border area have strengthened divisive positions among politicians and experts on both sides.

We have seen time and again that this dispute cannot be solved by experts. New geopolitical situation and climate considerations should finally bring both parties to the table to sort this problem out. The debate should be led by a newly established body consisting of politicians from governments and parliaments. Experts should also play their part. The delegations must bring all misgivings to the table and agree on the way forward. At the end of the day, it must be a political decision.

One way of finding a common ground is to decide that both parties must abolish any further attempts to explore and extract fossil fuels from the Baltic Sea. Latvia and Lithuania should focus on joint wind farm projects at the sea in the said border area instead.

Rail Baltica project has openly displayed many problems we face on a regional level in the Baltic countries. Even though there is a political commitment to complete the project the governments and involved parties have been clearly struggling to successfully manage Rail Baltica project.

Sometimes expectations run ahead of reality. No doubt, this is one of the most complex projects in the EU. Different national regulations and political traditions are difficult to harmonize, it's been evident even among Western EU member states on several occasions.

On the other hand, the governments and relevant Rail Baltica institutions need to make additional effort to carry this project out on time. In our view Rail Baltica is one of the most strategically important regional projects which will greatly transform business ecosystem, improve military mobility, and provide with many new options for local communities.

As transit and trade with Russia and Belarus will be severed and possibly stopped for a

considerable period, Latvian and Lithuanian railway enterprises and ports will have to make fundamental changes in the ways they could predictably and sustainably operate in the future. Therefore, connecting the Baltic countries to the Western European railway networks is of existential significance.

In the current geopolitical situation, the importance of the Via Baltica motorway is even greater. The modernization and expansion of this transport corridor would ensure the connection of the Latvian and Lithuanian transport system with Central and Western Europe and the integration of the motorway network into the transport systems of EU countries.

Digital transformation has been taking place for the past couple of decades with accelerating speed. Covid-19 pandemic brought us to a new reality even quicker. All of a sudden, our societies discovered options and technological opportunities that were not thought about previously. Home working and distant learning, e-commerce are just a few most easily recognizable examples.

Next decade will bring more of that into our day-to-day activities. Immense opportunities brought by exponentially advancing technologies will be also accompanied by a growing number of challenges and security risks.

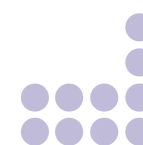
In the past few years, the EU has taken important steps to regulate digital domain adopting a set of new directives and setting up funding programs. Digital Markets Act and Digital Services Act aim to establish a level playing field for businesses and to create safer digital space. Our countries need to continue taking part and contributing to formulating EU policies of digital transformation.

On the other hand, our governments in close dialogue with the industries will have to make an extra effort in finding the right balance for shaping suitable conditions both nationally and in the region. The paradox is that governments and institutions are expected and are used to operate within the national boundaries whereas the digital and virtual space often don't recognize physical borders.

In the next decade our governments will be preoccupied with the dilemma how to reconcile the national regulations with the speedy developments in digital domain. On one hand Latvia and Lithuania will be separately dealing with the existing national fragmentation in digital governance. On the other hand, digital technologies will exponentially continue to permeate our daily activities nationally and across the border.

There is no escape, therefore, Latvia and Lithuania will inevitably come to the point where closer cooperation on digital issues will have to be established. The next decade is going to be transformative, and our countries need to prepare for these changes.

Three Seas Initiative (3SI) was established in 2016 and has become a platform for 12 EU member states and 3SI strategic partners (US, Germany, and European Commission) to improve connectivity of the region in energy, transport, and digital infrastructure. 3SI Investment Fund was launched and has become operational in 2021. The Fund has so far approved and is financing 4 regional projects. The US has contributed to the Fund during the Riga Summit in June 2022.



3SI has gradually developed and put in place necessary structures and coordination mechanisms nationally and among 3SI countries. Therefore, the Initiative will continue to grow.

3SI is additional tool for our countries to launch new projects among a smaller group of the Initiative's countries – Estonia, Latvia, Lithuania, and Poland.

OBJECTIVES

The prospects of the Latvian and Lithuanian markets will be affected by many global factors. The US – China rivalry, growing and persisting inflation, high energy and food prices, the Russian war against Ukraine, sanctions against Russia, disruption of trade systems and supply routes, growing competition for available natural resources and critical minerals are on top of the list. To withstand these and other difficulties over the next decade our countries need to strengthen existing contacts and expand cooperation in strategically important domains both bilaterally, regionally, in the EU, NATO and with our democratic partners globally.

Continuously aggressive Russian posture and its relentless hybrid attacks against the EU and NATO interests in the region might for some time worsen the investment climate, tourism, and business opportunities in the Baltic countries. Our governments and business communities will, therefore, need to start a renewed dialogue to address these concerns and find ways how in a more coordinated manner to attract investment and stimulate relevant travel to our countries.

The Paris Agreement and the EU Green Deal are political milestones and constitute legally binding commitments to develop carbon neutral economies and prevent further catastrophic climate change. In the new geopolitical context governments will have to reconsider their approach in dealing with energy security and supply issues and to play more decisive role in setting rules for private sector.

The synchronization of electricity grids with those of continental Europe would make a significant contribution to the security of our national energy systems. It is necessary to find ways how to achieve synchronization with the continental European electricity grids more quickly.

Energy and climate diplomacy will require enhanced coordination and cooperation across sectors within member states and among EU institutions. By moving away from Russian gas and oil the EU will have to redefine its dialogue with the carbon energy producing countries.

The green transition will require increased capacity to generate electricity, the need to guarantee the necessary back-up volume, adjust existing and develop new infrastructure. To avoid mistakes and make right calculations the governments and private sector in the Baltic countries, Finland and Poland will have to sit together for a few years to find the right answers for the Baltic Sea region.

Latvia and Lithuania are among technologically most advanced countries in the EU. Work-

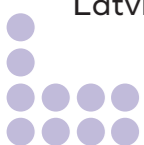
ing closely within the Nordic – Baltic framework our countries should contribute and cooperate so that Nordic-Baltic region would become one of the most digitally integrated regions in the world providing our citizens and businesses with interoperable services, safeguarding privacy, upholding common values, principles, and freedoms.

Estonia, Latvia, and Lithuania in 2018 signed a memorandum of understanding for the international transport corridors Via Baltica – North, Rail Baltica initiative to develop an experimental 5G cross-border corridor where self-driving vehicles can be tested among other options. It was an important step forward, however, more needs to be done in practice.

Covid-19 and Russia's invasion of Ukraine have forced entrepreneurs to redefine business models and look for different supply routes. It is very likely that the 'just-in-time' supply model will be readjusted in the coming years. Political leaders will have to have a frank discussion with the business community in our countries on how to trade and were to export their products. Several markets will be off limits to our entrepreneurs for a very long time.

RECOMMENDATIONS

- Estonia, Finland, Latvia, Lithuania, and Poland must consider setting up an inter-governmental body to work out long-term regional solutions for developing additional energy infrastructure, to guarantee environmentally safe and economically sound combination of energy production and consumption on a regional level. Isolated efforts of individual countries won't be enough. Coordinated decision making and collective action are needed.
- To finally solve controversial issues affecting the bilateral sea border agreement a new bilateral body needs to be established. Misgivings of both sides must be openly discussed, and a new political solution reached. This body must be led by the appointed politicians with the clear mandate. Focus on possible joint renewable energy projects at the Baltic Sea should replace the outdated approach.
- Having witnessed chaotic and uncoordinated actions in our countries during the initial phases of Covid-19 pandemic, governments of Latvia and Lithuania should establish coordination mechanisms to handle future crisis.
- Size and scale matter. To increase growth and promote talent in the Baltic countries our governments, universities and business communities should reach a new model of cooperation by establishing a unique and joint business incubator. One potential field of cooperation could be devoted to exploring new business options and finding solutions to climate problems at the Baltic Sea.
- In the digital age our citizens would tremendously benefit if relevant institutions in both countries could work out appropriate data sharing and digital system harmonization schemes so that they could use services across borders in Latvia and Lithuania. For instance, ID cards' systems should be harmonized, medical prescriptions and other health services could be available across the border.



- To achieve significant improvement in coordinating policies and harmonizing legislation, developing relevant regulation for sound digital transformation there needs to be an intergovernmental coordination mechanism in place.
- Continuing the Rail Baltica construction and adjusting Via Baltica infrastructure the Baltic governments must deepen dialogue with Finland and Poland to increase the strategic importance of the project.
- The Baltic countries are frequently seen as one entity. This aspect should be more often exploited. Relevant institutions should be more calculatedly coordinating their efforts to promote our countries abroad. The three investment agencies, tourism associations should explore options of organizing joint events in large economies of the EU and in distant countries and regions globally.
- Since 2017 Nordic and Baltic countries have been deepening cooperation in the digital domain. The next decade should be used to broaden this cooperation and explore new directions to achieve greater integration in the region.

MUNICIPALITIES AND PEOPLE IN CLOSE CONTACT

BACKGROUND

Many municipalities have reached and advanced long-standing cooperation agreements, developed traditions and close contacts throughout the past three decades. These contacts are being reinforced by regular cooperation projects across Latvian and Lithuanian borders. In our view bonds among municipalities and many local communities in both countries are very strong and dynamic. There is a common interest in exploring nature, visiting different tourism locations, taking part in cultural events across the border. Municipalities and local organizations regularly exchange information and showcase best practice. Very often this cooperation is based on common interests in particular issue, therefore, municipalities find partnerships both with the immediate neighbor and with more distant municipalities.

Latvia and Lithuania have institutionalized their cross-border cooperation and it is carried out through regular meetings of Intergovernmental Cooperation Commission. The Commission's main objective is to define and coordinate the general directions, programs, and forms of cross-border cooperation, to make recommendations to the joint coordination bodies at regional and local level and to resolve contentious issues that hamper this cooperation.

Agreement between the governments of Latvia and Lithuania on cross-border cooperation in the provision of emergency medical assistance in the border area of our countries is in force since 2018. It is an important achievement that should improve security and well-being of people who reside in the regions across the border.

Regional cooperation has been significantly bolstered since Latvia and Lithuania joined

the EU in 2004. The EU INTERREG programs are very popular and useful for municipalities, NGOs, and businesses in both countries.

During the 'INTERREG V-A Latvia-Lithuania Program 2014-2020 period' 132 projects were agreed about and more than half of them have been carried out so far. Partners in both countries took measures in handling environmental protection issues, facilitating and promoting jobs and labor mobility in different areas, improving social cohesion and inclusion, developing cooperation in health and recreational services, strengthening the capacity of local institutions, and making better public services. Several projects in sports and local tourism have reinforced existing contacts and brought new ideas for the services of different communities on both sides of the border. INTERREG program also helped to discover our common roots as the Balts through specially designed exhibit. New nature tourism objects have been put in place and cross-border road sections reconstructed.

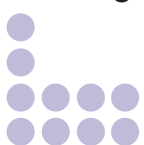
The INTERREG program will continue during the EU financial period 2021-2027. Program's priorities will focus on promoting green and sustainable development, fair and sustainable societies, developing the economic potential of tourism and heritage, and enhancing people-to-people contacts. The program is expected to start at the end of 2022, following the approval by the European Commission.

People use the infrastructure and all sorts of facilities in the neighboring country and bring their children for training, cultural and educational purpose across the border daily. They work closely in planning and developing new projects. Local authorities organize workshops to assess the needs of different communities and discuss ways how to handle them by applying for new INTERREG funding.

Special attention deserves the Balts' Unity Day which has grown and gained popularity in the border areas. The Balts' Unity Day is an annual festivity that brings together Speakers of both Parliaments, Members of Parliament, local politicians and most importantly people from adjacent regions; the diplomatic choirs of Latvian and Lithuanian Foreign Ministries perform. This is a unique forum that manifests special bonds between our nations, it sends a powerful political signal about strategic commitment to nurture friendly relations and deepen cooperation between Latvia and Lithuania. The Balts' Unity Day has been taking place annually since 2011 and has been carried out in different places in Latvia and Lithuania. Last year it took place in Kuldīga (Latvia), this year, in September it is planned to be taking place in Joniškis (Lithuania).

Local artisans and small businesses benefit from attending regular regional and town festivities and events. Sometimes even kindergartens visit each other. The list of mutually rewarding activities and positive examples of cooperation in Latvian and Lithuanian border areas is very long and promising. Multiple and expanding projects and day-to-day contacts in cross-border cooperation clearly express the natural curiosity about one's neighbor and show the willingness to work together in improving the local living standard.

Latvia and Lithuania have recently reached two agreements that would improve cooperation and simplify emergency medical treatment for the people in the border areas. Both agreements came into force in 2019: the agreement on the maintenance of state border and the activities of the authorized border representatives; the agreement on cooperation



in providing the emergency medical treatment in the border areas.

OBJECTIVES

Having seen the positive developments of the regional cooperation among municipalities, businesses, NGOs across the border of our countries, it's important to continue these efforts to make the border areas more attractive for tourism, sustainable growth, recreational activities, sports, and cultural activities. People need to know that jobs, health care, basic services and appropriate housing will be available there.

Regional road infrastructure and the quality of roads are important for strengthening economic, social, and cultural links between border regions. In the current geopolitical situation, the importance of good roads is even greater, given the need to ensure military mobility and civil security. Therefore, the need for the reconstruction and maintenance of important regional roads remains strong.

The border regions in both countries face similar challenges regarding depopulation and ageing. Climate change is felt everywhere, therefore, local communities are well informed about immediate necessities to deal with environmental protection. National, local and INTERREG programs need to focus on these issues.

Rapid spread of Covid-19 and restrictive actions taken by the governments proved once again how important is to have coordination mechanisms in place. It's impossible to predict what sort of crisis our countries might be faced with in the future, however, the experience of the past couple of years demonstrated the need for functioning communication channels between governments and municipalities. Latvia and Lithuania must make sure these channels exist, continue to work and relevant authorities are prepared to act swiftly.

RECOMMENDATIONS

- Joint database could be set up and continuously updated to provide all the relevant information for the citizens of the border regions of both countries, including planned cultural and other public events. This would further strengthen cooperation, promote a better mutual understanding, and highlight the history, traditions, and achievements of neighbors.
- To fight fire, deal with other types of emergencies and safeguard civil protection there is a need for additional attention on a national level. Governments and municipalities working together should establish functioning mechanism for solving these critical situations across the border.
- Data sharing and harmonization of the ICT systems could be an important tool for local authorities in improving safety on roads and surveillance in adjacent places.
- Search and rescue at the sea is still not coordinated sufficiently because it lacks international regulation.

CULTURE, SCIENCE, EDUCATION

BACKGROUND

Over the past 10 years Latvian and Lithuanian cooperation in many areas of culture has significantly moved forward and deepened. We are glad to recognize that this cooperation has been taking place on all levels – between ministries, municipalities, institutions, NGOs, private sector – in joint projects both bilaterally and regionally. Even though Lithuanian statehood has a much longer history, celebration of the centenary of the Baltic countries was marked by a number of spectacular projects. Participation at the London Book Fair and the exhibit of the Baltic symbolism at Musée d'Orsay in Paris stand out among other joint projects during the centenary year in 2018.

Legal framework for the cooperation among the Baltic countries has been further advanced since the previous report. In 2012 the Baltic countries have reached agreement on internationally acclaimed Kremerata Baltica orchestra. In 2018 the three Ministries of Culture signed two agreements: first, on the Baltic states committee for the Safeguarding and Development of the Song and Dance Celebration Tradition; and second, on the Establishment on the Baltic Culture Fund. Since 2019 this Fund has been supporting projects to promote the achievements of culture of the Baltic countries abroad. In 2020 the Memorandum of Understanding to ensure translation and publication of the literary works awarded with the Baltic Assembly Prize for Literature was signed by the Ministers of Culture. The Programme of Cultural Cooperation between the Ministries of Culture of the Baltic countries for the years 2019-2022 is in force.

In January 2019 the agreement of the Baltic countries on the automatic mutual recognition of higher education diplomas came into force. In 2021, the Benelux countries (Belgium, the Netherlands and Luxembourg) and the Baltic states agreed and launched the treaty on the automatic mutual recognition of higher education diplomas. This is an important step forward since 2000 when the Baltic countries reached the first agreement of this sort.

Latvian and Lithuanian national operas, symphonic orchestras, choirs have longstanding tradition in cooperating and performing in our countries. Competition in sports has long-term tradition and numerous events are taking place both bilaterally and among the Baltic countries.

Latvian and Lithuanian literary works are regularly translated and published in both countries. Thanks to the mentioned Memorandum of Understanding a new tradition is being established. Since 2021 the literary works awarded with the Baltic Assembly Prize for Literature are published in a yearly edition "Modern Classic". Platform "Latvian Literature" regularly provide grants to publish Latvian literature in Lithuania. Latvian and Lithuanian authors are routinely invited and take part in the literary events in both countries.

To appreciate accomplishments and promote translations, education, research in the Latvian and Lithuanian language, to preserve national heritage and culture of Latvia and Lithuania the Foreign Ministers of our countries established 'The Balts Award' in 2017; it has been announced annually since 2018.

Visual arts are also a good example of fruitful cooperation. Exhibits in the art galleries, exhibition halls and museums take place in Latvia and Lithuania regularly. The list exhibitions that have been on display in both countries over the past 10 years is very long; it's manifesting the well-established tradition of cooperation in this domain.

Annual folk song festival 'Baltica' has been taking place since 1987. It has always been very popular and attracts many people.

National archives, Art Academies, Music Academies, and numerous other culture institutions work closely on joint projects and collaborate daily.

Cooperation among the Baltic film industries and especially in co-production has been a great success in the past decade. In large part the positive result has been caused by the membership of the Baltic countries to the Eurimages – the cultural support fund of the Council of Europe, as well as due to the EU regulation on audio visual production. Size of the Baltic countries and available financial resources on a national level have also stimulated the need to join forces bilaterally and among the Baltic film industries.

The New York Baltic Film Festival has been annually carried out since 2018. Every autumn The Baltic Film Days are taking place in Tallinn, Riga, and Vilnius. Occasionally the Baltic Film Days are organized in different cities around the world.

Latvian and Lithuanian collaboration in film co-production has been particularly productive and mutually beneficial. All sorts of professionals and technicians from our countries are well connected and are daily working in both Latvia and Lithuania. More than 20 films have been co-produced by the Latvian and Lithuanian film companies since 2010.

We also would like to recognize the individual initiatives in promoting the knowledge about Latvian and Lithuanian history, culture, contacts, and interaction. Conferences, seminars, lectures, exhibitions, concerts, and many publications have regularly been carried out by the Association "The Balts' Centre" in Šiauliai since 2002.

The moral obligation of our governments is to make sure that the next generations have a good command of the Latvian and Lithuanian languages, can freely develop their culture, know their roots and history. Even though it's a responsibility of every national government, there are numerous areas that require consistent cooperation between relevant institutions of Latvia and Lithuania.

Books 'History of Latvia' and 'History of Lithuania' have been translated and published in our countries in the past decade, however, the general knowledge about Latvia in Lithuania and about Lithuania in Latvia is very poor. This is a phenomenon we have observed preparing our report. People in our countries know very little about each other, the knowledge is often too shallow and mostly based on private stories.

Due to complicated geopolitical background and potentially difficult future, our nations have been and most likely will continuously be confronted with incessant stream of lies and disinformation about our history, mentality, and political commitment. Students of history at the universities often learn about the past of France, Germany, Russia, and other great

powers, however their knowledge about immediate neighbor is limited or non-existent. This has to change.

It needs to be started at the universities and history study programs so that students would eventually obtain real understanding of important events in the history of one's neighbor and the impact on our own past. To develop a necessary understanding of how our countries established their independence at the beginning of the 20s century among other things, these study programs should discuss the history of the Baltic countries, Poland, and Sweden.

It is important that historians of the Baltic countries work together on relevant projects. One of the first projects should focus on the war of independence in all three countries.

After having developed these programs for researchers and history students, our countries could finally fund projects so that experts could work out specific materials for schools to explain the main facts about the culture, national character, and history of Latvia and Lithuania.

Previous report already pondered on how to achieve better knowledge about one's neighbor, its history, culture, and national character already at school age. It is highly unlikely our countries would ever be able to afford and train as many schoolteachers as this task would certainly require. If, however, our universities would be willing to fund necessary history learning programs, over time our societies would have enough experts to work out specific teaching materials and adaptations for a specific school age. These lectures could be prepared in a digital format so that every school in Latvia and Lithuania could use them.

Meanwhile, relevant institutions in our countries should discuss ways how to develop teaching materials for secondary schools to provide students with the basic information on neighbor's national character, roots, language, history, and culture.

We have noticed that cooperation between Latvia and Lithuania in science is often taking place thanks to individual initiatives and personal contacts. There are no programs and funding to do it in a systematic way. Latvian and Lithuanian scientists come together mostly only at conferences (often biannual) and find out that there are important aspects of research they could be working together, however, these ideas seldom come true because there is no necessary infrastructure and system in place.

It is important to promote joint research projects on literature, film, theater and especially in the Baltistics.

One way of augmenting the general knowledge about your neighboring country is to follow news and other information programs produced by the public broadcasting companies. Previous report has discussed these options and came up with several recommendations. Foreign Ministers and many diplomats have expressed an interest in receiving daily media updates and reports about events and processes in our countries by reading Lithuanian daily news in the Latvian language and conversely. There is also a great interest in society in general about developments in Latvia and Lithuania.



Discussing these issues, one must be very careful not to cross the red line and not violating media freedom and editorial independence.

Having analyzed this matter and looked at how these issues are being handled in the Nordic countries, we need to remain realistic. Neither Latvian nor Lithuanian public broadcaster will be able to afford financing permanent correspondent in Riga or Vilnius. Nowadays with the existing and emerging technologies journalists in Latvia and Lithuania are prepared and well equipped to produce stories about and cover important events in the neighboring country instantly. Interviews can be done online and without travelling. Journalists and newsrooms have great personal contacts. Membership to the European Broadcasting Union allows to use the images from the spot.

When it comes to reporting and producing programs on culture, sports, travel and other aspects of public interest, screening films on national TV, it's up to editorial policy of individual broadcaster. We don't have data at hand to assess if this task has been sufficiently handled over the previous decade. However, we believe that national broadcasters in Latvia and Lithuania should be regularly doing surveys and examining the expectations of their audiences in this regard.

Our impression is that national broadcasting organizations have been successfully covering and reporting about the main events in both countries. If, however, politicians and civil service would insist on receiving daily news coverage in the Latvian language about Lithuania and vice versa, then this type of service must be specifically funded and serviced by the governments. One way of achieving this goal is to have a dialogue between governments, newsrooms and tech companies which specialize in improving digital translation tools in our countries.

OBJECTIVES

The aim of this report is to discuss ways how Latvia and Lithuania could develop closer bilateral cooperation, however, it needs to be emphasized that there are many instances which show that the bilateral cooperation has already been taking place and could be boosted through trilateral – the Baltic – cooperation, and even through joint projects in the Baltic and Nordic cooperation mechanisms and structures. The combination of these options must be acknowledged to advance both bilateral and regional cooperation in the next decade.

Having recognized the lack of knowledge about one another in Latvia and Lithuania, our governments must take several practical steps during the next decade. Through joint projects and collaboration, regular contacts among experts, professionals, and private citizens the people in our countries have been demonstrating many positive examples in this regard. Even though the positive experience and achievements of previous decades give great satisfaction, without permanent funding and cultivation of these relations the way forward might not be so smooth. Therefore, governments must acknowledge the importance of further advancing existing and stimulating new relationships in the wide range of cultural interaction.

Investments in joint projects of culture, education and science will certainly pay off, howev-

er, they should be based on demand, long-term political goals, and commitment.

RECOMMENDATIONS

- The Science Councils of the Baltic countries should establish a new level of cooperation to address the needs in several areas and fund specific joint research programs.
- Universities and students in Latvia and Lithuania would certainly benefit if there were available joint research programs promoting and funding teacher and student mobility.
- To avoid misunderstandings, we must know each other's history. Therefore, the Science Councils of the Baltic countries should launch a long-term program for joint history research projects.
- The Baltic Assembly has started debate on establishing the Baltic Science Fund to assist developing regional projects. This initiative must be supported and further advanced by the governments of the Baltic countries.
- The Baltic Film Foundation should be established to further advance and properly finance the Baltic film co-production. Longstanding success of the Nordisk Film and TV Fond could serve as inspiration.
- Over the past 10 years the volume of books on political history of our countries has significantly grown. Very few people abroad can read in Latvian or Lithuanian, therefore, our governments should be seriously considering the establishment of a permanent funding scheme for translation and publication of these books and research materials in the English language.
- To gain better knowledge on events in the neighboring country the audiences in Latvia and Lithuania should be able to consume national news coverage by exploiting automated translation tools. Specifically customized option could be worked out in collaboration of governments, media companies and tech companies to adapt digital translation tools for audiences in Latvia, Lithuania, and possibly internationally.

EPILOGUE

Latvia and Lithuania are close neighbors with the Baltic roots, strong allies and partners in the foreign policy, defense, economic, cultural, and other vital domains. This is even more important in today's dynamic and complex geopolitical situation.

Having assessed and observed the Latvian and Lithuanian cooperation in all its variety over the past 10 years and suggesting the way forward in this report, we understand all these options will have to be carefully verified and thought through by our governments.

We strongly urge the governments of Latvia and Lithuania to take a good look at both previous and current report to find out if some of those forgotten recommendations from the previous report are still valid for further jointly advancing interests of both countries in a particular area. We think there is a degree of some complementarity between these two reports.

It would also be wise to inform Members of Parliament in our countries about this report so that it would be discussed by the Foreign Relations Committees at some point after the national elections in Latvia this autumn.



The next decade will present itself with many challenges – Russia's never-ending hostility, energy crisis, climate change, digital transformation, changing job markets, high inflation and many more. These and numerous other issues will require a solid funding and shrewd decision making.

Our report repeatedly reveals that the Latvian and Lithuanian cooperation has been increasingly taking place within the growing number of forums and formats of the trilateral cooperation among the Baltic countries. We think that many challenges, our countries will be confronted with in the next decade, could be better dealt with in close cooperation on the regional level among Nordic and Baltic countries.

Despite this trend and long-standing tradition, the Baltic countries haven't been willing to recognize a structural problem. Contrary to the Nordic cooperation that has been going on for the past 70 years, the Baltic countries don't have a permanent institution, like the Nordic Council of Ministers' Secretariat in Copenhagen.

The Baltic countries don't necessarily need to copy success stories of the Nordic cooperation, however, as our report proves, there is a growing need to properly fund and evaluate ongoing and potential projects and initiatives in different fields of cooperation in the Baltic countries. As Nordic and Baltic cooperation will become more dynamic in the next decade, the Baltic governments must address this issue to facilitate and properly fund common initiatives in the larger regional context.



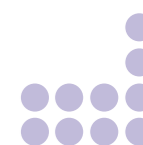
In conclusion we would like to thank all experts and institutions for their insight and support given to us during the process of putting this report together. This has been a rewarding

journey. We hope some of our thoughts and observations will help our countries in these challenging times to ensure sustainable growth, stability and security for Latvia and Lithuania.

Over the past three decades people of Latvia and Lithuania have developed strong bond and have frequently felt mutual support. Yet our societies lack proper knowledge about the neighbor's history, its national character. Even though the cooperation in many areas is well-established our governments, business and societies at large have different opinions and interests at times. This is typical even for friendly and close neighbors.

Latvia and Lithuania have usually managed to find common ground on most important issues so far. However, this success cannot be taken for granted. As in all relationships, they require permanent attention, good will and political tenacity. Our countries, therefore, need to continuously invest both politically and financially to maintain and further develop ties between people of Latvia and Lithuania.

Over the next decade we are going to experience major transformation that will affect everybody. To withstand many coming difficulties our countries must continue to strengthen strategic commitment and nourish the core values and principles of the Western democracies. It is our collective responsibility which requires ingenuity, endurance, resilience, and shared vision. By supporting one another and working together Latvia and Lithuania can achieve all these things.



AUTHOR BIOGRAPHIES

NERIS GERMANAS

Ambassador Neris Germanas left Lithuanian diplomatic service in December 2020. He started the diplomatic career in 1998 when he became Lithuania's ambassador to Finland. However, he has been actively involved in the Lithuanian foreign policy since 1992, when he was elected to the Seimas (Parliament of Lithuania); Neris Germanas was a member of the Foreign Affairs Committee and of the Presidium of the Baltic Assembly. In 1993 he was elected as a Chancellor (Deputy Speaker) of the Seimas and a member of the Board of the Seimas. He was responsible for international relations and administrative affairs of the Parliament. In 1994 the President of Lithuania appointed Neris Germanas as the Head of Special Working Group for relations with the Lithuanian Jewish Community and the State of Israel. In 1995, being member of the Seimas delegation to the Council of Europe, he was elected as the Deputy Chairman of the Social Democrats' group in the Council of Europe. Neris Germanas worked as adviser for foreign affairs to the President of Lithuania (1996-98). After returning from Finland at the end of 2001, he was appointed as Undersecretary of the Ministry Foreign Affairs. He was Permanent Representative of Lithuania to the Council of Europe (2004-08). Neris Germanas served as a head the CBSS Lithuania Presidency Secretariat (2008-10), Director of the European Affairs Department (2010-12). From 2012 to the end of 2020 Neris Germanas was Vice-Minister of Foreign Affairs. Over the years of his diplomatic duties, he took part in many international meetings and visits, and has written a number of articles on international affairs and politics. Neris Germanas graduated as engineer-physicist from the Department of Radio Electronic of Leningrad's Polytechnical Institute in 1970. In 1972 he started working as a junior scientific worker, later as a chief of the laboratory at the Lithuania's Institute of Scientific Technical Information and Technical Economic Analysis. He has written more than 30 scientific articles in the field of computer science and automatized information systems and their applications and received a few awards. From 1977 to 1992 Neris Germanas was employed by several the governmental institutions. He is decorated by France, Poland, Denmark, Finland, and Lithuania. Neris Germanas has also received the highest award of the Ministry of Foreign Affairs of the Republic of Lithuania "For Merit in the Diplomatic Service of the Republic of Lithuania.



GINTS JEGERMANIS

Ambassador Gints Jegermanis left Latvian diplomatic service in December 2021. During 27 years of service, he was posted as Counselor to the Latvian Embassy to Russia (1995-98), Ambassador to Estonia (1998-2001), Permanent Representative to the UN in New York (2001-05), Ambassador to Denmark (2009-13) and to Sweden (2013-17). He served as the Head of Policy Planning Unit at the Foreign Ministry (1994-95 and 2005-09) and was part of the team which worked out the first Latvia's foreign policy concept in 1995. Gints Jegermanis was the Head of Latvian delegation to the Task Force for International Cooperation on Holocaust Education, Remembrance and Research (2005-09). He was also Director General for Communication Directorate and Spokesperson at the Foreign Ministry (2017-19). Having studied Latvian language and literature at the University of Latvia (1982-89), Gints Jegermanis holds a master's degree in Baltic philology; he worked as a research assistant and junior researcher at the Institute of Latvian Language and Literature, Academy of Sciences (1987-90). His articles on literature were published in several newspapers and magazines by the end of 1980s. Gints Jegermanis joined daily paper Diena in 1990, he wrote commentaries on foreign policy and international affairs, eventually, by the end of 1991 becoming Deputy Editor-in-chief and heading the editorial section of the newspaper until October 1993. He studied international security at the International Training Course at Graduate Institute of International Studies in Geneva (Switzerland, 1993-94). Gints Jegermanis has written a number of articles and essays on international affairs during his diplomatic career. In July 2022 he joined the Latvian Institute of International Affairs as associate researcher. His main research focus is on Nordic-Baltic neighborhood, geopolitics, technology transformation. Gints Jegermanis is decorated by Estonia, Latvia, Denmark and Sweden.



STRATEGIC COMMITMENT AND CHOICES FOR
LATVIA AND LITHUANIA
IN THE AGE OF DISRUPTION AND GREAT
POWER RIVALRY

