

**Annual Report by the Minister of Foreign Affairs on activities  
performed and planned in national foreign policy and European  
Union matters**

**2013 – 2014**

## CONTENT

1. Introduction.....	2
2. Description of international situation.....	3
3. Latvia within the European Union.....	3
4. Security, transatlantic relations.....	17
5. Baltic Sea Region and Russia.....	20
6. External economic relations.....	21
7. Cooperation with, and support for Latvian nationals abroad.....	25
8. Consular services and visas.....	27
9. Conclusion.....	28

### **1. INTRODUCTION: Main goals and directions of action of Latvia's foreign policy**

#### **2. Main goals and directions of action of Latvia's foreign policy**

The key goals of Latvia's foreign policy are to ensure the security and stability of the state, by creating pre-conditions for the economic growth of Latvia and for the welfare of the population. The framework for reaching these goals is the participation of Latvia in Euro-Atlantic organisations – the European Union and NATO. It shapes the foreign policy identity of our state both in a global and regional context.

In 2013, there were specific results in the achievement of these goals. Crucial EU decisions on Latvia's participation in the euro area were made. Preparatory work for Latvian presidency at the Council of the EU was actively continued. The foreign policy work focused on furthering economic interests in current and new markets. Relations with the Eastern Partnership and Central Asian states were expanded. Talks on Latvia's accession to the OECD were commenced. NATO's military exercise "Steadfast Jazz 2013", the largest in recent years, took place in the territory of Latvia. The annual Riga Conference has become an important foreign policy and security forum in the region of Northern Europe.

In 2014, Latvia will have the following foreign policy objectives:

- to advance the external economic interests of the state, including effective accession talks with the OECD;
- to contribute to the strengthening of EU foreign policy and euro area integration, to further regional transport and energy infrastructure projects;
- to continue strategic partnership with the U.S. and co-operation with other partners in the fulfilment of NATO goals and strengthening of international security;
- to prepare for the Latvian presidency at the Council of the EU, including the deepening of relations with the Eastern Partnership and Central Asian states;
- to promote the participation of the diaspora by strengthening its ties with Latvia;

- to develop relations with Russia based on the principles of mutual interest and mutual trust.

In the report, Latvian foreign policy has been viewed in its key areas of action, firstly, by describing the interests and positions of Latvia, and secondly, by outlining the work done in 2013 and the work planned for 2014.

## **2. DESCRIPTION OF INTERNATIONAL SITUATION**

In 2013, the balance among states in the world continued to change. Numerous former developing countries were transformed into dynamic leading economies with growing political influence. Therefore, the economic significance of the Asia-Pacific region is on the rise. China, India and Brazil continue to manifest their global power. This provides new opportunities to the world, but also creates geopolitical challenges. In 2013, the increased political leverage of China and its attention to disputed territories created tension in relations with other states of the region.

In the global economy, 2013 was a year which demonstrated the signs of balance. Recovery of the U.S. economy had a positive global effect. Albeit on a slower pace, the economic growth of developing countries continued as well. In the southern regions of the world, economic growth enabled states to reduce severe poverty; however, it could not ensure sustainable development. Poverty in combination with the lack of access to resources (water, food and energy) creates a breeding ground for internal and international conflict, terrorism, organised crime and uncontrolled migration. This situation increases instability and threats on a global scale, which also concern European states, and also indirectly, Latvia.

Climate change increasingly affects the security situation in the world and has become a key long-term global challenge that intensifies current threats and creates new ones. Climate change has also increased the strategic significance of the Arctic. Access to energy resources and transport routes provides new opportunities in this region, but also increases dangerous competition among interested states.

In 2013, conflicts in the Middle East and North Africa continuously affected European and international security among other aspects, creating threats of terrorism and the spread of weapons of mass destruction, as well as flows of refugees and asylum seekers. The most tragic situation was visible in Syria, where in the course of the conflict chemical weapons were used against civilians and bloodshed and the humanitarian crisis continued.

Present-day security challenges have a diverse nature. In addition to traditional threats, one must also take into consideration asymmetrical challenges posed by terrorism, organised crime and risks of cyber-crime to state security. These problems also create indirect threats to Latvia.

In this context, it is important for the European Union to be powerful and united. In 2013, the risks of EU's economic recession were gradually overcome. Meanwhile, high unemployment and a debt crisis in several EU member states made structural reforms necessary. One of the EU's challenges was also the pressure created by migration. The European Union, however, showed its ability to overcome internal problems and also to take an active international role.

In 2013, the situation in the region closest to Latvia – the Baltic Sea region – remained relatively stable and largely safe. This was achieved by the involvement of all states of the region working in economic and political co-operation. At the same time, the modernisation and activity of Russia's armed forces along with military exercises in the vicinity of Latvia's border, is a cause of concern and has a negative effect on the atmosphere of mutual trust and security in the region.

### **3. LATVIA WITHIN THE EUROPEAN UNION**

In 2013, the basic efforts of Latvia's foreign policy in the European Union was first of all related to EU decisions regarding Latvia's accession to the eurozone. Starting from 2014, Latvia, being a member state of the eurozone, will take full part in discussions on economic and monetary administration. Secondly, Latvia actively defended its interests in the adoption of the EU multi-annual financial framework (2014-2020). Thirdly, Latvia continued to contribute to foreign policy issues of national and European significance, especially in the development of relations with the Eastern Partnership and Central Asian states. The focus of the energy policy should remain in the areas of preventing isolation, diversification of energy resources and establishment of interconnections. These issues will remain current in 2014 as well. Basic work will be related to further preparations for the Latvian presidency at the Council of the EU.

#### **Latvia's involvement in shaping the future of the EU and support for harmonious euro-integration**

**Harmonious development of a united EU, involving all the member states as much as possible in the process, is in the interests of Latvia. It is important for the EU to go on with reforms ensuring financial stability and economic growth. Latvia advocates a stable and strong European economic and monetary union, which would facilitate the elimination of economic and social disparities between Europe's regions and member states.**

The EU is the only realistic model of international relations in Europe that ensures external prerequisites for Latvia, enabling the democratic development, political stability and sustainable economic growth of the country. In response to its internal processes and external challenges, the EU is constantly evolving. It is important for Latvia as a Member State that the reforms of the EU are continued to improve its functioning. Latvia will actively participate in the further process of EU integration, building on the current framework of agreements and using them to the maximum possible extent. It is important to focus on tangible results and practical benefits so that the objectives to be achieved are clearly understood by the general public.

The year 2013 was crucial for a deeper integration of Latvia into European structures. First of all, this concerns Latvia's joining the euro area. Latvia has strengthened cooperation between the EU countries in the kernel. Accession to the eurozone makes Latvia more attractive to investors and businesses. A secure and transparent environment allows you to strengthen existing economic cooperation with Eastern neighbouring countries (including services/transit), as well as the enhancing of Latvia's international prestige.

In the first half of 2013 Latvia's readiness for introducing the euro was assessed. In June 2013, EU institutions published their Convergence Reports estimating the degree of sustainable economic convergence of Latvia and the compatibility of [national] legislation with EU treaties. In cooperation with the Ministry of Finance and the Bank

of Latvia intensive lobbying was undertaken in the eurozone member states explaining that Latvia's aspirations of joining the eurozone were justified.

Our foreign policy task in 2014 will be to strengthen our position in the eurozone, ensuring the protection of national interests and proving ourselves to be a reliable and constructive partner. By joining the eurozone, Latvia will be fully involved in discussions on the principles of eurozone governance, as well as its economic and monetary governance.

The most active work in the Development of the European Monetary Union in 2013 was performed in setting up the so-called banking union, which provides for the supervision of credit institutions at an EU level and the restructuring of credit institutions facing difficulties. There are plans to enhance the economic governance framework as well as ensuring the introduction of the single banking supervisory mechanism and the approval of the resolution mechanism. Latvia supports a stable and strong European economic and monetary union, which would facilitate the elimination of economic and social disparities between Europe's regions and member states.

### **Protection of the interests of Latvia in the European Union.**

**Latvia consistently worked to achieve the maximum beneficial outcome in negotiations on the EU multi-annual financial framework. A significant success is EU funding for regional energy and transport infrastructure projects earmarked within the EU's multi-annual budget. In 2014, Latvia will continue to support solutions that respect the interests of countries in the entire Baltic Sea region, while at the same time meeting our priorities in those infrastructure projects.**

The EU multi-annual financial framework for 2014-2020 was adopted by the European Council in February, and approved by the European Parliament in November 2013. During that period, Latvian farmers will have access to €1.717bn in direct area payments. Compared to the current period, direct payments will be increased by 135%. €966m will also be allocated for Latvia's rural development needs. €4.765bn has been ensured to promote the country's development (Cohesion Policy funds). In addition, Latvia will be able to receive EU funding to develop science and support small and medium-sized companies.

Although the total EU budget has been reduced, Latvia's provisional net outcome as the result of negotiations was improved by 17.8% against the initial proposal by the Commission. For each euro paid into the EU budget, Latvia will receive four euros in return. In terms of financial support per capita, Latvia ranks third among the EU member states by receiving €3000 per capita.

A significant success is the EU co-financing to the amount of 85% allocated in the EU multi-annual budget to the Baltic states for large scale transport infrastructure projects. In this context, Latvia strongly supports the construction of the high-speed railway line, *Rail Baltica*, which will allow the Baltic States to establish a direct connection with the European railway network. On a number of occasions during 2013, the Baltic states have affirmed their commitment to jointly implementing this significant project. In September, the ministers for transport of the Baltic states, Poland and Finland agreed on further measures to establish the Rail Baltica Joint Venture with headquarters based in Riga. A shareholder agreement and draft articles

of association for the joint venture should be drawn up within the shortest possible time. It is important that in 2014 the parties continue practical work on carrying out the project.

Like the other EU member states in the Baltic Sea region, Latvia is interested in the EU's active policy in our region. The EU Strategy for the Baltic Sea Region is becoming an important EU policy instrument, which helps to direct resources towards implementing the region's priorities. In February 2013 the European Commission and the EU Member States agreed on the priorities and measures of the Strategy's Action Plan. Those include projects important for Latvia in the areas of energy and creative industries. In order to ensure funding for the implementation of the Strategy priorities, it is important that they have been taken into account in the EU multi-annual budget and documents on the EU cohesion policy, the common agricultural policy and the trans-European transport and energy policy. Latvia has defined energy as a priority in the Strategy framework, and together with Denmark, both being coordinators for the priority, has set up a management committee, which will start working in early 2014.

In 2014, work will continue on the implementation of the EU Strategy for the Baltic Sea Region. Taking into account that during its presidency of the Council of the EU, Latvia will also organise the annual forum on the Strategy. Now already in consultation with the Baltic countries, proposals are being developed for the main theme of the Forum, which will possibly focus on integrating the innovation, technology and research sectors. In drafting a programme for the tri-presidency of Italy, Latvia and Luxembourg, one of Italian priorities will be the development of macro-regional strategies (Adriatic-Ionian strategy and a future strategy for the Alps). Latvia will advocate a balanced approach to regions. We are ready to share strategy implementation experience with other regions which have produced, or are producing their own strategies.

Competitiveness, sustainability and security in the energy sector are a prerequisite for sustainable economic growth of the Baltic Sea region. In 2013, within the framework of EU energy policy, the Baltic states continued the realisation of significant long-term projects, including the Baltic Energy Market Interconnection Plan (BEMIP) and energy infrastructure projects of regional significance.

Efforts have been so successful in achieving that the European Commission has included the BEMIP energy infrastructure projects, including the common European interest, on a list of projects, which will allow them to qualify for EU funding. Taking into account the aspect of energy security, energy issues were debated at the highest EU political level, where Latvia urged resolving the issue of integration of the Baltic states region in the wider EU energy infrastructure network. In May, the European Council reiterated its determination to build energy infrastructure with the aim of preventing the isolation of individual member states and to continue building the internal energy market.

In 2013, the Baltic States together with Finland continued searching for the most suitable solutions to the diversification of natural gas supplies and eliminate the isolation of Latvia and the Eastern Baltic region; work was ongoing on the implementation of the EU's Third Energy Package in order to create a functioning natural gas market in the region. Regrettably, progress in this field was hindered, for example, due to uncertainty about the development of a regional liquefied natural gas terminal, discussions about which have already been ongoing for several years.

In 2014 Latvia must continue to work on the introduction of the Third Energy Package in the gas sector and implement the first stage of the liberalisation process approved by the government. Concurrently, work must continue on enhancing the region's energy infrastructure.

### **European Union's external relations**

**It is in Latvia's interests to have a strong and united EU foreign policy that represents the common values and interests of the Member States in the international arena. Latvia strongly advocates a deeper EU involvement in the Eastern Partnership and Central Asian countries; moving towards the EU helps facilitate their democratisation and political and economic modernisation. In 2014, the implementation of practical assignments of the Eastern Partnership for the period from 2014 to 2015 will be at the focus of attention in order to successfully prepare for the Riga Summit.**

Being a loyal and responsible member state, Latvia is actively involved in the search for solutions to foreign policy issues that are of importance to the entire European Union. In line with its priorities to date, which were also included in the Foreign Minister's report the previous year, Latvia's activities are targeting the Eastern Partnership, Central Asian countries, the EU-US dialogue, EU enlargement and EU-Russia relations. Latvian EU-related policy goes hand in hand with its bilateral foreign policy in which development co-operation, particularly in the Eastern Partnership countries, is a vital component.

### ***Peace, stability and growth in the Wider Europe***

It is important for Latvia to see an ever-broader area of peace, stability and growth being established in Europe. Latvia continues to strongly support the movement towards the European Union of the six Eastern Partnership countries: the Ukraine, Moldova, Georgia, Azerbaijan, Armenia and Belarus. In 2013, the gradual practical strengthening of ties and integration with the EU by the partner countries continued, albeit with varying results. Contrary to what had been expected, the Eastern Partnership Summit in Vilnius in November 2013 saw no EU-Ukraine Association Agreement being signed. Latvia expressed regret over Ukraine's unilateral decision to postpone the signing of the Agreement. Considering the vast support for the Association Agreement among the Ukrainian society, the decision by its leaders not to sign the document provoked protests in Ukraine. Latvia joined a call by the Euro-Atlantic community to the involved parties to restrain from using force under the conditions of political tension, but at the same time indicated that the Ukrainian society had every right to express its opinion in peaceful demonstrations. It is essential that Ukraine continues its EU-integration course and advances towards signing the Agreement.

At the Vilnius Summit, association agreements with Moldova and Georgia were initialled, including a chapter on the Deep and Comprehensive Free Trade Area. In 2013, negotiations on the Association Agreement were finalised with Armenia; however, it chose to join the Customs Union of Russia, Belarus and Kazakhstan and the Association Agreement was therefore not initialled at the Vilnius Summit. Latvia respects Armenia's decision to join the Customs Union. This, however, does not

exclude the possibility for the EU to advance co-operation with Armenia in areas of mutual interest, including the strengthening of democracy.

In 2013, there were no significant changes in EU-Belarusian relations; it is important however, to note that mutual political contacts have resumed, including at EU level. The participation of Belarus in the Vilnius Summit is to be assessed positively and indicates its interest in the Eastern Partnership. As a direct neighbouring state of Belarus, Latvia considers its moving towards the EU significant. Latvia advocates a continued EU-Belarusian dialogue, comprehensive practical co-operation and promotion of contacts among residents. At the same time, the EU should insist on a demand for Belarus to observe the standards of human rights and the rule of law in order to promote the country's democratisation. It is also important to facilitate the integration of Belarus into the international economy by advancing its accession to the World Trade Organisation (WTO). Sustainable development in Belarus is in the interests of Belarus itself and the entire EU.

In the area of mobility, the greatest progress can be seen in Moldova. The visa dialogue has continued with the Ukraine and Georgia. At the Vilnius Summit, the EU-Azerbaijan Visa Facilitation Agreement was signed. Latvia strongly advocates the signing of association agreements and advancement towards the EU's visa facilitation and liberalisation on the condition that the required prerequisites are met. We recognise that the pace of moving towards the EU for each partner state depends on its reform progress. In 2013, the European Parliament ratified the visa facilitation agreement with Armenia. The interest of Belarus to start negotiations on a visa facilitation agreement is to be rated positively.

In 2013, Russia's increasingly negative attitude towards the Eastern Partnership and its increased attempts to expand the Customs Union could be observed. It is for that reason that Armenia refused to sign the Association Agreement with the EU and announced its accession to the Customs Union. The Ukraine, for its part, decided to postpone the signing of its Association Agreement that was due in Vilnius. Latvia continues to hold that the European integration attempts by the Eastern Partnership countries are not directed against other countries, but instead serve to promote security, stability and growth throughout Europe. This is also in Russia's interests. It is important for Latvia that strong EU support is firmly maintained for the rights of each country to make its own choice of values and policy without pressure from third parties.

In 2014, Latvia will continue to advocate the signing of the Association Agreement with Ukraine and the signing and temporary application of the relevant agreements with Moldova and Georgia. It is of particular importance in relation to Latvia's presidency in the Council of the European Union. At the Vilnius Summit, Riga was confirmed as the next location for the Eastern Partnership summit in 2015. At the Eastern Partnership summit in Riga, the assessment of the implementation of Association Agreements could, inter alia, take place. Latvia will continue to support the advancement of partner countries towards visa liberalisation and the establishment of the free trade area. Increased attention should be devoted to the EU's support for countries faced with external pressure in relation to their policy of moving towards the EU. In order to maintain the common Eastern Partnership framework, the differentiation principle needs to be strengthened, with each country being able to choose the level of ambition in its relations with the European Union. In line with the EU approach to date, Latvia's priorities during its presidency concerning the Eastern



Partnership will be economic integration, strengthening the areas of judicial and internal affairs, particularly civic society, and education.

In the context of the Eastern Partnership, the prolonged conflicts remained a constant concern in 2013. Russia reinforced restrictions on the freedom of movement on Georgia's administrative borders with South Ossetia and Abkhazia. During the 5+2 negotiations on the Transnistrian conflict, the parties were unable to make any significant progress. Similarly, a positive development was not attained over the Nagorno-Karabakh conflict due to differing positions of the parties. Latvia supports the efforts of international mediators in achieving sustainable solutions and will urge the parties to search for a solution within the existing negotiation formats. Latvia will continue to support the EU monitoring mission in Georgia with experts from the Ministry of the Interior (currently three Latvian representatives). It is essential to ensure that the prolonged conflicts do not hamper Eastern Partnership countries' practical activities to move closer to the EU, and that no technical obstacles are laid to the free movement of their persons, goods, services and capital with the EU.

### *Latvia's involvement in EU policy-building in Central Asia*

**Owing to Latvia's expertise and good contacts with the region's countries, Latvia is one of the leaders in EU policy-building in Central Asia. It is in Latvia's interests to see a more active involvement of the EU in this region, as it promotes a greater openness of the region's countries to the market economy and good governance.**

With the ever-increasing geopolitical role of the Central Asian region, the EU also strives to build closer relations with countries in this region. The region is attractive due to its natural resources but at the same time faces significant security challenges. The EU Strategy for Central Asia includes co-operation in the areas of human rights and democracy, economy, trade, investments (incl. movement towards the WTO), energy and transport, and also co-operation in the prevention of common threats. In the context of the EU, Latvia also draws attention to the importance of supporting the security of the region's countries when NATO involvement in Afghanistan is about to change in 2014. Furthermore, Latvia urges its EU partners to build high-level political contacts, which is vital for deepening relations with countries in this region.

Latvia's involvement in building EU relations with Central Asia takes place conjointly with Latvia's operation within other international formats and with its bilateral co-operation in this region. In 2013, a vigorous dialogue continued at the highest political level, which encouraged closer economic co-operation. Latvia's relations with Uzbekistan, Kazakhstan and Turkmenistan were especially dynamic. Kazakhstan continues to profile as the region's leader and an EU ally in promoting regional co-operation in Central Asia. Kazakhstan remains a significant Latvian partner in the areas of transport and transit. Uzbekistan, considering its border with Afghanistan, is the most significant partner country as to the transit to Afghanistan. In 2013, the exchange of high-level bilateral visits continued. Tajikistan and Kirgizstan pays more attention to issues of social safety, health and strengthening of democratic institutions, and Latvia tries to provide relevant support in those issues. The involvement of the Latvian Border Guard and Customs experts in the EU and UNDP Border Management Program for Central Asia (BOMCA) projects has to date been

successful. Latvia's development co-operation projects will continue to include Central Asian countries in 2014 as well.

In view of what has been achieved in Central Asia, Latvia also wishes to focus on this region during its presidency of the Council of the European Union, particularly in areas such as border security, counter-terrorism operations, WTO membership of Central Asian countries, strengthening of economic ties with Afghanistan, education, water resource management, energy efficiency, and the building of a civic society. During 2014, consultations are planned with all countries of the region regarding the priorities of the Latvian presidency.

### *Transatlantic dialogue: common values, interests and opportunities*

**Latvia is interested in the development of EU-US economic co-operation in the areas of trade and investments, energy, education and democracy strengthening, as well as working jointly in third countries.**

In building the transatlantic dialogue, negotiations commenced in 2013 on the EU-US Transatlantic **Trade and Investment Partnership** (TTIP). It should be noted that ambitious deadlines have been set for the completion of these negotiations, and there is a wish to resolve the problems that have been hampering the development of a more dynamic economic co-operation to date. Latvia considers the quality of the agreement most essential to ensure that the agreement would also promote the growth of Latvian-US economic co-operation. The TTIP opens up opportunities to build the largest area of economic co-operation worldwide.

In 2013, significant progress was achieved towards concluding the EU-Canada Comprehensive Economic and Trade Agreement (CETA), which is also in the interests of Latvian entrepreneurs. The initialling of the Agreement could take place in summer 2014, with its provisional coming into force at the beginning of 2015.

In 2013, the issue of information safety, data collection and protection of personal data gained importance among the transatlantic partners. Latvia considers that solutions in this area need to be based on mutual trust among the strategic partners, while retaining the ability to react efficiently to common security challenges. It is essential that the trust among the partners is not diminished during the discussions. There are a number of issues on the agenda requiring joint solutions, including the development of the trade and investment partnership, fight against global terrorism, co-operation in crisis management, and others.

### *Latvia's support to the enlargement of the European Union*

**Latvia supports the EU enlargement as it is in line with the aim of building an ever-broader area of peace and growth in Europe. EU membership is the best way to promote stability, economic growth and competitiveness of countries.**

Croatia's accession to the EU in 2013 is a testimony to the success of its enlargement policy. As an EU member state, Latvia participates in accession negotiations with the EU candidate states. We continue to support the EU integration process of the countries of the Western Balkans and Turkey based on an individual approach and meeting of the EU criteria. The completed Kosovo-Serbia political agreement is a significant step towards EU integration. In June 2013, the European Council decided

to commence accession negotiations with Serbia and negotiations on the Stabilisation and Association Agreement with Kosovo. Latvia supported the EU perspective for Bosnia and Herzegovina. While Iceland's accession negotiations were already in their final stage, its new government decided to halt them. Latvia respects Iceland's decision but hopes, however, that it will join the European Union.

In 2014, Latvia will continue its involvement in EU accession negotiations with Montenegro and Turkey, and will also participate in the evaluation of screening reports on Serbia prepared by the European Commission. Montenegro's accession process has to date been successful, with the most complex issues in the areas of judicial and internal affairs already having been addressed at the very beginning of negotiations.

Latvia supports the opening of the chapter on "Regional Policy" with Turkey, allowing the progress of its accession negotiations, which had reached a deadlock. The commencement of negotiations in areas of judicial and internal affairs would also serve to boost the process of Turkey's EU integration.

### *Latvia's interests: a unified EU approach in relations with Russia*

**In EU-Russia relations, it is essential to pursue a balanced co-operation on all current issues on the agenda.** Latvia is interested in having a unified EU approach towards Russia. The issues of most importance for Latvia are the drafting of the new EU-Russia Framework Agreement, Partnership for Modernisation, energy (adoption and implementation of requirements in the Third Energy Package), and Russia's meeting of WTO requirements. As regards the visa dialogue with Russia, which envisages an eventual introduction of a visa-free regime between the EU and Russia, Latvia supports this perspective on the condition that all the prerequisites are met. At the same time, this issue cannot be viewed separately from the overall context of the EU-Russia relations.

In 2013, a dialogue continued within the EU-Russia strategic partnership in all the regular formats. Unfortunately, no significant progress was achieved in solving the current issues. Russia's aggravated reaction to the development of the Eastern Partnership and its sanctions against Lithuania as the presiding state affected the overall mood of EU-Russia relations. The EU was also concerned about the political trends in Russia, where a number of decisions restricting democratic freedom were made, leaving a negative impact on the functioning of the rule of law and the civic society. Due to a delay in the review of the positions for negotiations on the Russian side, the negotiations on the EU-Russia new agreement were not resumed. The issue of Russia's full implementation of WTO requirements also remained on the agenda. In 2013, the mutual field missions by experts that had been carried out as part of the Common Steps document under the EU-Russia Visa Dialogue, came to a conclusion. In 2014, Latvia will continue to uphold its demand for a unified EU approach in relations with Russia. With its presidency in the Council of the European Union approaching, Latvia will be open to an exchange of opinions with Russia on the current priority issues of EU-Russia relations to promote EU-Russia co-operation.

### **Supporting the EU's efforts to stabilise the situation in North Africa and the Middle East**

Incidents in North Africa and the Middle East in 2013 have had a negative impact on the security situation in the region. Conflicts cause wider regional destabilisation, threat for proliferation of weapons of mass destruction, increased number of refugees and asylum seekers, as well as the spread of terrorism. Therefore, Latvia is interested in the prevention and termination of conflicts in this region. However, it can be predicted that in a foreseeable future the problems of this region will remain in the agenda of the EU, and thus in the agenda of Latvian foreign policy.

The crisis in Syria continued to deepen in 2013, turning into a conflict that negatively affected the security situation in the whole region. Latvia joined the international community in efforts to find a solution to the conflict by supporting the approach that the only consistent solution lies in a political settlement. The violence and the humanitarian crisis continued, and Latvia supported the region's needs financially by making a contribution of €50,000 to a UN trust fund for assistance providing support to the Syrian refugees. Latvia also supported the mission work carried out by United Nations experts in Syria by making contributions to the trust fund of the Organisation for the Prohibition of Chemical Weapons to the amount of €50,000. The Syrian case confirms once more the need for reform of the working methods of the UN Security Council. Latvia will continue to support the international community's efforts in the destruction of chemical weapons and the stabilisation of the humanitarian situation in Syria in 2014, and will contribute to finding a political solution to the crisis.

In 2013 negotiations on peace in the Middle East were resumed and should be completed in April 2014. Being a member of the EU, Latvia supports a balanced approach to the peace process in the Middle East, by being in favour of the two-state solution that can be achieved through direct negotiation, considering the interests of the parties. It is important that the resumed negotiations give the long-expected results: the creation of two states that live next to each other in peace and security.

After the change of government in Iran in 2013, its approach to the solution of the nuclear issue has become more constructive. The agreement between E3 + 3 countries and Iran reached on November 24<sup>th</sup> in Geneva on a joint action plan for the Iranian nuclear issue was also approved by Latvia, noting that the agreement is an important step towards the resolution of the matter in a diplomatic and transparent manner and that it will reduce the political tension in the region. At the same time, being the next presidential country at the Council of the EU, it is important for Latvia to look for points of contact with Iran.

Latvia continues to provide support to the EU missions in crisis regions. In 2013, Latvia sent two instructors to the EU military training mission in Mali, as well as continued participation in the EU naval operation off the Somali coast, having two Latvian representatives currently posted there.

### **Cooperating with strategic partners within the framework of the EU**

**For the progress of Latvia's priorities in the European Union the support of partners is crucial. Latvia's closest allies have consistently been the Baltic and Nordic countries: Estonia, Lithuania, Denmark, Finland and Sweden, Germany, and the Visegrad countries: the Czech Republic, Slovakia, Hungary and Poland.**

Consultations, exchanges of information and opinions, coordination and harmonisation of positions with like-minded countries at different levels allow Latvia to better defend its interests in the EU. Latvia has actively used various consultation formats, especially within the framework of the three Baltic States, as well as within the framework of the Baltic and Nordic countries. They have helped to share expertise, to define priorities and promote them more efficiently in the EU.

Identification of unified solutions in order to strengthen the energy security in the countries of the region is still essential in relations with the Baltic States. The informal meetings of the foreign ministers of the Baltic and Nordic countries (NB8) enable achieving a joint position on topical EU issues. In 2014 the priorities of the NB8 presidency country Estonia are cyber-security, the Eastern Partnership, energy issues and security. Latvia strongly supports closer regional cooperation in these areas. The issues mentioned in 2014 will not only be on the agenda of the NB8 ministers, but will also be discussed at the level of the foreign ministers of NB8 and the Visegrad Group (NB8+V4).

Germany, one of the main and most influential EU member states, is an important strategic partner for Latvia, both at an EU and bilateral level. In 2013 the relations between Latvia and Germany developed, especially dynamically. The most important mutual question has been Latvia's accession to the eurozone. Germany's support to Latvia's accession was crucial, while Latvia, in accordance with the Maastricht criteria, enabled maintaining confidence in the euro as a success story, thus confirming the correctness of the growth and the austerity policy of Germany. Germany was the key supporter of Latvia in the decisions made in 2013 during the negotiations regarding Latvia's accession to the OECD. In parallel to the intensive political dialogue and economic cooperation, Latvia is particularly interested in the experience of Germany in dual vocational education, which is a growth factor in the labour market. In 2014 Latvia will contribute to an intensive dialogue with Germany regarding both the international agenda issues and the EU's current topics, including management of the eurozone and the economic and monetary management of the eurozone. At a bilateral level, professional education will remain the priority area for Latvia in cooperation with Germany.

The relations between Latvia and Poland, one of the most significant partner countries in the Baltic region, with which Latvia shares a common interest in the region's energy, transport, security policy, and the Eastern Partnership issues, have actively developed as well. In addition to the issues on the EU and the regional agendas, special attention is paid to the economic cooperation between the regions of the two countries (the Latgale region is particularly active in Latvia). In 2014 economic cooperation will continue to deepen, including the fields of energy and transport. The cooperation in security policy and EU affairs vital for the Baltic region will also continue, particularly highlighting the significant support to the development of the Eastern Partnership, where Latvia and Poland are close allies.

In 2013, Latvia continued its involvement in multilateral cooperation formats. The third Northern Future Forum – the informal summit of the United Kingdom, the Nordic and Baltic countries – was held in Riga in February, which made it possible for the heads of governments, experts, researchers and representatives of NGOs of these countries to negotiate on issues relevant to the future of Europe: competitiveness of the green economy and bridging the digital divide. A forum held in Finland in 2014 will continue to provide ideas for the development of Europe.

Consultations of the foreign ministers of the Baltic and Benelux countries (3 +3) took place in Riga in 2013 with the participation of the Foreign Minister of Moldova. Thus Latvia raised awareness amongst the Benelux countries of the Eastern Partnership region. The regular meeting of the Eastern Partnership countries at the level of political directors and ambassadors-at-large is a valuable framework for political consultations.

In 2014, Latvia will continue regular consultations with its partner countries in Europe at the highest political and expert levels, paying special attention to Latvia's

strategic partners in the region, as usual. We will be working together with our partners in order to implement Latvia's priorities during its presidency at the EU Council, as well as to strengthen security in the Baltic Sea region.

### **Strengthening Latvian development cooperation**

**Development cooperation is an important foreign policy tool, which is especially important to Latvia in its foreign policy priority regions: the Eastern Partnership and Central Asian countries.** Through a targeted development cooperation policy, contribution to the reform and democratisation process of these countries is provided, as well as enhancing Latvia's cooperation in the civil, economic and political field. Latvia has unique advantages for cooperation with these countries (recognition, positive image, reform experience, language skills), which can make the Development Cooperation Instrument particularly effective. And, last but not least, by strengthening its bilateral donor positions, Latvia's position gains a greater credibility when engaging in the EU's foreign policy issues important to it.

In 2013, the funding for the implementation of bilateral development cooperation was €71,500, which was used for existing ongoing projects in the fields of justice and regional development in Moldova and Afghanistan, as well as for co-financing NGO projects in Latvia. In 2014, a threefold increase in funding for the bilateral development has been achieved (€213,800). In 2014 the ongoing projects in the fields of justice and regional development in Moldova, as well as training railway and other logistics specialists in Afghanistan will be continued. The current practice of providing co-financing to non-governmental organisations (NGOs) in Latvia is planned to be continued, giving them the opportunity to master major projects funded by the European Commission and other donors, as well as becoming partners in multilateral projects. The increase in funding will also allow returning to the pre-crisis practice: announcing a call for grant project tenders, enabling Latvian NGOs, government institutions, local governments, the private sector and social partners to implement projects in the Eastern Partnership and Central Asian countries that are priorities to Latvia.

With the aim of increasing the effectiveness of the aid provided by Latvia, the cooperation will be focused on the partner countries by providing support in areas where there is demand for Latvian expertise: mainly in public administration reforms, enhancement of economic development, the social sector, as well as in the development of a strong civil society and education.

Preparation for the thematic year 2015 dedicated to development cooperation in the EU will continue. The initiative to dedicate this year to development cooperation came from an NGO in Latvia: the European Movement in Latvia and the Latvian Platform for Development Cooperation (LAPAS).

So far, Latvian non-governmental organisations have demonstrated the ability to implement projects that meet the objectives of development cooperation, obtaining funding from the European Commission and other significant donors in the Eastern Partnership and Central Asian countries. NGOs have accumulated a pool of experts and knowledge that allows them to implement development cooperation as a Latvian foreign policy tool more effectively, if supported.

One of the foreign policy objectives in the field of development cooperation in 2014 will be the involvement in international discussions regarding the framework of the UN development policy after 2015. Discussions will continue throughout 2015, which coincides with Latvia's presidency at the EU Council. Being the largest provider of aid in the world, the EU plays an important role, and during its presidency Latvia will

manage the development of the EU's position. In this respect, a high level international discussion regarding the contribution of the new EU member states to the creation of the framework of the UN development policy after 2015, organised by LAPAS with the support of the Ministry of Foreign Affairs and participation of the EU Commissioner in June 2013, will be essential.

### **Preparation for the Latvian Presidency of the Council of the EU**

**The Latvian Presidency of the EU Council will be the key challenge for public administration and in particular for the foreign service of Latvia during the next 18 months. 2014 is going to be critical for preparation for the presidency since both the agenda and administrative preparation have to be finalized. During preparations for the Eastern Partnership Summit in Riga, Latvia and its partners will define the areas of action within the framework of the current Eastern Partnership policy and initiatives.**

In the first half of 2015, Latvia will hold presidency of the EU Council for the very first time. From July 2014 Latvia, Italy and Luxemburg will launch their tri-presidency. The six-month period of the presidency gives unique opportunities for Latvia. Latvia will be the leading country in defining the agenda of the EU which makes it possible for Latvia in cooperation with other member states and EU authorities to raise and develop important details for us in EU internal and external policies. The Presidency will make Latvia visible and recognizable at a global level. Currently, during the preparation for presidency we can feel that the role of Latvia has already been increasing in the EU and international context. The experience of public administration to be obtained during the presidency will provide a good basis for a better protection of the interests of Latvia in the international environment after the presidency, thus ensuring return on current investments in human resources.

Discussions on the agenda of the Latvian presidency define the leitmotif of presidency – *participation, growth and sustainability* that embodies important values for the EU and Latvia. Public participation will be ensured in planning and running the presidency. In view of the EU agenda for 2015, a number of topics have already been highlighted that might be important during the Latvian presidency. The key topics are the following:

#### **1) A competitive EU as the basis for growth and improvement of quality of people's lives**

Latvia is going to actively participate in the implementation of the EU growth and employment strategy by implementing measures to increase the competitiveness of the EU, as well as developing a *roadmap* for the coordination of the European semester during the Latvian presidency. Our priority is the improvement of the business environment, including support for small and medium-sized enterprises, creation of quality jobs, access to services and education, as well as promotion of external competitiveness. Latvia will hold a conference for ministers of education from the EU-Asia countries.

#### **2) Strengthening information society**

The priority of Latvia will be the EU action to reduce the digital gap and build a well-informed society. Latvia has outpaced many of the EU member states in the field of information technologies and digital solutions. The discussion of the EU member states on the use of the potential of the digital economy will be continued in 2014 to

increase EU competitiveness against North America and Asian countries. Latvia will participate in the development of the EU policies, thus raising the issues of construction of the EU single digital market, e-governance and improvement of people's e-skills, as well as information security in a digital environment and internet freedom. During the presidency Latvia will take the opportunity to use its achievements, including e-governance solutions and e-platforms to promote civic participation.

### 3) Strengthening the EU's role at a global level, development of an area of welfare and security in the neighbouring regions of the European Union

The Latvian presidency will focus in particular on European neighbouring relations within this area, by actively implementing current policies and initiatives in the Eastern Partnership countries and Central Asia in 2014, in terms of the economic dimension and strengthening democracy and security processes. Latvia will continue its support for the strengthening of transatlantic relations, particularly highlighting the preparation of the EU and the U.S. Trade and Investment Partnership agreement, as well as strengthening cooperation with Brazil, Japan, Russia, India and China within the framework of the EU strategic partnerships. It is crucial to ensure successful progress of the EU free trade agreement negotiations with Brazil (within the framework of Mercosur negotiations), Japan and India, as well as investment agreement negotiations with China. During the presidency Latvia will represent the EU Council in international organizations, including the UNO discussions on mechanisms for preventing climate change after the expiry of the Kyoto Protocol. To succeed with the implementation of these priorities, Latvia will work in close cooperation with the European External Action Service, the European Commission and international partners.

Taking into consideration the aforementioned topics, the priorities of the Latvian presidency are going to be presented to the EU Council in the autumn. They will be prepared in cooperation with the presidency trio and EU institutions.

The diaspora-policy-related issues are expected to be integrated into each of the three priority areas. In this context, employment is highly important, namely, the creation of new quality jobs. At the same time, full protection should be ensured to all citizens of the Member States who move, live and work in other EU Member States.

In 2013, the conceptual approach to the presidency events to be held in Latvia was outlined. These measures include the Eastern Partnership Summit in Riga, the fifth meeting of ministers of education from the EU and Asian countries and the Baltic Sea Region Strategy Forum. Latvian public authorities and non-governmental organizations have also expressed interest in the organization of the Digital Assembly, the European Standardization Conference, the *World Press Freedom Day* and the E-Health Conference, as well as a number of other events related to the Eastern Partnership Summit, including the Business Forum. In 2014, Latvia will actively work on providing information and explanations to support the organization of these measures in Latvia.

In order to chair more than one and a half thousand events of working groups in Brussels and Luxemburg, as well as holding about 200 events in Latvia, preparatory work was done in 2013 by preparing Latvian public administration. The number of employees at the Permanent Representation of the Republic of Latvia to the EU has increased and a comprehensive training programme is being offered to about 1000



officials involved in the preparation for the presidency. In order to promote Latvia and its achievements, a list of various cultural events both in Latvia and abroad is being drawn up.

On 1 July 2014, Italy, Latvia's presidency trio partner, will assume its duties of a country holding presidency. In June 2014, the tri-presidency agenda will be submitted to the EU General Affairs Council for approval. During the Italian presidency Latvian officials are going to participate in trilateral negotiations (trialogues) with the European Commission and the European Parliament to ensure continuous progress of the issues during the Latvian presidency.

Elections of the European Parliament will take place in May 2014, followed by certain changes in the composition of the European Commission and the positions of top level officials of the EU institutions. This will affect the EU's agenda, bringing debate on current achievements and desired actions of the EU in the foreground, thus striving to achieve civic support for the EU policies. Latvia has to be prepared to lead the work of the EU Council at an early stage of the work cycle and to adjust the agenda of the presidency to unexpected initiatives as necessary.

#### **4. SECURITY AND TRANSATLANTIC RELATIONS**

##### **Political dialogue and cooperation with the US**

**It is in the best interests of Latvia to continue developing a close dialogue, including in the field of security policy, with the US and to promote consistent participation of the US in the security of Europe.**

The United States of America has always been the closest ally and a security guarantee for Latvia. In 2013, the US continued to pay particular attention to the Asian and Pacific Ocean region. At the same time the US acknowledges consistent involvement in Europe and the Baltic States region. The meeting of the presidents of the three Baltic States with the US president Mr Barack Obama in Washington in August 2013 proved that all of the parties are close allies with a common objective to bring peace and stability to the region. The parties agreed to deepen their strategic cooperation by expanding trade relations, jointly addressing global security challenges and promoting democracy all over the world. The presidents of the Baltic States and the US also agreed to build closer cooperation in cyber-security. The US side has expressed its readiness to get involved in initiatives of the Baltic States with an aim to strengthen cyber-security, including cyber-security of critical infrastructure in sectors important to the national economy (energy, transport). Such support is crucial for Latvia as it will facilitate the development of cyber-security at a national and regional level. In 2014, Latvia will continue to actively participate in cooperation on cyber-security matters with the US.

In 2014, Latvia will promote sustaining a top level political dialogue with the US, including planning state official visits with political and economic dimensions. In addition to the top level dialogue, the so called E-PINE format of political consultation between the US, the Baltic States and the Northern countries also plays an important role as it generates cooperation ideas. It is also important for Latvia to continue joint development cooperation projects with the US in third countries. Based on the signed Latvian-US memorandum, our country will continue providing support for judiciary reforms in Moldova. Latvia, in cooperation with the US, will promote launching a project for the training of Uzbekistan's customs officers. In 2014, the Ministry of Foreign Affairs will continue supporting military cooperation between

Latvia and the US, which is highly important for strengthening the abilities of our armed forces, as well as practical cooperation between Latvian NAF and the Michigan National Guard. A top level strategic dialogue is crucial for Latvia because we are equally responsible for our collective defence commitments.

### **Support of Latvia for lasting stability in Afghanistan and Central Asia**

**It is in the best interests of Latvia to continue international efforts in Afghanistan.** Security and lasting stability in Afghanistan is an important issue on the agenda of international organizations. The *International Security Assistance Force* (ISAF) mission in Afghanistan will end in late 2014. In 2013, Latvia continued to participate in the ISAF mission, which is the longest and most significant military operation that our country has been involved in since the restoration of independence. In 2013, there were about 150 Latvian soldiers permanently deployed in Afghanistan. As of January, the largest Latvian contingent in terms of number is participating in the Transition Support Unit in Mazar-e Sharif in the north of Afghanistan together with Norway, Finland and Sweden. In October 2013, based on the resolution of the UN Security Council, the Saeima took a decision to extend the mandate of the Latvian National Armed Forces for participation in a military mission in Afghanistan until the end of 2014. Through the mission, Latvia will not only contribute to the collective security of the NATO bloc, but also the experience and military skills of the Latvian Armed Forces will be enhanced. Participation of Latvia in the ISAF mission is a contribution to the improvement of the security situation and further stabilization in Afghanistan and the wider region which is essential with the approaching closure of the ISAF mission at the end of 2014.

In the context of the ISAF mission Latvia continued to perform its duties of the leading NATO country in the International Security Support Forces cargo traffic to Afghanistan through the Northern Distribution Network. Not only is the project a contribution by Latvia to the NATO mission, but also to the growth of Latvia's national economy: part of the products exported to Afghanistan is purchased from Latvian entrepreneurs, while freight is serviced through Latvia's transport infrastructure – the sea ports, the airport, railroad, road transport and maintenance services. Since 2009 over 100 000 containers have travelled this route through Latvia. Riga International Airport plays an important role in this process as freight moves to Afghanistan and back through the airport, thus constituting a significant increase in the freight serviced by the airport (70 % increase in 2013, compared to the previous year). The Latvian embassy in Kazakhstan has provided considerable support for Afghanistan transit freights. The embassy started to perform the functions of the NATO contact point embassy in 2013. The embassy in Uzbekistan has also provided support for this process. Latvia has appointed a NATO/ISAF transit relations officer to work in the embassy in Uzbekistan. This work is going to be actively continued because the importance of the issue is unlikely to diminish taking into account the measures related to removal of the ISAF mission until the end of 2014.

At the same time active political and practical work is being performed to plan the possible support mission for Afghanistan's national security forces after 2014, thus continuing to provide an international contribution to the promotion of security and stability in Afghanistan. To implement the NATO Chicago Summit decision on a continued support for Afghan security forces post-2014, Latvia, together with NATO partners, has clearly acknowledged its readiness to support these international efforts. Latvia is closely cooperating with NATO and other potential cooperation partners to

plan the possible participation. Active planning work for the new potential mission will continue throughout 2014 since the key elements and tasks of the mission are expected to be significantly changed.

In addition to the conclusion of the ISAF mission, it is important to ensure the long-term participation of the international community in a wider region, including the Central Asian countries, thus promoting their stability. For instance, through a response to common challenges to security caused by the spread of illegal drugs, Latvia has supported the improvement of drug control capacities of Afghan and Central Asian national authorities, as well as by making payments to the amount of US\$30,000 to the budget of the *NATO-Russia counter-narcotics training project* fund. Three representatives from Latvia are involved in the EU Police mission in Afghanistan.

### **Strengthening NATO cooperation and a regional presence**

In 2013, Latvia continued its efforts to promote a NATO presence in the Baltic region. NATO implemented the Baltic air policing mission. In November, the NATO military exercise *Steadfast Jazz 2013* took place in the Baltic region, including Latvia. The aim of the exercise was to demonstrate the abilities and readiness of NATO to deal with any type of situation. The exercise was also aimed at maintaining connected and interoperable forces at a high-level of readiness. The training was attended by approximately 6,000 participants from NATO member states and partner countries, including Ukraine, Sweden and Finland. Some participants were involved in an exercise at the Ādaži Base in Latvia. Observers were posted to exercises in a number of partner countries, including Russia, Belarus, Central Asian region countries and others. Military exercises in the Baltic region are an essential element in strengthening the defence capacity of Latvia. The importance of this type of exercise and similar events for the readiness and capabilities of NATO member country forces is expected to increase in future as NATO's involvement in international operations is decreasing.

Under the National Defence Concept approved by the Saeima, Latvia has committed to gradually increase its defence expenditure to 2 % of GDP by 2020. This is clear proof that national defence and security are Latvia's priorities. Last year, the annual report of the Minister of Foreign Affairs emphasized the importance of fulfilling this commitment. Latvia should not take its security for granted. It is not about keeping promises to ourselves and our allies alone. Adequate funding is the only way to maintain and develop national defence capacities.

In 2013, the issues related to the geographical area surrounding Latvia were still important. Latvia is interested in keeping its neighbouring countries oriented towards cooperation and development of a secure global environment. As regards security in our region, the Russian and Belarusian military exercise *Zapad 2013* should be highlighted. The was a new military infrastructure and military exercise, the largest among of those held near the border of Latvia in recent years, as well as military aircraft flights on an uncertain mission along the border (particularly intense during the exercise) give rise to certain concerns and affect the mutual trust and security in the region. Latvia keeps emphasizing the need to ensure maximum transparency of military operations at the border of Latvia. Mutual understanding would also contribute to trust and a more positive security climate in the region. Latvia appreciates what has been achieved – the best practice of the exchange of observers at the bilateral and multilateral level. For instance, Latvia supported the invitation of Russian and Belarusian observers to the *Steadfast Jazz 2013* exercise. Such an

exchange of observers demonstrates a practical implementation of transparency, which is also to be supported in future.

In 2013, Latvia continued efforts with the aim of strengthening regional and international cooperation to address the threats in cyberspace, thus supporting the fundamental principles of a democratic society in a virtual environment and emphasizing the need for an environment which is not only safe, but also free and accessible. Latvia continued participation in the Freedom Online Coalition aimed at promoting respect for human rights and fundamental freedoms in a virtual environment.

In 2014, the next NATO summit is going to be held in the United Kingdom. The key topics of the summit are expected to be as follows: operations (including post-2014 situation in Afghanistan); development of military capacities with reduced funding; partnership policy; the issue of enlargement. Latvia emphasizes the importance of reaching a decision during the summit to contribute to the maintenance of collective defence capabilities when defence budgets are under pressure. It is also important to achieve decisions that promote compatibility with partners after slowing down the current intensity of operations. It is crucial to continue NATO's so-called open door policy, thus promoting reforms in the countries willing to become NATO members. NATO needs to strengthen cooperation with candidate countries as it helps them to move closer to NATO. Integration efforts by candidate countries should be assessed on their merits, and no one outside NATO should be entitled to decide on enlargement.

## **5. BALTIC SEA REGION AND RUSSIA**

### **Cooperation in the Baltic Sea region**

Latvia's interest is targeted at maintaining the status of the Baltic Sea Region as one of the most dynamic growing regions in Europe. After the economic crisis this region is the only region among the so called EU macro-regions with positive GDP growth in all countries of the region. The Baltic Sea may become the unifying factor for Lithuanian, Latvian and Estonian (2018) Presidencies of the EU Council. Regional coordination gives opportunities to find the best solutions in the overlapping areas of interest of the countries.

Cooperation between the countries of the Baltic Sea region deepens the cooperation in bilateral and regional format. In 2013, Latvia held the presidency of the *Baltic Council of Ministers* and the Baltic Assembly, particularly focusing on such areas as transport, energy and agriculture.

Implementation of the tasks of the Baltic Energy Market Interconnection Plan was continued in 2013: Latvia joined the energy exchange *Nord Pool Spot* in June. The partners also continued discussions on regional energy infrastructure projects, as well as solutions to diversification of natural gas supplies and prevention of isolation of the Baltic States. The Baltic States and Finland still have to agree on the location of the regional liquefied natural gas terminal. During these discussions Latvia has emphasized the need for closer coordination between the Baltic States and the European Commission.

Russia has tended to take a more active part in regional cooperation. Russia held the presidency of the Council of the Baltic Sea States (CBSS) until mid-2013, thus prioritising improvement of ecological situation in coastal regions and the Baltic Sea.

The work of the CBSS is complemented by the EU Strategy for the Baltic Sea Region. Cooperation priorities with Russia are being defined within the framework of the strategy. Latvia is particularly interested in joint EU – Russia projects in the sector of environment (minimisation of transboundary pollution) and transport (including the development of border area infrastructure). It is expected to agree on these sectors as the basis for possible joint projects at the Strategy Forum in Turku in 2014.

### **Bilateral relations with Russia**

Latvia builds its relations with Russia based on the principles of mutual interest and respect, facilitating the realisation of the potential of relations in different areas of practical cooperation. The year 2013 in Latvian-Russian bilateral relations was characterised by intense political dialogue at different levels. The sixth meeting of the Intergovernmental Commission was held in Russia. The Commission of Historians continued its work. The contractual framework was expanded: the agreement between Latvia and the Russian Federation on the simplification of cross-border travel for border residents came into force, the agreements on the places for border crossings and cooperation in the field of aviation search and rescue were signed, as well as the Action Programme for the bilateral Modernisation Partnership Declaration was approved.

Economic cooperation between the two countries developed positively: Russian remained the second largest trade partner country of Latvia, and ranked 5<sup>th</sup> among foreign investors. The successful cooperation in the development of the Northern Distribution Network was continued. Russian tourists became increasingly interested in visiting Latvia. Both countries engaged in an active exchange of cultural events.

At the same time the Russian party made unreasonable criticism and unfair assessments from time to time in 2013 regarding social integration processes in Latvia and historical issues that Latvia consistently rebutted. Yet Latvia expressed concerns about the processes in Russia aimed at suppressing democracy, law and civil society activities.

In 2014, Latvia will continue to implement practical cooperation by facilitating operation of all current transnational cooperation mechanisms, including organization of the seventh meeting of the Intergovernmental Commission in Latvia. As part of the preparation for the presidency of the EU Council, Latvia will promote exchange of opinions with Russia on the EU-Russia agenda. Certain attention will be paid to cooperation opportunities in Central Asia and Afghanistan. Latvia will maintain its position in respect of social integration processes in Latvia and historical issues of Latvia while promoting good neighbourly relations with Russia.

## **6. EXTERNAL ECONOMIC RELATIONS**

### **Latvia is on the way towards joining the OECD**

**Latvia will contribute to an efficient and quality negotiation process to ensure smooth accession to the Organisation of Economic Co-operation and Development (OECD).** The year 2013 has been a particularly remarkable year from the point of view of foreign policy due to the invitation sent by the OECD in May to launch negotiations on joining the organization.

In October, the OECD approved the *Roadmap* for Latvia's accession or the terms and *conditions* for the *accession*. Launching the negotiations on joining the OECD has been one of the key priorities of Latvian foreign policy which *Latvia* has achieved

since it joined the EU and the NATO. It has been achieved through a coordinated cooperation between the Ministry of Foreign Affairs and public administration authorities of Latvia. For Latvia, this invitation means a high recognition by the world's most developed countries in respect of the reforms carried out in the country and the joint achievements of the government and society in overcoming the economic and financial crisis. Upon joining the OECD, Latvia will be rated as a High Income OECD member in the country risk classifications. The status of an OECD member will make Latvia more attractive for investments and make earlier access to credit markets for the implementation of economically important projects.

Latvia's accession to the OECD will stimulate the enhancement of the quality of public administration and enable better services by the public sector to the people of this country through using the experience of other more economically developed countries. Global standards and principles of economic and development policy are being developed within the OECD framework. Through identifying the current economic policy challenges and offering expertise on various policy solutions, the OECD is an active player in the G20 process. Thus Latvia as an OECD member will be able to indirectly take part in discussions on the G20 agenda. Investors, international financial institutions and businesses put great trust in the OECD statistics databases, sectorial policy reports and analytical studies dealing mainly with OECD member countries.

The visit of the OECD delegation to Riga in December is regarded as the official launch of Latvia's OECD accession negotiations. One of the priorities of foreign economic policy in 2014 will be the successful progress of Latvia's accession to the OECD. In order to fully represent Latvia's interests in the negotiations, a working group for Latvia's OECD accession talks has been established under the guidance of the Ministry of Foreign Affairs. The Cabinet of Ministers has authorized the Ministry of Foreign Affairs to take a coordinating role in the process of negotiations. This objective can be achieved through a close cooperation among all line ministries and associations of entrepreneurs. The progress of the accession process depends on our efforts and fast response; however, based on the experience of the previous enlargement, the minimum time for being granted a member status is two years.

### **Economic diplomacy in the light of economic changes**

**In the context of foreign economic relations, the key areas of action of the Foreign Service are building bilateral economic contacts, protecting the interests of Latvian entrepreneurs and building a positive economic image of Latvia.**

In 2013, a gradual improvement in the global economy remained in the background for external economic activity of Latvia. It pursued economic activity in the light of a recovering U.S. economy, overcoming the risks of the EU economic recession and the growth in a number of countries with a fast growing economic influence in the world. The growth was observed in the Northern European countries which are particularly important to Latvia, in contrast to the Southern European countries which continued to experience recession. Despite these positive trends, the global financial and economic crisis has contributed to the shift of economic activity centres. For this reason the global environment is undergoing a change of balance – the growing economic influence of Southern Asia countries and countries of other regions as well.

These changes in the structure of the global economy bring new changes and opportunities to economic diplomacy of Latvia. In 2013, the Foreign Service was firstly focused on realizing the potential of export markets that have already been explored, as well as entering new markets where Latvia has advantages and building economic relations with new global economy players.

Firstly, 90 % of the export volumes consisted of the export markets that have already been entered. In 2013, the ten most important target export countries for Latvia (Lithuania, Estonia, Russian, Sweden, Finland, Germany, Poland, Norway, Denmark and the UK) constituted 70 % of the Latvian export volumes, while the list of the twenty most important countries (Europe, Ukraine, Turkey and the U.S.) constituted nearly 90 % of the exports in Latvia. Secondly, Latvia sees the prospects of markets of Southern Caucasus and Central Asia countries where our entrepreneurs have considerable advantages – the positive image of Latvia, language knowledge and understanding of the local business environment. It should be noted that these regions maintained economic growth in 2013. Trade volumes of Latvia to Central Asian countries have significantly increased (the total increase being about 30 %), out of which the increase in trade volumes to Kazakhstan was 44 % and Uzbekistan – 34 %. Thirdly, it is crucial to develop economic cooperation with markets with great or growing influence in the global economy – China, India, South Korea, the United Arab Emirates and Brazil. Building economic relations with China is of particular importance since it is the largest global economy right after the U.S. If it keeps growing at the current pace, China is expected to achieve the U.S. level by 2020. Although currently these markets constitute just about 10 % of Latvian exports, they have a huge potential and prospect. At the same time, entering these markets incur certain challenges and in order to overcome them our entrepreneurs must be experienced, well-prepared and have access to resources.

As regards using and entering the abovementioned export markets, the main areas of action of the Foreign Service are the following – building bilateral economic relations; protecting the interests of Latvian enterprises; building a positive economic image of Latvia; collecting and analysing economic information.

Support at political level plays an important role in building bilateral economic relations, particularly in prospective and new markets. It should be taken into consideration that contacts of top level government officials play a specific and significant role in decision-making on building foreign economic relations in a number of these countries. Visits of top level government officials give an opportunity for Latvia to pursue economic interests at the top level of decision making. Therefore, the Ministry of Foreign Affairs actively worked on providing the required political support in 2013, by organizing visits of government officials and business delegations, while the IDAL, in cooperation with entrepreneurs, dealt with agendas and organizations of these visits.

In Central Asian countries there are certain opportunities for the export of Latvian education. At the moment, over 300 students from countries of this region, including about 200 from Uzbekistan are studying at Latvian higher education institutions. In 2014, visits of Latvian top level officials and entrepreneurs are expected to be organized to the U.S., Israel, Uzbekistan and other countries. Active relations will be continued also with Kazakhstan which will start preparing for the Astana EXPO-2017 in 2014.

Top level relations with China are being developed in the form of a cooperation initiative with 16 Central Europe and Eastern Europe countries (China-CEEC). Prime Ministers of Latvia and China have met within this framework. In November 2013, the Minister of Foreign Affairs met the Prime Minister of China within the China-CEEC Forum, to discuss, among other things, transit opportunities and trade volumes, as well as submitted projects for potential China investments in the sectors of transport-aviation, ports and logistics, as well as the financial sector of Latvia. In June 2014, Latvia and China will hold a joint top level conference on transport and investment matters.

Support of the Foreign Service for the protection of interests of Latvian enterprises in third-world countries also plays an important role. Entrepreneurs highly appreciate the involvement of embassies in disputes. The involvement of the Foreign Service in the recovery of funding granted by banks owned by Latvia in Ukraine and Russia should be particularly highlighted.

In 2013, the government approved the *Guidelines on Promoting Exports of Latvian Goods and Services* and *Attracting Foreign Investments* for 2013-2019, defining the following areas of action – improving the competitiveness of Latvian enterprises, targeted measures to attract foreign direct investments and support for enterprises to enter into foreign markets. Achieving these objectives required coordinated action and efficient mutual communication between public authorities and organizations representing entrepreneurs. In 2013, the Ministry of Foreign Affairs continued to coordinate action with other responsible public authorities and representatives of entrepreneurs. One of the main cooperation formats was the *Council for the Coordination of Foreign Economic Policy* chaired by the Minister of Foreign Affairs. It was composed of representatives from the Prime Minister's Office and the IDAL, the LDDK and the LCCI. Five Council meetings have been held in 2013 to take decisions on such important issues and priority target markets of Latvian exporters, the criteria system for the participation of entrepreneurs in business delegations within foreign visits of the government officials, as well as a body for the criteria of the initiation of economic visits.

In order to promote the advantages of the Latvian transport infrastructure, the annual top level transport seminar “Transport Corridors between the Heart of Asia and the World” organized by the Ministry of Foreign Affairs in cooperation with representatives from the transport sector of Latvia has become a successful tradition. The seminar in 2013 was attended by 220 representatives from about 40 countries, including the U.S., European Union member states, Russia, Central Asia countries, Turkey, India, Pakistan, Iran and Qatar. Continuing this tradition, the Ministry of Foreign Affairs will hold a two-day conference on the development of transport connections between Europe and Asia. The conference will be devoted to the transport and trade corridors. Thus, the transport infrastructure of Latvia is regarded as a full member of the global transport system between Europe and Asia.

The Ministry of Foreign Affairs continues to inform Latvian entrepreneurs about current situation and opportunities in foreign markets. In 2013, in cooperation with the LCCI on the initiative of the Minister of Foreign Affairs, a regular dialogue has been started with Latvian exporters to find out their interests and identify problem areas in export markets. In 2013, the LCCI has held eight discussions as part of the “Export ABC” seminar series, while the IDAL has organized 34 seminars on export markets of Latvia. In 2014, the Ministry of Foreign Affairs plans to promote more



active support series of discussions and seminars for Latvian entrepreneurs in cooperation with the IDAL. For instance, the discussion of the North African, Latin American and Southeast Asia countries gives an opportunity to share experiences on the possibilities of Latvian entrepreneurs in the markets of these countries. The discussion is expected to be continued in 2014.

### **Expanding the network of embassies**

Currently, 44 diplomatic and consular representations of Latvia are concentrated in countries which are the traditional partner countries of Latvia. A total of 14 Latvia's External Economic Representation located together with our embassies deal with economic matters and support for Latvian entrepreneurs, thus ensuring synergy for addressing political and economic issues. Latvia is interested in adapting to the global changes in the world's economy, searching for new cooperating partners, promoting entry into new markets and attraction of investments to the national economy, as well as diversifying export markets. However, Latvia is still under-represented – especially in such politically and economically fast growing regions of the world as Asia and Latin America. Considering the government budget possibilities and the potential of bilateral economic cooperation, in 2013, the Cabinet of Ministers approved the Expansion of the Network of Embassies for 2014-2020 prepared by the Ministry of Foreign Affairs.

The Latvian Embassy in India is to be opened in January 2014. Full-time diplomatic representation is expected to facilitate regular dialogue with the country which has a growing political and economic influence in the world and a broad representation in international organizations (including the UNO, G-20 and the BRICS). It also complies with the economic interests of Latvia since the EU is the largest trade partner of India, as therefore it is expected to enter into the free trade agreement. Latvian entrepreneurs are also becoming increasingly interested in India. Latvia also aims to strengthen the possibilities of Latvian higher education institutions to offer education as an export product.

## **7. COOPERATION WITH AND SUPPORT FOR LATVIAN NATIONALS ABROAD**

**An important area of action of the foreign policy is cooperation with the diaspora – promoting political and civic involvement of the diaspora; sustaining Latvian identity and connection with Latvia; strengthening cooperation with the nationals abroad.**

Over 370,000 Latvian nationals permanently reside abroad, and more than 200,000 of them have left Latvia over the past ten years (the MFA estimated data on 2012 because there are significant differences between the information from the Population Register and foreign authorities and the estimates of the representations). The number of people, who have emigrated from Latvia, especially to EU member states, keeps growing. Currently, the largest Latvian communities are based in the UK, the U.S., Canada, Ireland, Sweden, Australia, Russia, Brazil, Germany, Belgium, Israel, Norway and Spain.

The aim of the diaspora policy is not only to support nationals abroad but also to realize their potential by encouraging a wider involvement in the field of science, economy and culture, and thus promoting the development of Latvia. In 2013, the Ministry of Foreign Affairs in cooperation with other public authorities outlined and implemented four areas of action: promoting political and civic participation among the diaspora; sustaining Latvian identity and connection with Latvia; strengthening

cooperation with nationals abroad in the field of economy, science, education and culture; supporting those who wish to return to Latvia.

In 2013, the amendments to the Citizenship Law came into force, thus expanding the body of Latvian citizens and promoting political and civic participation among the diaspora in the processes in Latvia, and also providing more opportunities to acquire Latvian citizenship while retaining the citizenship of another country. Latvia's diplomatic and consular representations abroad provide information on the new opportunities and the procedures, as well as accepting applications for registration of Latvian citizenship. As of 2014, a total of 4 additional job positions for the work with the diaspora-related matters will be created in the Latvian embassies in Canada, the U.S., Ireland and the UK. The Ministry of Foreign Matters in cooperation with the Office of Citizenship and Migration Affairs plan visits to the diaspora countries in 2014 to ensure acceptance of passports and eID applications, mainly to countries where a high number of applications for registration of citizenship is expected and where there are no Latvian embassies, for example, New Zealand, Australia, Brazil and Venezuela.

In 2013, a number of activities were implemented to promote cooperation with the diaspora and strengthen its involvement in social processes of Latvia. A notable event was the conference "Latvians in the World: belonging to Latvia 2013" held in Riga in July, organized with participation of the Ministry of Foreign Affairs and supported by the Saeima. This conference is a regular dialogue forum to discuss important diaspora-related issues, to evaluate the achievements and outline new areas of action. Another important event was the first World Latvian Economic and Innovation Forum held by the World Free Latvian Association, the Latvian Chamber of Commerce and Industry and the Ministry of Foreign Affairs. The event gave an opportunity for Latvian entrepreneurs from different countries of the world not only to contact each other but also to agree on launching a number of different projects. In order to ensure the continuity of the Forum and keep the interest of entrepreneurs, a similar small-scale event is planned to be held in 2014 for the diaspora and Latvian entrepreneurs representing certain sectors (for example, IT). The Ministry of Foreign Affairs is expected to get involved in the Youth Forum held in Riga in 2014. The Forum will be held in the UK in cooperation with the Organization "**RED – Creative Effect Workshop**" (**RED**) and the Student Union of Latvia and expected to gather hundreds of participants from Latvia and representatives of the diaspora, highlighting important youth-related issues, particularly the issue of youth employment.

In 2013, leaders of the diaspora art groups were supported in their preparation for participation in the Latvian Song and Dance Festival. A total of 36 out of 97 Latvian weekend schools received state support. At the same time performance tours and other events were organized for the diaspora children. In 2014, Latvia will continue to support methodological work of the diaspora groups to ensure a timely preparation for the next Latvian Song and Dance Festival.

In 2013, the Ministry of Foreign Affairs worked on making it easier to access information that is particularly necessary for the nationals abroad. A relevant section will be opened on the website of the ministry in early 2014. This section will serve as an informative guide for Latvian citizens abroad. In order to promote cooperation between the Latvian and diaspora mass media and publicise diaspora-related matters in the mass media, seminars of the diaspora media, initiatives of experience exchange, strengthening cooperation with the Latvian mass media platform through the use of

opportunities of social media to communicate with national are planned to be held in 2014.

Support for those citizens who wish to return to Latvia will be provided by the Remigration Support Measure Plan for 2013-2016 developed under the guidance of the Ministry of Economics and approved in July 2013. The plan envisages providing informative and practical support to those citizens who plan to return to Latvia either by starting a business or developing closer ties with Latvia. The plan also includes Latvian language learning and support for students to be able to integrate into the Latvian education system, as well as other activities.

## **8. CONSULAR SERVICES AND VISAS**

### **More accessible consular services**

The growing mobility of Latvian nationals requires the country to be able to provide efficient consular help and consular services to an increasing number of people.

In 2013, the number of consular services provided by representations of Latvia to Latvian nationals increased by 72 % and the number of state fee services has increased by 89 %, while the free of charge consular services increased by 19 %, compared to 2012.

In 2013, the successful mobile passport station project was continued. The project made it possible to accept applications for passports and personal identity cards (eID) and to obtain biometrical data outside the representation which is important for many nationals as the validity term of their passports expired in 2013. Embassies in the United Kingdom, Ireland, the U.S. and Canada arranged visits in 2013, thus accepting more than 4,170 applications and also providing other consular services outside the representations. Latvian embassies are also going to continue visits in the next year. In 2014, the Ministry of Foreign Affairs in cooperation with the Office of Citizenship and Migration Affairs plans to provide mobile passport stations to Latvian embassies in Canada, Belgium and Spain, as well as enabling the Consular Department in Riga to efficiently arrange visits to other countries where there are no representations of Latvia for the purpose of accepting applications for passports/eID.

### **Issuing of visas**

In 2013, the Ministry of Foreign Affairs contributed to building closer links with foreign countries through the fast issuance of visas to citizens of third countries.

In the first nine months of 2013, the number of visa applications received at the representations of Latvia abroad continued to grow, by 14 % exceeding the number of visa applications received in the corresponding period of 2012. Thus LVL 3,666,902 were collected into the state budget, which is by 15 % or LVL 468,317 more than in the corresponding period of 2012 (LVL 3,197,585).

By 30 September 2013, a total of 152,273 visa applications were accepted, which is by 19,061 visa applications more than in 2012. Based on this trend, the Ministry of Foreign Affairs posted extra temporary employees to several representations of Latvia to process visa applications in 2013. The embassy in Russia registered the highest number of visa applications – 66,497 which was by 2 % more than in the corresponding period of 2012. Ranked second was the Embassy in Belarus with

25,439 applications registered which was by 51 % more than in the first nine months of 2012.

In 2013, the Ministry of Foreign Affairs continued to streamline the procedure for registration of visa applications in cooperation with an outsourcing service provider – courier mail. Currently, visa registration through courier mail services is available in 72 cities in Russia, 7 cities in Ukraine and 15 cities in Kazakhstan. At the moment, courier delivers visa applications to the Embassy of Latvia in Russia (as of 01.01.2009.), General Consulate in St. Petersburg (as of 01.07.2010), the Embassy in Ukraine (as of 01.12.2010) and the Embassy in Kazakhstan (as of 21.06.2013). In April and July 2013, courier mail service visa centres were opened in Moscow and St. Petersburg to accept applications from visa applicants and further submitted them to representations of Latvia. Cooperation with courier service company Pony Express has made it easier to obtain a visa, providing an opportunity to submit a visa application as close to the place of residence as possible, as well as to significantly reduce the queues at diplomatic and consular representations of Latvia. Such a solution allows making considerable savings in respect of human resources of representations required for the acceptance of visa application documents, thus allocating greater human resources for the evaluation of applications and decision-making on issuing the visas. All the aforementioned allows processing a higher number of visa applications, thus resulting in a significant increase in the number of tourists which is important to Latvia, as well as promoting economic, culture and sports links and a rise in intensity.

Expanding cooperation in the field of visa representation: in 2013, the Ministry of Foreign Affairs continued to develop the network of visa representations. The number of locations where Schengen member countries issue visas on behalf of Latvia has been increased by 26 locations in 2013. Latvia has currently concluded visa representation agreements with 13 Schengen member countries: Austria, Belgium, Estonia, France, Germany, Hungary, Lithuania, the Netherlands, Poland, Slovakia, Slovenia, Spain and Sweden. The agreements provide for the representation of Latvia in the issuance of Schengen visas in 86 different locations across the globe, while Latvia represents 10 Schengen countries in 9 locations throughout the world.

In June 2013, the agreement between Latvia and the Russian Federation on the simplification of cross-border travel for border residents came into force. According to the agreement, the Consulate of Latvia in Pskov has started to issue border traffic permits to border region residents of Russia. Border region residents of Latvia can obtain border traffic permits at the General Consulate of Russia in Daugavpils.

## **9. CONCLUSION**

Important tasks need to be addressed in Latvia's foreign policy in 2014. The foreign service will devote special efforts to prepare for Latvia's Presidency of the Council of the European Union, including the strengthening of the European Union's role in the Eastern Partnership and Central Asian countries, the protection of Latvia's economic interests, and support for compatriots abroad.

For our foreign policy activities to yield the expected results, there exist a number of vital prerequisites – an effective protection of Latvia's interests at the international level (incl. EU, NATO, OECD, WTO), the highest-level political support and continuity of political decisions, and coordinated activities by public institutions and civil society organisations. A successful pursuit of foreign policy interests is possible

only through concerted actions by the President of Latvia, the Saeima and the Cabinet of Ministers in a close association and interaction with society as a whole.