

Latvia – the European Union

On May 1, 2004, Latvia, together with nine other European countries – Estonia, Lithuania, Poland, Slovakia, the Czech Republic, Hungary, Slovenia, Malta and Cyprus – became a full member of the European Union (EU).

The enlargement of 2004 was the biggest and most ambitious in EU history. It raised the number of member states from 15 to 25, giving the EU a total population of around 450 million – a figure that exceeds the combined population of the US and Russia. This EU enlargement marks the reunification of a Europe that had been politically divided following World War II.

Historical background on the EU-Latvia relations

Since the restoration of independence in 1991, Latvia has consistently expressed its desire to return to the family of European countries. The continuous development of bilateral relations between Latvia and the EU since May 11, 1992, when the Agreement on Trade and Economic and Commercial Co-operation was signed, clearly demonstrates the stability of this orientation.

By concluding the Association Agreement on June 12, 1995, Latvia set a clear aim - joining the EU. The official application for the accession to the EU submitted by Latvia on October 27, 1995, was a logical continuation of this policy. It was confirmed by all political parties represented in the Parliament of Latvia in a joint declaration on October 10, 1995.

Two years later, the European Commission provided its first assessment of the readiness of the candidate states to start accession talks with the European Union and the accession process could begin. Simultaneously the EU started the screening of compliance of national legislation to the body of EU laws and rules (so-called “*acquis communautaire*”, i.e., around 80,000 pages of EU law) with all applicant countries.

Latvia started its accession talks in Spring 2000 and concluded them in

December 2002. Accession talks were conducted in different horizontal areas containing altogether 31 chapters for negotiations. In order to accede to the EU, Latvia along with other applicant countries also had to comply with the strict membership (political and economic) criteria. This included the stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities; the existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union; as well as the ability to take on the obligations of membership including adherence to the aims of political, economic and monetary union.

Since signing the EU Accession Treaty in Athens on April 16, 2003, Latvia participated as an observer in the EU decision-making process. The referendum on Latvia's membership of the European Union was held in Latvia on September 20, 2003, when a convincing majority of Latvia's voters supported country's aspirations to join the EU.

General interests

One of the most important political objectives of Latvia is to protect the independence of the country, to increase wealth and prosperity, social security, and to facilitate the consolidation of Latvia's international positions. Thus Latvia's aspirations to join the EU were obviously defined by the fundamental interests of our state and society. Being a European country – Latvia joined the ideals, values and basic principles that form the basis of the EU.

As the EU is an international contractual organization, Latvia receives concrete guarantees for the implementation of these interests. By assuming economic obligations as regards the EU membership, Latvia created flexible and competitive market economy with skilled labor force, effective legal system, stable finances and macroeconomic situation, as well as an attractive climate for foreign direct investments.

Integration of national economy

Current global and European development can be characterized by growing global and regional co-operation – a process which also impacts Latvia. The EU is one of the most influential regional political and economic forces. Latvia benefits from opportunities offered by the internal market which eliminates barriers for free movement of persons, goods, services and capital within the borders of the EU. Latvia already complies with the majority of the so-called Maastricht convergence criteria necessary for full participation in the Economic and Monetary Union. Though real convergence is a long-term objective, Latvia is well on its way of achieving it. The role of the EU in Latvia's foreign trade is strengthening: in 2004, around 80% of total exports from Latvia went to the EU countries. According to the Bank of Latvia's estimates, GDP growth in 2005 is expected to be buoyant (7.5%), falling only slightly behind that in 2004 (8.5%). These are one of the highest performing growth rates forecasted among the 25 EU member states. It would primarily be supported by an anticipated upswing in such sectors as trade, transport, storage and communication, construction, financial intermediation, real estate, renting and other business activities, manufacturing, and other sectors.

As an economic actor, the Union will potentially acquire an even greater weight in the years to come. It must adjust to the new situation, and so must its trading partners. On the one hand, they too can benefit from the extension of the single market that will allow them to invest in or export to the new members in the same way as they do to the rest of the EU. On the other hand, the existence of a bigger home market will generate economies of scale and other advantages for European firms competing with them on world markets.

Foreign policy

Latvia's foreign policy is now part of the Common Foreign and Security Policy (hereinafter CFSP) of the European Union. Latvia supports the necessity to have a united and strong EU voice in the

international arena, a common position in relations with the countries outside the EU. The goals of the CFSP are the same for Latvia and the EU because they are based on the same principles and values: democracy, rule of law, observance of human rights and fundamental freedoms, support to international peace and stability. Having acceded to the EU, the 'horizon' of Latvia's foreign policy is bound to enlarge beyond our immediate neighbourhood and already existing bilateral relations with countries around the world. At the same time, Latvia is most interested in promoting democracy, stability and good neighboring relations in its direct vicinity. Therefore Latvia is taking active part in the formation and implementation of the European Neighborhood Policy, especially with regard to its closest neighbors - Belarus, Ukraine, and Moldova.

The government of Latvia recognizes its responsibility to support international activities directed at the consolidation of stability and security in the entire continent. However, it has to provide its contribution to regional stability as well. This can be achieved by active involvement in co-operation between the countries of the Baltic Sea region. Latvia is committed to increase its defense capacity in order to enable it to participate in international peace and stability consolidation activities, including the EU Common Security and Defense Policy (ESDP).