

Annual Report of the Minister of Foreign Affairs on the accomplishments and further work with respect to national foreign policy and the European Union 2020

On the international policy agenda, in parallel with the ongoing process of a multipolar world taking shape, increasing rivalry between great powers, reduced effectiveness of multilateralism and international organisations, challenges triggered by the pandemic have appeared, and the digital realm displays an increasing influence on broader processes related to foreign policy. Those challenges have created an additional burden and the need for closer attention placed on the implementation of Latvia's foreign policy interests, while providing a fresh opportunity to assess Latvia's role and prospects.

Membership in the European Union and NATO remain central to Latvia's foreign policy. Latvia sees good potential in pursuing enhancement of the effectiveness of the European Union, its functional capacity and international influence. Intensifying a debate on reducing the European Union's exposure to external factors having a negative influence (strategic autonomy) and the launch of the Conference on Europe's Future will contribute to reaching these objectives. Latvia's interests lie in not only consolidating achievements of the EU till now – the Single Market and the Schengen Area – but also to be actively engaged in the shaping of new policies – the Green Deal, digitalisation of the Single Market – and strengthening the organisation as a union of values and the rule of law. Latvia underlines the importance of the enlargement of the European Union and the need for a sustainable Eastern Partnership policy, while ensuring its greater flexibility.

It is important for Latvia that NATO keeps its role as a safeguard of security and stability, and that the Alliance's capabilities of successfully adapting to changes in international policy be enhanced. It is vital to promote synergies between the European Union and NATO in security and defence, which would complement NATO rather than duplicating it. Latvia is interested in stopping the tendencies of erosion in the global arms control architecture. The strengthening of relationship between the United States of America and the European Union is a priority for Latvia, and cooperation with the U.S. will retain the character of strategic partnership. Increasing ambitions of China as a systemic rival and a partner simultaneously, and of Russia as a difficult-to-predict and revisionism-oriented international player, upon projecting various risks, creates a need for the implementation of a balanced, well-considered, consistent and values-based long-term policy, on a bilateral level as well as in the framework of the European Union and NATO.

Turbulence in the global economic markets and an increase in protectionism call for continuing an open policy based on trade rules, in which the European Union should take on a leading role. The evolving situation demands reforms of the World Trade Organisation in order to respond effectively to obstacles to trade on a global scale, and calls for strengthening the OECD as a forum setting international economic standards.

In the context of the ever increasing importance of the digital sphere, Latvia must be able to make use of the advantages it offers, while reducing the accompanying risks related to limits placed on freedom of speech, the spread of disinformation and safety of 5G networks. Latvia has been proactive in offering solutions both at NATO and the European Union. It is vital to strengthen resilience of the European Union and its transatlantic partners against such trends.

The strengthening of multilateralism and improving the effectiveness of international organisations, so as to ensure predictable functioning of the international environment based on respect for international law, have a place of paramount importance in Latvia's foreign policy.

Introduction

Since regaining independence, Latvia has been demonstrating an active and consistent policy. Latvia's foreign policy is meant to ensure the irreversibility of the country's sovereignty and independence, while promoting the democratic values laid in the foundation of the state and principles enshrined in the Satversme (the Constitution). This goal is pursued by deepening cooperation with the European Union and NATO based on shared values and participating in international processes with the focus on international law, democracy, and protection of human rights and the rule of law. In its region and around the world, Latvia stands up for creating a secure environment for sustainable development with regard to climate, health and technology. In the economic dimension of foreign policy, Latvia places an emphasis on the development of international trade regime, promotion of export capacity and attraction of investments, digitalisation and infrastructure development. In pursuit of its foreign policy goals and tasks, Latvia is building its international influence and prestige, raising its profile globally, and consolidating national identity through cooperation with the diaspora.

To implement foreign policy successfully, it is important to speak with one voice in various formats and forums. In implementing a joint foreign policy, it is traditional that close cooperation be maintained between the Ministry of Foreign Affairs and the Saeima. The parliamentary dimension of diplomacy is a vital aspect in the strengthening of Latvia's international presence and its image as a country which is democratic and modern. And, in addition, 21st century foreign policy attaches special importance to building and maintaining a close dialogue and engagement with civil society and social partners.

In 2020, digital diplomacy has become integral to diplomatic life on a daily basis. Latvia persists in pursuit of its core foreign and security policy under any circumstances regardless of development trends in geopolitics and the international system. At the unshifting foundation of Latvia's foreign policy is the doctrine of state continuity and this is being actively communicated through history elucidation seen from a perspective of international law and democratic values.

The global crisis triggered by the COVID-19 pandemic has been an endurance test for the Latvian diplomatic and consular service, a test of its capacity and skills. To ensure the return of Latvian nationals from abroad, repatriation was arranged, and it represented the largest single event for the homecoming of Latvian nationals ever arranged in the history of the Latvian state. Citizens of other European Union Member States had also been stranded abroad; therefore, the effort to bring them home also became a very tangible example of European solidarity.

This report was drafted at a time when, due to the COVID-19 pandemic, the international environment was unclear and indeterminate while at the same time undergoing dynamic development. Accordingly, this document presents applicable foreign policy guidelines of the Latvian state and reflects the current international environment, Latvia's national interests in foreign policy, as well as work accomplished and planned. On the other hand, this document highlights fundamental long-term principles and values that underpin Latvia's foreign policy even in a changing international environment, principles that ensure pursuit of national interests both now and in the future.

The geopolitical situation, processes, challenges

The geopolitical situation and hotbeds of international tension

The third decade of this century has begun with the pandemic crisis that has highlighted challenges of a new level both to individual countries and international organisations, and to the principle of multilateralism in general, while acting as a catalyst to the already existing global problems: developments in the globalisation process, the process of emergence of a multi-polar world and rivalry between the great powers, trends of the renationalisation of security and defence policies, populism, and differences of opinion about the role and variable effectiveness of international organisations. This also further aggravates the issue of strategic balance between the four largest power centres – the European Union, the United States of America, China, and Russia. Under such circumstances, cooperation and synergy in all possible formats and at all levels is vital for shaping a balanced and unified policy by the Western states.

Russia's foreign policy has not changed course either in its tendencies toward revisionism or in terms of its perspective on key events in European history and on the existing order of international relations. On the track to realize Russia's interests, various destructive efforts were undertaken in international organisations, for instance, a proposal to organise a separate meeting of the permanent members of the United Nations Security Council on strategic security questions and attempts to employ the United Nations format to remove international sanction regimes during the COVID-19 pandemic. At the same time, Russia strove to weaken the international human rights standards already established as well as questioning the authority of international organisations, for instance, the Organisation for the Prohibition of Chemical Weapons (OPCW) and the human rights monitoring mechanisms in the United Nations system. Russia's action in the field of arms control regimes can be evaluated as being oriented toward inhibition of their effectiveness. Russia continued to pursue the policy of building spheres of influence vis-à-vis its neighbouring states, interfering in their domestic policy processes and their foreign policy, as well as instigating the occupation of Crimea and providing support for the illegal military formations in the east of Ukraine. Russia's predictability has not been augmented by the amendments to the Constitution of Russia adopted in June 2020 apparently giving the Constitution precedence over Russia's international commitments.

In the past few years, China's ambition to play a major role in addressing diplomatic, economic, security, climate change, and other global issues has been increasing. China is positioning itself internationally as a proponent of multilateralism, a supporter of the international system and a provider of international assistance, while advocating greater solidarity and cooperation in inter-state relations. However, at the same time, China is attempting to modify and alter international structures and norms, tailoring them to its own values and world outlook. China invokes arguments concerning sovereignty and state security to limit the chances of international human rights mechanisms for investigating and preventing potential human rights violations. China promotes solutions in the field of the internet governance that would give states greater control over the activity of the internet users and the content they can access online.

Strategic competition between the United States of America and China is getting increasingly broader and intensive covering mutual reproof in the context of the COVID-19 pandemic, introduction of mutual trade tariffs, technological competition and harsh criticism over China's actions in Hong Kong, the situation with human rights in Xinjiang, and its policy vis-à-vis Taiwan and with respect to the South China Sea.

When speaking of China's growing influence getting in Asia and the Pacific, it is natural also to mention the increasing regional role of India. The changing dynamic of power

and influence in the region has manifested in the form of incidents and tensions both at the border of India and China in the Himalayas, and between India and Pakistan in Kashmir, as well as in raised tension on both sides of the Taiwan Strait and on the issue of North Korean nuclear weapons. In the context of regional security, positive developments can be seen in the Afghan peace process. NATO has announced a gradual reduction of the presence of the Resolute Support Mission and international military presence in Afghanistan. Nevertheless, the continuing high levels of violence in the country are cause for concern.

Tension has increased in the eastern Mediterranean, with conflicts escalating between Turkey and Greece, as well as between Turkey and Cyprus concerning hydrocarbon exploration rights. The conflict stems from the years of controversy over the sea border and the unresolved Cyprus issue. In cooperation with EU Member States and Turkey, Latvia is contributing to the EU's efforts of reducing tension in the region.

The South Caucasus region saw an escalation of the conflict in Nagorno-Karabakh. Armenian and Azerbaijani forces engaged in intense fighting that also resulted in civilian casualties. Following a trilateral agreement between Armenia, Azerbaijan and Russia, and Turkey's involvement, a ceasefire is presently in effect and further escalation of the conflict has been halted. At the same time, the conflict has considerably changed the balance of power in the South Caucasus. Armenia and Azerbaijan, in cooperation with the international community should continue seeking a solution to the question of the status of Nagorno-Karabakh. The European Union underlines the need for the parties to the conflict to seek a solution concerning the status of Nagorno-Karabakh in the framework of the OSCE Minsk Group.

The publishing of a long-awaited U.S. Peace Plan for the Middle East brought a new dynamic to the peace process even with a U.S. Presidential election in the offing. As a consequence of the new plan, the United Arab Emirates, Bahrain, Sudan, and Morocco took a historic step towards normalisation of relations with Israel. Latvia has supported the initiative considering its potential for contributing to the dialogue between Israel and Arab states, and that the plan stopped the annexation of the West Bank territories planned by Israel, which would further complicate the Middle East peace process.

At the beginning of 2020, relations between the United States of America and Iran grew especially tense, and this tension still affects security and stability across the entire Gulf region. Under such circumstances, it is vital to take forward the dialogue on the problems germinating in the region as well as on the Joint and Comprehensive Action Plan (JCPOA), which is a fruit of the efforts of a rules-based international system.

Meanwhile the spread of COVID-19 and the oil price war between Russia and Saudi Arabia with the unprecedented slump in oil prices dealt a double blow to the economies of the Gulf states, impacting their health care systems and business in. The conflict in Libya took a turn for the worse, and it demonstrated the clashing interests of regional and international powers. The role of Russia in Syria and the increasing interaction between the conflicts in Syria and Libya further destabilises the situation and creates conditions conducive to various terrorist groupings, including ISIL. It is therefore essential to secure the progress achieved and stop the foreign interference, including through adherence to the arms embargo established by the United Nations, while taking concrete steps toward a political solution which will lower tensions and cut off opportunities for the spread of radicalisation.

The above-mentioned conflicts and the spread of COVID-19 continue to negatively impact humanitarian and human rights conditions in the Gulf region. What could become the world's largest humanitarian crisis is still unfolding in Yemen. Meanwhile, civilians in Libya are subject to further suffering, and those in Syria remain in a similar plight. Therefore, it is of special importance that humanitarian aid workers and the relief they provide are given unrestricted access to civilians in need.

The COVID-19 pandemic has had a negative influence on the socioeconomic growth of the African continent. The crisis is expected to further exacerbate the inequality between

countries and within them thereby causing a deterioration of the situation in an area so critical for the EU in terms of security and migration. The countries of Africa also encounter additional health and economic challenges. With the African countries lacking means to address the economic consequences of the pandemic, including unemployment and the rapid loss of jobs, the continent is going to need international support to ward off the threat of radicalisation of various groups of society, especially youth. The speed of economic recovery of those countries is also adversely influenced by their high level of debt. To help the African countries fight the consequences of the pandemic and in their further efforts to achieve the UN Sustainable Development Goals, a discussion has been launched in the European Union and between its Member States, amongst G20 countries, the International Monetary Fund, the World Bank and other formats on debt sustainability and debt relief for the countries of Africa.

In Latin America, Venezuela has been experiencing a severe political, economic and humanitarian crisis for an extended time, becoming the main factor for instability in Latin America in general. Fair and transparent presidential and National Assembly elections based on democratic standards would help Venezuela to overcome its political stalemate and would be pivotal for the country to emerge from a long-lasting downturn.

Impact of COVID-19 on multilateralism

The COVID-19 crisis has revealed the potential and opportunities for the multilateral system, with international organisations making an effort to achieve a united solidarity-based approach to addressing the consequences of the pandemic. At the same time, the crisis has proved that global organisations such as the United Nations and the World Health Organisation (WHO) must undertake reforms to boost their effectiveness.

The COVID-19 crisis confirmed that multilateral diplomacy is a vital element in global cooperation, especially in the field of health care. It also highlighted the reality that the expectations of the international community on the whole are higher than the current capabilities of the World Health Organisation (WHO) to support countries in their efforts of building strong health systems leaving no one behind during the pandemic. The traditional role of WHO in providing support is related to emergency assistance to the most vulnerable countries, including through appropriately channelling of the voluntary contributions from member states. Latvia, in support of the WHO's mandate, paid 100,000 Euros into the COVID-19 Strategic Preparedness and Response Plan fund supervised by WHO. The WHO's future prospects of effectively implementing its broad mandate on a long term basis will depend on how the organisation carries out reforms and secures adequate funding. Internal talks have commenced, at which the 194 WHO member states are to agree on the directions of reforms and solutions. We expect the European Union to undertake a leading role in the WHO reform process in order to ensure that EU and Latvian interests are taken into account to the maximum extent possible. Latvia being actively engaged in this work, the Ministry of Foreign Affairs and its diplomatic representation in Geneva are closely cooperating with the Ministry of Health.

The COVID-19 crisis revealed yet again the shortcomings with regard to the full effectiveness of the United Nations. Under the rapid spread of the COVID-19 pandemic, the call of the United Nations Secretary General for a worldwide ceasefire in order to focus on combating the COVID-19 pandemic went unanswered as the permanent members of the United Nations Security Council could not agree on the wording of the resolution. The United Nations work was coloured by the interplay of interests of certain world powers as could be seen in the dynamic in relations between the USA and China which hindered decision-making at the United Nations for coordinating efforts in the prevention of the spread of the pandemic and dealing with its consequences, and Russia's insistence that all international sanctions be eased or withdrawn on the pretext of concern for humanitarian assistance during the pandemic. The sanctions issue clearly demonstrated that the pandemic is being used in pursuit of

geopolitical aims and, it is this light that Latvia has been working jointly with other European Union Member States to highlight the existing exceptions to the UN and EU sanctions due to humanitarian purposes, which also apply in the fight against the COVID-19 virus.

Latvia will continue standing up for the reform of the United Nations Security Council in order to increase the number of both permanent and non-permanent members and ensure a more equitable representation of regions across the world, including Latin America, Asia, and Africa. At least one additional non-permanent seat on the UNSC should be provided for the United Nations' Eastern European group of Member States, which includes Latvia.

Regardless of difficulties caused by the pandemic in the functioning of the United Nations, Latvia has been active in the organisation's work. Latvia having become a member of the UN Economic and Social Council (ECOSOC) for the third time, Latvian diplomats headed talks between Member States on UN intergovernmental conclusions and recommendations concerning development financing, and it had been possible to achieve conclusions acceptable to all UN member states, which is the first universal agreement on a joint action to finance immediate solutions to the COVID-19 pandemic and promote a long-term recovery.

Conflict of values in the digital age

One of the main issues in present-day international relations is the struggle for values and influence in a digital world. Just a few technology companies that have a great and intransparent influence and ability to oversee the digital information flows have yet been unable to eliminate hate speech and the deliberate or unintentional deception of people on a mass scale on their digital platforms. This results in the destabilisation of society and international order and even in the risk of violence and war in the real world.

Certain countries seek an increasingly greater control over the digital world. This manifests itself not only in suppression of freedom of information, the examples of which span from the increasing censorship to the blocking of the internet. Disinformation and foreign influence operations are being used with increasing frequency in international relations to discredit and destabilise other states, especially democratic ones. A joint communication of the European Commission and the High Representative of the Union for Foreign Affairs and Security Policy, "Tackling COVID-19 disinformation – Getting the facts right", concludes that certain countries, in particular Russia and China, not only sought actively, in the COVID-19 context, to influence opinions in societies in ways favourable to them but also engaged in targeted influence operations and disinformation campaigns in the European Union and globally.

With its efforts and work in the European Union, the United Nations and other formats, Latvia has become known as one of the countries in the world actively seeking solutions to the spread of disinformation and other challenges in the digital environment on the basis of open society values such as freedom of speech and of the internet.

Latvia continues to tackle and refute disinformation spread by Russia and draw the attention of the international community to the problem. Russia's revisionist attitude to historical issues was manifested most strikingly in the context of the 75th anniversary of the end of World War II. Historical events were misrepresented in the public space exonerating or downplaying the crimes of the Soviet totalitarian regime and denying that the occupation of the Baltic States took place. The new interpretation of the Molotov-Ribbentrop Pact by Russia targets not only Baltic States but also fits within the general campaign of dividing and discrediting Western countries. The Ministry of Foreign Affairs responds by offering facts-based information on Latvia's history and drawing the attention of international society to Russia's campaigns of propaganda and disinformation. A vital role was played by a clear and unified communication by the Baltic States on historic issues, including statements by the Presidents and the parliamentary foreign affairs committees of the three countries. In addition, the Saeima (Latvian Parliament) has adopted two resolutions – "On the 80th anniversary of

the occupation of the Republic of Latvia and the unacceptability of the distortion of the history of World War II” and “On the 75th anniversary of the end of the Second World War and the need for a comprehensive view in Europe and throughout the world”.

One of Latvia’s priorities is to strengthen the resilience of the European Union and transatlantic partners against disinformation and foreign influence operations, including the ability to identify, analyse and counter disinformation campaigns and targeted influence operations. Latvia is providing practical contributions to the work of European Union’s East StratCom task force, which identifies and raises awareness of Russia’s disinformation activities. Latvia also stands up for closer cooperation between the European Union, NATO and other international partners both at the practical level and in safeguarding our common international values and principles.

Due to efforts which included those made by Latvia, a common understanding has been reached within the European Union on the need to define the obligations of online platforms with regard to disinformation, whilst protecting users against groundless restrictions to freedom of speech and violations of privacy. The substantial progress towards this goal is reflected in the European Democracy Action Plan: its maps out specific measures to strengthen independent media and protect electoral integrity in the European Union, as well as a fundamental-rights-based approach to countering disinformation. The plan in tandem with the proposal for a Digital Services Act published by the European Commission in December lays the foundation for an EU-scale legal framework to restrict disinformation online.

In international organisations, Latvia contributes to seeking solutions to the challenges posed by disinformation. This summer, at the United Nations General Assembly, Latvia initiated a cross-regional statement on countering “the infodemic”, which involves the spread of disinformation and the deliberate creation and circulation of false or manipulated information relating to the pandemic during the COVID-19 crisis. This is the first initiative of this kind by Latvia in the United Nations system, and as the result of intensive diplomatic lobbying it was endorsed by 130 out of 193 UN member states.

Multilateral formats and international rule of law

Strengthening multilateralism, or rules-based multilateral diplomacy, is one of the primary interests of Latvia’s foreign policy. In 2020, the global framework for multilateralism, the United Nations, marked its 75th anniversary, which was celebrated in Latvia as well. Under the aegis of this anniversary, a commitment was reaffirmed to honour the United Nations principles and support effective multilateralism.

At the international and national level, the Ministry of Foreign Affairs steers and coordinates Latvia’s preparations for elections to a seat of a non-permanent member of the United Nations Security Council for the term of 2026–2027. Diplomatic efforts are ongoing to secure support through strengthening diplomatic relations with United Nations member states in various regions, planning and expanding Latvia’s diplomatic representation. To be a member of the United Nations Security Council would benefit Latvia’s security, and Latvia can be a significant voice for the Baltic and Nordic region in this UN body. The desire to become a member of the United Nations Security Council also sends a clear message to Latvia’s strategic partners about our preparedness to invest in the protection of Euro-Atlantic interests, and uphold the rules-based international system and democratic values.

Latvia through its continued participation in the UN-led international operations and peace missions and by enhancing development cooperation support beyond traditional regions will increase its role in the United Nations while raising prospects of being elected to the United Nations Security Council. By applying development cooperation instruments and making use of bilateral and multilateral cooperation mechanisms, Latvia provides its contribution to sustainable and democratic development of partner countries as well as increasing our country’s contribution and input to resolving global challenges. The Ministry of Foreign Affairs has backed Latvian experts as candidates for various international

organisations, including the United Nations International Law Commission for the term of 2023–2027.

Freedom of speech is a vital precondition for societal development and international security. Latvia has joined the Media Freedom Coalition as one of its leading members, and has been drawing the attention of the international community to serious abuses against journalists, including attacks on media freedom in Belarus in the context of the presidential elections. Latvia has been working actively in the group of like-minded countries that have joined the Alliance for Multilateralism launched by France and Germany calling on the United Nations member states to devote increased attention to information security.

Working in UNESCO, Latvia has built a positive profile in the areas of media freedom, protection of journalists and media literacy. Latvia has been repeatedly elected to the Intergovernmental Council of the UNESCO International Programme for the Development of Communication for the next four years. The Ministry of Foreign Affairs has also provided its support in the advancement of current Latvian nominations for UNESCO World Heritage List. In 2020, Latvia nominated the Grobiņa archaeological ensemble for the UNESCO World Heritage List thereby starting a process towards the nomination being considered at the UNESCO World Heritage Committee. Next year, the old town of Kuldīga is to be nominated for inscription on the World Heritage List as a compelling reminder of the era of the Duchy of Courland and Semigallia from the 16th to the 18th century.

One of Latvia's foreign policy priorities in the field of human rights is promotion of gender equality. A major step in the implementation of Latvia's foreign policy interests and raising the country's profile internationally is Latvia's election to the UN Entity for Gender Equality and the Empowerment of Women, also known as "UN Women", from 2021 to 2025. In July 2020, to implement the UN Security Council Resolution 1325 on Women, Peace and Security, the Cabinet approved Latvia's National Action Plan produced under the Foreign Ministry leadership and through inter-institutional cooperation. In the next five years, working closely with non-governmental organisations, civil society and foreign partners, the Ministry of Foreign Affairs will also coordinate the implementation of the Action Plan, the main directions of which are the raising of public awareness, education, as well as sharing Latvia's experience with partner countries, including in line with development cooperation policy. Last year, Latvia joined the Group of Friends of 1325 organised by Canada to take goals of the UN resolution on Women, Peace, and Security forward on a global scale with like-minded countries.

To promote the right to the protection of freedom of religion or belief across the globe, in February 2020, Latvia became one of the founding members of the "International Religious Freedom or Belief Alliance". Latvia's membership of the alliance is an important step in strengthening strategic partnership with the United States of America. As part of the initiative, Latvia supported a joint statement on violations of religious freedom in Belarus in September 2020 when the authorities denied Belarusian citizen, Archbishop Tadeusz Kondrusiewicz of Minsk-Mogilev, re-entry to Belarus.

In December 2020, following lengthy discussions and with Latvia's support, the European Union's Global Human Rights Sanctions Regime was adopted, which will complement the existing geographical sanctions regimes. These targeted restrictive measures will provide the required foreign policy tools so that the European Union and its Member States can more effectively pursue their strategic goals standing up for human rights worldwide regardless of the nationality of the perpetrators. This will make it possible to target both individuals and entities directly responsible for serious human rights violations as well as targeting those associated with perpetrators and abetting them. Thus perpetrators of human rights violations and their supporters can be banned from entering the European Union and their assets in the European Union can be frozen. Along these lines, all persons in the European Union will be denied cooperation with perpetrators of human rights violations. In

view of the recent reform of the financial system in Latvia, Latvian legislation is fully in line with all requirements for the new restrictive measures to be effectively enforced in Latvia.

An essential part of Latvia's foreign policy remains explaining the policy of integration of Latvian society to its international partners. An integral part of that policy is strengthening the national language, which has been successfully implemented as part of the educational reform. In 2020, the Council of Europe's "Venice Commission" provided its opinion on the reform. The opinion of the Venice Commission reflects the historical context, the fact of the occupation of Latvia, the policy of Russification and the segregated schooling system imposed by the USSR, as well as expressing support on a conceptual level for the reform of the educational system and its legitimate aim – to strengthen proficiency in the state language.

Development cooperation

The direct and indirect consequences of the COVID-19 crisis and its impact on global development, including fulfilment of 2030 Agenda and sustainable development goals, cannot be estimated in full detail at the present time. Earlier achievements have been reversed in a number of areas; however, recovery measures offer an opportunity for correcting the course of development and facilitating pursuit of sustainable development and climate goals.

As part of the European Union's joint response to the crisis, Latvia refocused its bilateral development cooperation funding for assistance to the EU's Eastern Partnership and Central Asian partner countries in dealing with urgent matters related to the COVID-19 crisis, including in the health sector.

The Ministry of Foreign Affairs has established Development Cooperation Policy Guidelines for the next seven years. Latvia is committed to making contributions with facilitate implementation of the 2030 Agenda in developing countries. In view of the needs of the partner countries, the lines of cooperation determined at the European Union level and offering Latvia's added value with relevant experience and expertise, and Latvia will be providing steady support to partner countries to implement development cooperation in the areas of the rule of law, development and capacity-building of public administration, business development, gender equality, promoting democratic participation and civil society development, education, as well as with regard to climate change and environmental protection. This work will facilitate the pursuit of the Sustainable Development Goals (SDGs) in those countries. Special attention will be paid to digitalisation as a catalyst for development.

The Eastern Partnership countries and Central Asian Countries will retain their importance as long-term geographical priorities. Upon review of Latvia's current cooperation, special attention is to be devoted to Belarus. Simultaneously with the increased funding for the implementation of development cooperation policy, Latvia has set as its priority the provision of support for other regions – primarily, African countries – for the first time. Taking into consideration the needs of partner countries, the value added of support provided by Latvia, challenges that the continent is facing, its needs and development prospects, and the current relevance of the European Union–African partnership, Latvia's involvement in cooperation for development in Africa should be seen as sharing our experience for the sake of tackling present-day challenges in the areas such as digitalisation and climate change.

Development cooperation projects provide an opportunity for sharing best practices and solutions developed in Latvia for the digitalisation of governance, society and economy. With project promoters expanding their activities and demonstrating Latvia's capabilities in encouraging sustainable development around the world also help advance Latvia's candidacy for the United Nations Security Council.

Contributions to peace and international security

Terrorism and violent extremism remain high on the international agenda. Latvia's security and the security of its allies are related to security across the globe, also in remote

regions. Therefore, Latvia's participation in missions and operations led by NATO and the European Union and in broader formats is not only proof of Latvia's ability to export security but also a long-term contribution to our own security. With the increase of unemployment, inequality and other socioeconomic consequences of the COVID-19 crisis worldwide, dissatisfaction and discontent, as well as the risks of the spread of extremist ideas and radicalisation are on the rise; therefore, international cooperation and joint action is essential. Latvia pays serious attention to counter-terrorism measures and is active in the areas of prevention of radicalisation and monitoring suspicious individuals. The Counter Terrorism Centre is organising seminars and training on a regular basis as well as devising new strategies and tactics to curb the spread of radicalisation and extremist ideas.

Latvia is a member of the Global Coalition to Defeat ISIS and takes part in the U.S.-led Inherent Resolve military operation of the Coalition in Iraq. Till March 2020, Latvian military instructors provided training to Iraqi Security Forces as part of the Danish contingent, while, with the geographical scope of the operation expanding, presence in the operational headquarters in Kuwait is under consideration.

Provision of financial assistance to women and girls in Syria is practical proof of Latvia's declared position concerning its staunch support for the fight against terrorism and endorsement of stabilisation measures in the region.

Latvia continues its participation in international military operations and civilian missions led by the United Nations, the European Union, NATO, the OSCE, and other international organisations in the east of Europe, the Middle East and Africa, thereby contributing to the strengthening of international security. In 2020, Latvian troops and civilian experts took part in seven international missions and operations. Latvian military personnel have also been sent to a NATO advisory and training mission, Resolute Support, in Afghanistan. Latvia will continue supporting Iraq by joining the NATO mission in Iraq as part of the Danish contingent with to ensure the protection of forces by focusing on safe movement of mission advisers in the area. Latvia also takes part in the United Nations Multidimensional Integrated Stabilisation Mission in Mali (MINUSMA); the European Union Training Mission Mali (EUTM Mali); and the EU operation in the Mediterranean (EUNAVFOR MED Iriini). Latvian civilian experts are taking part in the European Union Advisory Mission in Ukraine (EUAM Ukraine), the European Union Monitoring Mission in Georgia (EUMM Georgia) and the OSCE Special Monitoring Mission to Ukraine (OSCE SMM Ukraine).

The Saeima has also approved the return of Latvian soldiers to the international operation in Kosovo, or KFOR. Latvia is planning to join with an infantry company, which will not only contribute to the fulfilment of KFOR tasks, but also build the capabilities of Latvian troops in tactical cooperation and interoperability with Allies in different areas of operations.

In 2020, Latvia completed its chairmanship of the Experts Group under the Wassenaar Arrangement On Export Controls for Conventional Arms and Dual-Use Goods and Technologies. The chairmanship has raised Latvia's international profile and expertise as well as demonstrating Latvia's ability to chair a technical working group which requires not only specialist knowledge of conventional arms and dual-use goods and technologies but also understanding of a rules-based international order.

Latvia in Europe

Important decisions were made in 2020 – the European Union's Multiannual Financial Framework for 2021–2027 and a European Union Recovery Instrument were approved, an

agreement on the withdrawal of the United Kingdom from the European Union and an agreement on the future relationship between the European Union and the United Kingdom after 1 January 2021 were concluded. Following lengthy withdrawal negotiations and talks on the future relationship, an orderly departure has been achieved paving the way for a close relationship in the future. Following lengthy and intensive talks over several years and difficult negotiations between the European Union heads of state or government, a historic decision was taken: by 2027, the European Union will invest a total of 1.85 trillion Euros in the economies of its Member States. The agreement envisages an EU Multiannual Financial Framework of 1.07 trillion Euros to be coupled with a Recovery Instrument, NextGenerationEU, of 750 billion Euros. Over the next seven years, Latvia could receive 10.5 billion Euros of European Union funding in grants, which is a 39% increase on the period of 2014–2020. It should be taken into account that due to the departure of the United Kingdom, the overall amount of the European Union's long-term budget is objectively lower. Latvia had an essential role in the general process and in finding compromises that enabled decisions of importance to Latvia and the European Union as a whole.

The European Union also encountered challenges that could be divided into three blocs: ensuring jobs and decision-making under the new circumstances; coordination concerning the containment of the spread of the virus, including vaccines; and the economic recovery response following the crisis.

A heated discussion is ongoing in the European Union on climate issues and the goal of achieving climate neutrality by 2050, questions of digitalisation, development of the Single Market, solutions concerning migration, as well as on values and the rule of law. The pandemic has put the drawbacks already known in the spotlight; therefore, a debate on Europe's strategic autonomy and sovereignty were resumed with renewed zeal – not only to ensure delivery of medical products and equipment to the public but also to develop in industrial and technological terms without being dependent on third countries. These issues will definitely be near the core of discussions at the Conference on the Future of Europe.

The outbreak of the pandemic in Europe is a serious test to the unity and functionality of the European Union. In-person meetings did not take place and there was no uniform understanding on the possibilities of containing the virus; due to this, unilateral decisions were broadly introduced by Member States on restrictions to and the halt to free movement of people, as well as for exports and shipping of medical goods. Cooperation and coordination between Member States improved when the European Commission had produced recommendations which helped resume the flow of goods in the Single Market and the movement of persons in the Schengen Area. EU discussions were moved to the online environment and many vital decisions were approved through written procedures.

At the same time, the European Union was able not only to carry out repatriation of large numbers of people from third countries but also to take vital decisions that relieved the economic situation in the countries – state support regulations have been eased, restrictions on budget deficits were removed, and a Multiannual Financial Framework and a European Union Recovery Instrument, NextGenerationEU, adopted. In addition, the European Commission has concluded contracts with the developers of the COVID-19 vaccines to ensure that people in the European Union Member States receive a sufficient number of vaccines in a timely manner. Latvia has applied for the necessary doses as part of the portfolio secured by the European Union. In this way, the residents of Latvia will be ensured access to the certified vaccines at the same time as other Member States.

Relationship with the United Kingdom

The year 2020 has been a pivotal point in the relationship between the European Union and the United Kingdom – on 1 February 2020, the United Kingdom is leaving the European Union after almost 50 years of membership. It is noteworthy that an understanding on the Withdrawal Agreement has been reached and the withdrawal of the United Kingdom from the

European Union has taken place in an orderly manner. The Withdrawal Agreement preserves the rights of the citizens of the European Union who have been legally residing in the United Kingdom until 31 December 2020 and have applied for permanent or temporary status to remain, work or study in the country on the same conditions as before. In view of the large Latvian diaspora in the United Kingdom, we shall be following closely to see that rights to stay, work or study in the United Kingdom are applied fully and without discrimination as envisioned in the Withdrawal Agreement.

Another essential decision was reached at the end of the year, when, following gruelling and lengthy negotiations an agreement was reached on the future relationship between the European Union and the United Kingdom after 1 January 2021. This agreement is based not only on the largest trade treaty the European Union ever signed with a third country – without tariffs and quotas on all goods – but also on close cooperation in coordinating social security, legal matters and other areas, which is a good basis for building comprehensive relations with the United Kingdom also in the future.

The United Kingdom will remain an important ally and partner to Latvia and the European Union also after withdrawal from the European Union. The United Kingdom is Latvia's strategic partner and a like-minded country, with which we cooperate in external relations, security and defence. Special mention should be made of the development of civil capabilities, the strengthening of resilience against hybrid threats and coordination of the sanctions policy. The United Kingdom's important role in NATO should be maintained and cooperation between NATO and the European Union should be reinforced.

The European Union's challenges and its future

2020 and the consequences of the COVID-19 crisis have brought a new dynamic to the discussion on the strategic autonomy of the European Union. The scope of the discussion has expanded considerably. Launched as an exchange of views on the European Union's security policy, the discussion is now covering a number of economic sectors, including industrial policy, external trade, the financial sector, energy, value chains, the digital and technological sectors, and other fields. The discussion on strategic autonomy in the said areas (except CSDP) must enhance the value of the European Union's global leadership in the areas of the rule of law, openness of the market, climate policy and the digital sector, at the same time preventing a negative discourse in relation to the fundamental principles of the functioning of the European Union and its values.

Since NATO is the keystone of the European Union's security, a discussion and understanding of strategic autonomy should strengthen the transatlantic relationship and the defence and security capabilities of the European Union as complementing NATO functions, while seeking a balanced approach to the protection of interests of the European Union and its resilience against a variety of negative external influences. Given the tendency of looking at the European Union's strategic autonomy sector-by-sector in an increasingly broad scope, the Ministry of Foreign Affairs has called on all line ministries to pay particular attention to this question.

The European Union continues on its course to becoming a climate-neutral union of countries by 2050. The European Union took a decision to reduce greenhouse gas (GHG) emissions by at least 55% by 2030 compared to 1990, surpassing the current ambition of at least 40%. The Impact Assessment on stepping up Europe's 2030 climate ambition produced by the European Commission finds that the increase of the target is feasible, while noting that such a decision is a major step in the course towards actually achieving climate neutrality by 2050. The current task of the competent ministries in Latvia is to actively follow the European Union's climate policy and to shape the policy in a favourable way. Latvia will continue emphasising that transition to climate neutrality should be as inclusive as possible and fair both within the European Union and concerning other countries worldwide. The European

Green Deal will bring considerable change to all sectors of economy and changes in lifestyle. Already in 2020, the European Commission has published the first strategies that map the vectors of change in the areas such as agriculture, energy, strengthening energy efficiency, ensuring biodiversity and further development of circular economy. The EU's Green Deal initiatives are expected in a number of fields in the coming years.

Work continued on the deepening and digitalisation of the Single Market, which is a precondition for the growth and competitiveness of the European Union. Regrettably Europe still has not undergone digital transformation and lags behind in its efforts to become a leader in the digital sector. Europe's response is a comprehensive European Digital Strategy approved this year. It envisages promoting the European Union's digital sovereignty, namely, reducing dependence on digital solutions and technologies developed by third countries. The lines of action are clear – investments in new technologies (5G, artificial intelligence, supercomputers/quantum computers, storage of digital data in Europe, and infrastructure development). In sectors such as the development of electronic identification and electronic services at a European level, Latvia and the other Baltic States demonstrate leadership in development expertise.

In the field of both digital rights and digital regulation, the European Union is a global leader whose standards are followed worldwide. Europe must retain this advantage while avoiding going to extremes – for example, regulation of the digital environment which is too strict. Work is under way on the improvement and adjustment of the European Single Market. On 10 March 2020, the European Commission published several communications with the aim of strengthening the Single Market, otherwise known as the *March package*. Further development of the Single Market will undeniably bring new benefits not only to Latvia's economy as a whole but also to people and companies, as they can freely work, study, travel, purchase goods and receive services in other European Union Member States, and do cross-border business, as well as promoting the transition to a green and digital economy.

The European Union is a union of values and the rule of law; therefore, we must speak openly about those matters, share positive experience, while also being prepared to hear out criticism and jointly work on the best solutions to strengthening of the rule of law. In 2020, the European Union continued its efforts to align the Member States' interpretations of common values and the rule of law. The first Rule of Law Report presents an assessment of the main elements of the rule of law in each of the 27 Member States and outlines main achievements and challenges. Heads of state and government, as they approved the European Union's Multiannual Financial Framework for 2021–2027, agreed that access to the European Union funding will be conditional on respect for the rule of law. Latvia underlines that the European Union is a union of values, and the rule of law must be strengthened through dialogue, jointly seeking solutions. It is in Latvia's interests to promote the European Union's unity; therefore, any polarisations should be avoided. There should be legal clarity on the matters of the rule of law, and that can also be ensured by the involvement of the Court of Justice of the European Union.

At the end of 2020, the new Pact on Migration and Asylum proposed by the European Commission gave a fresh impetus to discussions in the European Union on questions related to migration. Latvia continues supporting a comprehensive approach to migration with the focus on effective management of the European Union's external borders, the fight against trafficking in human beings and increased cooperation with third countries. Latvia has proved that it can provide support and engage in solidarity measures while clearly underlining that distribution of asylum seekers among Member States must take place on a voluntary basis.

The Conference on the Future of Europe will be launched in 2021 and it envisages broad-scale discussions with participation of not only European Union institutions and representatives from Member States, but also national parliaments, members of civil society organisations, experts and the general public. The conference shall conclude in 1922, when the Presidency of the Council of the European Union is taken over by France. The experience

of citizens' consultations in 2018 has shown that people in Latvia expect the European Union to address practical issues. Latvia seeks to strengthen the European Union's unity, build resilience against various challenges and further reduce disparities in living standards between European Union Member States. It is essential for Latvia to maintain and reinforce the European Union's current achievements – a functioning Single Market and the Schengen Area. At the same time, it is clear that there will be discussions on broader topics, such as Europe's strategic autonomy in various fields, division of competences between the European Union and its Member States, for instance, in health care, as well as a broader use of qualified majority voting. Latvia is satisfied with the current institutional balance in the European Union; nevertheless, we are prepared to discuss possible proposals in order to strengthen the European Union so that it can better serve the interests of people living in Europe.

The COVID-19 crisis has brought about an inevitable exchange of views between the European Union and its Member States on the distribution of competences in the field of health care. The European Commission's communication of 11 November on building a European Health Union is the first step in that direction. The communication includes concrete proposals – strengthening of the European Centre for Disease Prevention and Control (ECDC) and the European Medicines Agency (EMA), as well as enhancing frameworks to respond to a crisis in the future. Latvia considers capacity building in these institutions to be a priority. Work should be continued on coordination and concerted action within the European Union and improving its crisis response mechanisms. A European-scale emergency stockpile of the critical medicines and medical equipment accessible to all Member States must be developed thereby increasing the European Union's capabilities of responding to the shortage of critical medical goods in Member States.

EU security and defence cooperation

Europe must be able to adapt to the complicated present-day security situation and improve its capacity to deliver. To this end, Latvia supports the strengthening of the military and civilian capabilities of the European Union, as well as highlighting its vital role in facilitating peace and stability in the neighbourhood.

Latvia is working and will continue working together with other countries to see that the European Union's security and defence efforts complement NATO functions instead of duplicating them. Therefore, we continue to stress the need for cooperation between the European Union and NATO. The relevance of the European Union's cooperation with its partner countries and organisations is increasing in the context of dealing with global challenges.

In 2020, Latvia was active in the development of the European Union's Strategic Compass conceived as a document to guide the European Union in its security and defence policy. Latvia also remains engaged in the initiatives to develop the European Union's military capabilities, such as Permanent Structured Cooperation (PESCO) and the European defence industrial development programme (EDIDP), as well as contributing to the European Union's missions and operation. Those long-term processes will not be losing their relevance and Latvia will also actively take part in them in 2021.

Latvia has become a member state of the European Centre of Excellence for Civilian Crisis Management thereby demonstrating its commitment to further strengthening the compatibility and integrity of the civilian capabilities of Latvia and the EU as a whole with the tasks for building the European Union's civilian capabilities and the objectives of Civilian Common Security and Defence Policy Compact.

Baltic and Nordic cooperation

The close cooperation between Latvia, Lithuania and Estonia in the spring and summer of 2020 set an example for others to follow in Europe. With the COVID-19 pandemic crisis unfolding, the Baltic Council of Ministers and the Baltic Assembly focused in their work on a sustainable approach at the Baltic level, including on the subjects of safety measures and

border crossing, while being prepared to return to stronger measures to contain the spread of the virus if needed. The Baltic States cooperation was reflected in regular information exchange and mutual coordination on the enforcement of restrictions. One of the greatest challenges in the Baltic cooperation has been finding the right balance between public health interests and the economic recovery of the region. At the same time, the strengthening of the Baltic region's security and defence continued in parallel with the development of the energy market and the Rail Baltica transport infrastructure project.

The year 2020 marks three decades since the first meeting of the Baltic and Nordic (NB8) Ministers of Foreign Affairs and the establishment of that format. Successful practical cooperation has taken root over these years and a regular political dialogue has been set up.

During the meeting of the Ministers of Foreign Affairs of the Council of the Baltic Sea States (CBSS) amendments to the organisation's statutes were approved thus confirming and taking on board the Reform Roadmap developed during the Latvian presidency. We believe that the drafting of "A Vision of the Baltic Sea Region until 2030" launched by Lithuania should be in line with the CBSS long-term priorities: regional identity, a safe and secure region, and a sustainable and prosperous region.

The increase in the importance of the Arctic in the ecological, economic and political context is also entering Latvia's agenda through a political dialogue with partners from the Baltic, Nordic and the Arctic regions. A sustainable and peaceful development of the Arctic region based on international cooperation lies in Latvia's interests. From this perspective, Latvia is considering an application to become an observer at the Arctic Council.

Three Seas Initiative

The Three Seas Initiative has a major role to play in the strengthening of cooperation between the countries in central and eastern Europe. The initiative was established in order to develop physical infrastructure projects of strategic importance and reduce connectivity gaps in the energy, transport and digital communication sectors between on the north-south axis of the European Union. The initiative has considerable potential for strengthening the region's security, promoting economic growth as well as cohesion at the European Union level and transatlantic cooperation links. Permanent engagement and interest by the Three Seas Initiative partners, the United States of America, Germany and the European Commission should be regarded as strategically important. The Three Seas Fund, to which Latvia has been contributing since 2018, makes up the economic dimension of the initiative. In 2020, a decision on Latvia's contribution to the Three Seas Initiative Investment Fund was officially approved, and a list of priority infrastructure projects was presented at the Three Seas Summit. Negotiations are currently under way with the Three Seas Initiative Investment Fund concerning several important Latvian projects in the energy, transport and digital communications sectors.

Relations between the European Union and China

The relationship between the European Union and the People's Republic of China is full of challenges and quite complicated while remaining one of strategic importance. 2020 was expected to be an active period of political achievement in the dialogue between the European Union and China with a number of meetings at the highest political level leading to decisions that would promote more balanced relations between the European Union and China. As a consequence of the COVID-19 pandemic, it was only possible to hold an online EU-China summit; the European Union was represented by the German Presidency and the Presidents of the Council of the European Union and the European Commission; instead of the planned meeting of the leaders of the European Union and China, a virtual conversation took place without the presence of the EU heads of government as originally intended.

There is an increasing consensus in the European Union that China is to be considered not only a partner in cooperation but also a systemic rival. Concerns are becoming more and

more pronounced on the asymmetry of relationship at all levels. In this context, the statements being made by the European Union vis á vis China have become sharper in tone and the trading instruments are being reviewed and debated, for instance, the mechanisms for reviewing foreign investment and for ensuring a level playing field with regard to foreign subsidies.

Latvia as well as the European Union in their dialogue with China, maintain the need and argue for full adherence to norms internationally recognised by the UN and WTO regarding international law, human rights, the rule of law, and international trade. In 2020, the European Union and China achieved an agreement on the protection of geographical indications, and made progress with the preparation of an EU-China Comprehensive Agreement on Investment. At the same time, the agenda revealed that contradictions had increased on matters of market access, fair competition and reciprocity, leading to resumed discussions on the reduction of dependence, and the shortening and diversification of supply chains.

The European Union, including Latvia, continued to hold its ground on values expressing concern over the human rights situation in China, especially in the Xinjiang Uighur Autonomous Region, pointing out that the adoption of the Hong Kong national security law negatively impacts relations between the European Union and China.

While firmly backing its values and interests, Latvia considers it appropriate to strengthen the European Union's dialogue with China in dealing with global challenges such as climate change and international stability. China's announcement of September 2020 on its commitment to achieve carbon neutrality by 2060 demonstrates that the country is prepared for a more constructive approach on climate goals. On the whole, the European Union expects that China will assume responsibility for global issues in a manner commensurate with its increasing global influence.

Latvia's relations with China are being built bilaterally and in the framework of the European Union-China cooperation, in the 17+1 forum of cooperation between the Eastern and Central European countries and China, as well as international organisations in the United Nations system. On the whole, the relations can be characterised as pragmatic, seeking possibilities for cooperation where it is mutually beneficial. The "17+1" cooperation should serve the practical interests and needs of partner countries rather than being a platform for broader strategic ambition. It is important to note that the rate of Chinese investment in Latvia still remains low and, as is the case with the other Baltic States, there is no financial dependence to talk about in terms of either trade or investment.

Cooperation with countries of the Asia-Pacific region

At the end of 2020, with a view to stronger and more balanced cooperation with countries in the Asia-Pacific region, discussions were raised on the need for the European Union and its Member States to coordinate and strengthen cooperation with countries in the Indo-Pacific region. In 2020, the European Union held a number of online summits, not only with China, but also with India, Japan, South Korea, and Australia. From the perspective of Latvia's interests, the relationship with Asian countries should be seen not only through a Chinese prism; links must be strengthened with Japan, South Korea, and India, where Latvia has its embassies. The long-awaited positive decision on the opening of a regional embassy of Latvia in Australia would make it possible to ensure a much better representation of Latvia's interests in the Pacific, promoting political and economic contacts as well as providing better access to consular services and broader support for the Latvian diaspora. Latvia welcomes strategic partnership between the European Union and ASEAN realised at the end of 2020, which takes the European Union's cooperation with the Southeast Asian countries to a new level.

Relations between the European Union and Russia

Latvia builds its relations with Russia on the grounds of the common foreign policy of the European Union and on national interests. In recent years, relations between the European Union and Russia have had a limited dynamic range and are experiencing an increasing crisis of mutual trust due to Russia's confrontational foreign policy vis á vis the West, constant attempts at influencing political processes in neighbouring countries and worldwide support for countries that lack democracy. Russia's violations of international law and intergovernmental commitments, and aggression against Ukraine remain the decisive factors in relations between the European Union and Russia. Only full compliance with the Minsk agreements could be the grounds for any significant change in the European Union's attitude towards Russia. At present, Russia is obviously not interested in improving its relations with the European Union.

Latvia is convinced that the European Union, as much as possible, should continue providing support for Russia's civil society – for human rights defenders, human rights organisations, representatives of the free press, and public activists. Amendments to Russian legislation facilitate the efforts of authorities putting pressure on the political opposition, human rights activists and independent media. Latvia has responded on several occasions to the efforts of Russian authorities to silence those who have a differing point of view, for instance, in a trumped-up criminal case against the historian Yuri Dmitriev, and in the case of journalist, Irina Slavina. Latvia together with the European Union and NATO condemned in the strongest terms an attempted murder of opposition politician Alexei Navalny through the use of a neuroparalytic agent of the so-called Novichok group, which runs counter to international law and counter to Russia's commitments. Latvia supported a strong response with sanctions against persons responsible for the crime and those organisations involved in the Novichok programme.

Bilateral cooperation between Latvia and Russia takes place in the areas not subject to restrictive measures (sanctions) which have been applied, for instance, transport, logistics, the fight against organised crime, and illegal migration. Preparatory work is under way for negotiations on an agreement between the Government of the Republic of Latvia and the Government of the Russian Federation on a Latvia-Russia border regime. Cooperation is also ongoing through contacts between universities, in cross-border projects and cultural projects not only with Russia's cities but also with remote regions.

On 11 August 2020, the centenary of signing the Treaty of Peace between Latvia and Russia was marked internationally in Riga, while also celebrating the 100th anniversary of diplomatic relations between the two countries. The importance of the peace treaty cannot be overestimated. The treaty brought an end to the War of Independence and Russia unreservedly and for all time recognised the independence and sovereignty of the Latvian State, and voluntarily and irrevocably renounced any and all sovereign rights over the Latvian people and territory formerly belonging to it. The Treaty of Peace promoted Latvia's international recognition de jure and full participation in the international system, as well as serving later as a basis for the Western states' policy of non-recognition of the occupation of the Baltic States. The 4 May Declaration also stipulates that the constitutional grounds for any mutual relations with Russia are the Treaty of Peace of 11 August 1920.

The European Union's Eastern Partnership Policy

The European Union continued strengthening its relations with the countries of its Eastern Partnership. In the spring of 2020, following structured consultations with Member States and the Eastern Partnership countries, the European Commission published a Joint Communication defining fields of action for practical cooperation beyond 2020. In June, at the online meeting of the heads of state and government of the European Union and the Eastern Partnership it was decided to organise an in-person summit in 2021. The event would be expected to approve the new long-term policy objectives for cooperation. Meanwhile

individual Eastern Partnership countries are undergoing the strongest political crises they have experienced over the past years, and these include developments in Belarus and the evolving conflict in Nagorno-Karabakh; and taking this into account, an agreement on joint future plans between the European Union and its partners is expected to be a serious challenge. The delay of Ukraine and Moldova with the implementation of their bilateral Association Agreements with the European Union means that risks remain on whether those countries would be able to assume additional commitments for the sake of new, more ambitious goals. In the case of Moldova, the election of a new President, Maia Sandu, is encouraging since it demonstrates the readiness of Moldovan society for change and a certain support for the pro-European reforms initiated in 2019.

The Eastern Partnership policy should be based on full implementation of reforms and promoting closer cooperation with countries that have signed Association Agreements with the European Union. The European Union should also give support for those countries in addressing the consequences of the COVID-19 crisis and strengthening of civil society. In countries where democracy and human rights are suppressed, the main emphasis must be laid on support for free media and civil society.

Development of a stable and sustainable Eastern Partnership remains a priority in Latvia's foreign policy. Latvia works together with like-minded countries at all levels to keep the Eastern Partnership high on the European Union agenda. It is essential to continue supporting the eurointegration aspirations of Ukraine, Georgia, and Moldova both in the European Union and bilaterally, strongly abiding by the principle of conditionality with regard to the quality of reforms. At the same time, the Eastern Partnership policy should define long-term cooperation goals attractive to the Eastern Partnership countries to sustain their interest in the implementation of reforms related to democracy, rule of law, and good governance, which would promote political stability and economic growth of the countries and their gradual integration with the internal market of the European Union. It is important for the European Union to reach an agreement with Georgia and Moldova on a new instrument for the implementation of the Association Agreement – an Association Agenda for the next seven years – seeking to advance the political association and economic integration of those countries with the European Union.

Latvia continued its efforts to keep the question of how Russia had violated Ukraine's sovereignty and territorial integrity on the agenda of the European Union and other international organisations. Latvia firmly supported the policy of non-recognition of the illegal and illegitimate annexation of Crimea in the framework of the United Nations, the Council of Europe, and the OSCE, as well as giving active support to initiatives advanced by Ukraine on this matter. In the context of relations between the European Union and Ukraine, Latvia continued following the progress of reforms in Ukraine. In 2020, the reform process had variable success. A structured approach in carrying out reforms is still lacking. It is vital for Ukraine to strengthen the rule of law and reduce corruption in order to improve stability and resilience of the country and promote the improvement of the living conditions of its people. With a view to the strengthening of Ukraine's justice system a development cooperation policy, a grant project was carried out in 2020 on applying e-solutions in the administration of judicial work and judicial processes. Latvia will continue providing medical assistance and rehabilitation to Ukrainian soldiers.

The process of ratification of the Comprehensive and Enhanced Partnership Agreement between the European Union and Armenia is under way. The European Union is interested in finalising negotiations with Azerbaijan in the near future on a new EU-Azerbaijan Strategic Cooperation Agreement. New cooperation agreements with Armenia and Azerbaijan will pave the way for further long-term cooperation with the European Union.

In support of the Belarusian people in their democratic aspirations, Latvia strongly stands up for keeping the country as part of the Eastern Partnership channelling current

cooperation to reach out to the broader community including youth, civil society, and independent media.

This year's events in the Eastern Partnership region as a whole demonstrate that the Eastern Partnership policy must be improved so that it is more effective in adjusting the European Union's approach not only to building individual relationships with each partner country but also to addressing cases where cooperation with power structures in a specific country is impossible due to human rights violations.

Belarus

The violent crackdown on peaceful protesters committed by Alexander Lukashenka's regime following rigged elections on 9 August 2020 vitiated progress in the comparatively dynamic relations between the European Union and Belarus over the recent years, marked this year by the entry into force of the Visa Facilitation and Readmission Agreements. The European Union does not recognise the results of the elections and legitimacy of Alexander Lukashenka's presidency, as well as condemning violence against demonstrators and the inhumane treatment of those detained. The European Union has imposed sanctions against 88 Belarusian officials and representatives of private companies as well as seven businesses and has begun a review of the European Union–Belarus relations by restricting cooperation and political contacts with Belarus.

Latvia strongly condemned the falsification of the election results and unjustified use of force against civilians in Belarus. In coordination with Estonia and Lithuania, national restrictive measures were immediately adopted against Belarusian public officials who were responsible for election falsification and violence against peaceful protesters. Latvia has set national restrictive measures against 159 Belarusian officials, including Alexander Lukashenka. Latvia firmly supports the democratic aspirations of Belarusian society, including by listening to one of the leaders of the opposition, Sviatlana Tsikhanouskaya, and Latvia stands up for the organization of new free, fair and transparent elections in line with international standards for elections. At the same time, working jointly with Latvia's non-governmental organisations – the Centre "Marta" – the Latvian Platform for Development Cooperation (LAPAS) and the Baltic Centre for Media Excellence – medical, psychological and practical cooperation was provided for Belarusian journalists and protesters who were victims of the violence. In association with the non-governmental organisations named and the Ministry of Health, the injured protesters were offered medical treatment and an opportunity for rehabilitation in Latvia.

Latvia and the European Union as a whole will continue putting pressure on the current illegitimate president of Belarus by maintaining and expanding the list of restrictive measures and by limiting political contacts. In 2021, further support will be rendered to Belarusian society, including independent media and, following a possible change of power, support in favour of accomplishing democratic reforms.

Latvia stands up for the involvement of the OSCE mechanisms in addressing human rights problems in Belarus by invoking, together with 16 other participating countries, the Moscow Mechanism to initiate the establishment of a special OSCE mission. Independent experts in that format objectively evaluated the situation and drew up a public report based on evidence to the falsification of elections and the violence of authorities against protesters, thereby confirming concerns about serious human rights abuses in Belarus.

The European Union's Southern Neighbourhood

Latvia's interests lie not only in the European Union's stronger policy in the Eastern Neighbourhood region but also in a more solid support for its Southern Neighbours on the eastern and southern coasts of the Mediterranean, thereby seeking to maintain stability in a

region neighbouring Europe. The spread of COVID-19 has dealt a severe blow to the region's economies, further aggravating structural problems. To mark the 25th anniversary of the Barcelona Declaration, the European Union together with its Southern Neighbourhood partners kicked off a reflection process to define strategic goals for further cooperation. Latvia believes that in order to eliminate the root causes of irregular migration, good governance should be promoted along with sustainable economic growth, which is based on a broader empowerment of the private sector through the development of various digital and environmentally-friendly solutions. Likewise, it is vital to strengthen cooperation in the education sector with the aim of promoting the employment of women and youth.

Central Asia

Latvia continues strengthening cooperation with the Central Asian countries both at the bilateral level and by promoting a dialogue between the European Union and Central Asian countries. Priority areas for cooperation set out in the new EU Strategy on Central Asia – resilience, prosperity and stronger partnership – are also in line with Latvia's perspective of the future development of the European Union's relationship with Central Asia; therefore, Latvia is actively engaged in political dialogue and implementation of the European Union's regional projects. Phase 9 of BOMCA, the European Union's Border Management Programme in Central Asia, with Latvia in the leading role, was successfully concluded in 2020. Latvia supports the reform process in Central Asian countries through carrying out projects including in the areas of good governance, education, sustainable development, human rights protection, green technologies. The openness of the Central Asian countries to structural reforms has offered new avenues for cooperation with Central Asia for Latvia as well.

Enlargement policy

Latvia supports a European perspective for the countries of the Western Balkans and underlines the geopolitical role of enlargement and the European Union integration in building the broadest possible space of peace and growth in Europe. The engagement of the European Union in the Western Balkans region is vital to bring the Western Balkans closer to the European Union. Latvia, being a European Union Member State, is taking part in accession negotiations with candidate countries and continues supporting the process of eurointegration based on an individualised approach and on fulfilment of the criteria set by the European Union. Latvia supports the Council Decision of 25 March 2020 to open accession negotiations with Albania and North Macedonia.

Transatlantic relations and international security

NATO 2030

In the time when the world has been shaken by the COVID-19 pandemic, NATO retains its role of the safeguard of Euro-Atlantic security and stability. The Alliance has provided substantial support to the Allies and partners in the fight against the pandemic, especially in the field of air transport and deliveries of equipment. At the same time, the Alliance is delivering on its core task – to ensure convincing collective defence and deterrence. In this context, the process concluded this year should be noted of putting in practice the political decision made at the 2019 NATO meeting of heads of state and government in London on the approval of a revised defence plan for the Baltic States and Poland and offering evidence that all the Alliance's decisions are being implemented.

The NATO 2030 process was launched in 2020 under the leadership of the NATO Secretary General, to ensure the Alliance's ability in the next decade to decisively address both current and future challenges. In this process, special attention will be paid to the strengthening of the Allies' political unity and the consultation process, while stressing the need to ensure that the Alliance stays strong militarily. A vital issue is a common approach of the Allies to global challenges that have an increasing influence on security in the Euro-Atlantic space. Opportunities and challenges created by new technologies should be singled out in view of the fact that decisions taken and resources invested will decide whether NATO and its member states will be prepared to fight for technological superiority in the future.

The meeting of NATO Ministers of Foreign Affairs to be held in Riga in March 2021 will contribute significantly to the Allies' consultation process. This will be the first meeting following the inauguration of the United States President at which the United States Secretary of State will meet other Allies in the NATO format. By organizing this meeting, Latvia will provide a contribution both to the strengthening of the transatlantic link and raising awareness among the Allies on security challenges in our region and the need to further reinforce collective defence measures.

The Alliance has proved its ability to successfully adapt to changes in international policy, including the pandemic, in delivering on its core tasks. In the context of the NATO Summit planned in 2021, it is important for the Alliance to retain focus on the defence of the Euro-Atlantic space, while building a common understanding among the Allies on the impact of global processes on the Alliance's security. The NATO leaders at the summit are expected to decide on the need for reviewing the Alliance's strategic concept to bring it in line with current security challenges. With the increasing diversity of international challenges, the Alliance should further ensure a strong collective defence through a coordinated use of all the instruments at its disposal, from military deterrence to cyber defence and strategic communication measures. In this way, the Allies will jointly strengthen the transatlantic link, which is a prerequisite for successful cooperation in dealing with regional and global security issues.

Since April 2020, the NATO Public Diplomacy Division has been headed by NATO Assistant Secretary General for Public Diplomacy, Baiba Braže, who had been working for the Latvian Foreign Service for the past 27 years.

Transatlantic cooperation and strategic partners

The United States of America is Latvia's strategic ally. Latvia has always cooperated successfully with both Republican and Democratic Presidents and Administrations. Latvia will seek close cooperation with the incoming United States President and his Administration to jointly pursue strategic goals and reinforce the transatlantic relations between the EU and the United States. We shall explore every avenue to also strengthen the ties with the U.S. Congress with a view to a broad and permanent political support for the strategic partnership with the United States of America and Latvia's interests in the security and defence sector.

The fact that Latvia can count on very close bilateral cooperation with the United States can be seen in how already before his election, the incoming U.S. President had underlined support for the strategic goals set by Latvia – the strengthening defence and security, support for multilateralism, a unified approach to relations with Russia, including opposition to the Nord Stream 2 project. We shall be advocating close transatlantic relations between the European Union and the United States of America on a broad range of issues that include security aspects, close cooperation in international organisations, strengthening green economies and promoting contacts in the field of high technology. Latvia will advocate a pragmatic approach to addressing the trade issues between the European Union and the United States of America. And we expect close cooperation on mitigating climate change.

In 2021, we shall strengthen the relationship with the new U.S. administration to promote the bilateral political dialogue and the U.S. economic presence in Latvia. We shall

work on a visit at the highest level in 2022, when Latvia and the United States will mark 100 years since the establishment of diplomatic relations, notably, to promote United States investment in Latvia and contacts between businesses. Strengthening of the United States military presence in Latvia still remains a high priority. At the same time, the strategic importance of transatlantic security should be reasserted at the meeting of NATO Ministers of Foreign Affairs in spring 2021 and through bilateral contacts at an appropriate level.

The practical military and financial support from the United States to the Baltic region and European security is on the rise, regardless of strategic repositioning of its troops in Europe. Latvia is convinced that any reduction of the number of U.S. troops in Germany will be implemented in a manner that strengthens NATO collective defence and deterrence measures. The Embassies of the Baltic States in Washington, D.C., have launched a coordinated campaign raising awareness of the Baltic Security Initiative at the United States Congress calling for a multiannual framework to be created through which aid would be allocated to the Baltic States in the long term and in a predictable manner to strengthen their defence capabilities.

The United States support for our region's security is rendered not only as part of the Atlantic Resolve operation but also with the U.S. Army Black Hawk helicopters being stationed at Lielvārde Aviation Base on a rotational basis as proof of the close and regular cooperation between Latvia and the United States. The Enhanced Defense Cooperation Agreement between United States and Poland, recently negotiated and signed on the grounds of understanding achieved in 2019 on the United States broader presence in Poland, is expected to reinforce security across the region. No less important is the decision taken by the United States in 2020 on the activation of an additional corps headquarters, called Fifth Corps (V Corps), to be located in the United States at Fort Knox, with a forward command post to be located in Europe, Poland.

Regardless of modifications to the Defender Europe 2020 exercise due to the COVID-19 pandemic, the United States has confirmed its commitment to be engaged in Europe and provide practical capabilities by deploying a vital combat credible force for joint exercises with the European Allies, including Latvia.

Close cooperation with Canada is an integral element of transatlantic relations. Relations between the European Union and Canada have developed in a very pragmatic manner. Cooperation between Latvia and Canada in the security and defence sector has also facilitated a regular political dialogue and expert-level contacts of the countries. This has enabled the two countries to expand cooperation in economy, trade and education. Cooperation in this and other areas will be reinforced during future high-level visits, when they become possible.

Three years have passed since Latvia has been hosting a NATO enhanced Forward Presence battle group thereby strengthening the Baltic States' defence and contributing to deterrence of Russia. The battle group is made up of approximately one and a half thousand military personnel from ten NATO member countries – Albania, Canada, the Czech Republic, Iceland, Italy, Montenegro, Poland, Slovakia, Slovenia, and Spain. With several countries contributing to the battle group to decide on the extension of the mandate at the national level in 2021, consultations should continue with Canada as the lead nation for the NATO battle group in Latvia and with other Allies on their further involvement at least at the present level.

Regardless of repercussions and challenges generated by the COVID-19 pandemic, including a publicly spread disinformation and propaganda, the rotation of Canadian troops and those of other members of the battle group has taken place as planned in reconfirming the role of Canada at the helm of the NATO battle group and as its participant, and the stability of the Allied partnership with Latvia. In September 2020 the construction works for the Canadian Task Force Latvia Headquarters were completed.

EU-NATO cooperation

Latvia continues advocating close and mutually complementary cooperation between the European Union and NATO. Alongside a political dialogue between the two organisations, Latvia sees cooperation on facilitating cross-border military mobility, coordinated exercise and the fight against hybrid threats as particularly important. Addressing the COVID-19 crisis has imparted additional significance to cooperation between the European Union and NATO, especially coordination on the matters of disinformation and strategic communication. In view of the increasing relevance of new technologies and artificial intelligence and challenges they pose, it is expected that cooperation between the European Union and NATO could also be enhanced in that area.

Cross-border military mobility within the borders of the European Union also retains its importance in the context of transatlantic cooperation. Work is ongoing to streamline Member State legislation and procedures as well as developing civilian-military dual-use infrastructure. These measures take place in close coordination with NATO to enable the Alliance's forces to move unimpeded across the European Union, which is of key importance for the region's countries and Latvia.

Security challenges in the region

As before, the main security challenges in the Baltic region are related to Russia's persistent efforts to establish military dominance in the region, which would also serve as a lever of influence for Russia in achieving its global ambitions. Strengthening Russia's offensive capabilities, military exercises with aggressive scenarios and other provocative actions, including a violation of the airspace of NATO Allies and partner countries, demonstrates Russia's lack of interest in a predictable and transparent security environment based on measures promoting mutual trust. *Zapad-2021*, a joint strategic command exercise involving Russian and Belarusian military forces, is yet further proof of foreign policy course Russia pursues.

Although the probability of a direct military threat and of incidents involving the Russian military remains low, it is hardly possible to ignore Russia's focus on military mobility, high readiness units, and intentions to ensure the possibility of blocking Baltic maritime and air routes, which could potentially cause rapid changes to the security situation. An additional dimension to the spectrum of current security challenges is imparted by the volatile situation in Belarus, which potentially creates new opportunities for Russia to consolidate its military presence in Belarus.

Strengthening security in its region is a permanent priority for Latvia. To ensure that, Latvia continues its close cooperation with Allies in NATO, both bilaterally and through complementary platforms for cooperation between the Baltic States and with Nordic countries.

It is essential that all three Baltic States have committed themselves to retaining the defence budget of at least 2% of GDP. In 2020, Latvia was the lead country in the coordination of activities of the Baltic Battalion, BALTBAT, including with regard to its standby duty in the NATO Response Force (NRF). In 2020, Latvia organised several important regional-level exercises with Allied participation, the largest of which were *Iron Spear 2020* and *Kristāla bulta 2020*.

Hybrid threats and the challenges they pose

The challenges related to hybrid threats were given extra scrutiny and attention in 2020, when alongside military means and the threat of force various non-military instruments are used, in a mixture of conventional and unconventional, overt and covert actions, including cyber attacks, disinformation campaigns, economic pressure, rewriting of history as well as operations conducted by intelligence and security services.

The issue of hybrid threats was put on the agenda of the United Nations, the European Union and the OSCE reaffirming their acute global importance. Special emphasis must be laid on the efforts of the European Union focused on putting in place a comprehensive and concerted policy and initiatives to support the fight against hybrid threats and disinformation and to strengthen a common understanding of the hybrid threat, mutual cooperation, situational awareness and threat assessments. The role of the European Union in fighting cyber threats has increased, especially in regard to refuting Russian disinformation. In addition, the resilience of Member States and the European Union was fostered and public awareness was raised. Those lines of action will also be given priority in future.

The COVID-19 crisis was clearly utilised for various hybrid activities, especially in the field of cybersecurity, disinformation and propaganda; therefore, a coordinated approach and strengthening resilience among society, strategic communication, media literacy, harmonised mechanisms for crisis management, and evaluating the lessons learned from COVID-19. We note that the security challenges flowing from new technologies continue to rise to the top of the European Union's agenda.

In 2020, Latvia faced substantial threats in cyberspace, and it also actively promoted decision-making in the European Union on imposing sanctions on a number of individuals and entities who had carried out or attempted to carry out significant cyber attacks targeting European Union's security and economic interests. Latvia will continue cooperating actively with Allies and partner countries to jointly reinforce a safe, open, free and reliable cyberspace, countering and mitigating further cyber-attacks.

Arms control

Processes present in the field of international arms control, non-proliferation and disarmament are evidence of a weakening system, with the presence of countries that ignore and violate international norms and commitments in this field. North Korea is moving ahead with the development of its nuclear programme, while other countries are using prohibited chemical warfare agents. This highlights the need for a consolidated response and action by international community, which Latvia has been supporting and advocating in the international forums.

The possibility of an agreement between the United States and Russia on the extension of the Strategic Arms Reduction Treaty, New START, is highly relevant. China's increasing military potential, including the development of strategic arms, is a reason why it has become a major force in the international security arena and consequently China should, accordingly, step up and assume greater global responsibility and involvement in the arms control system.

The importance of trust and confidence building, and security instruments, such as the Open Skies Agreement and the Vienna Document, has increased, while their effective enforcement is hampered by Russia's actions. This is a reason why the United States has announced its withdrawal from the Open Skies Treaty. In the OSCE framework, Latvia together with other countries has drafted proposals for the modernisation of the Vienna Document, but Russia has so far been hesitant to consider them on substance.

With the rapid development of technologies that make it easier to access dual-use items that can be used for both civilian and military applications, the threat related to non-governmental actors (including terrorist groupings, organised crime, and cybercriminals) is also increasing. In that context, Latvia participates in the international non-proliferation and export control forums, which are one of the keys to strengthening the international security environment.

Security of 5G networks

Taking into account the importance of present-day digital connectivity and the fifth generation wireless communication networks in the economy, for the military and for the functioning of critical infrastructure, the security of 5G networks is an issue of global relevance. In 2020, the use of technologies of Chinese companies in 5G networks was high

on the international agenda. In the realm of foreign and security policy, countries and international organisations have been actively addressing various risks involving security of 5G mobile networks. Secure and resilient mobile communication networks are an element of national security and the key to future prosperity.

Latvia and the United States have signed a joint declaration on 5G security. The declaration demonstrates common understanding of the importance of secure 5G networks and the need to develop and deploy 5G networks based on the principles of the rule of law, free and fair competition, and transparency. It is equally important that trustworthy network hardware and software suppliers participate in the establishment of 5G networks, thereby protecting them from harmful and unauthorised access and interference in order to ensure the privacy and individual liberties of citizens and the integrity of systems utilised nationally, by local authorities and in critical infrastructure. The joint declaration on 5G security has strengthened bilateral relations between Latvia and the United States and created additional opportunities for cooperation with Latvian companies related to 5G networks. Work on the 5G security declaration and implementation of the European Union toolbox on 5G cybersecurity will continue at the national level in 2021.

There is synergy between the efforts of the United States and the European Union to strengthen 5G security, which will not only mitigate security risks but also strengthen the transatlantic link.

International trade policy and main directions of Latvia's external economic policy

Looking at international trade across the board, we are seeing an increasing rivalry between the leading global economies, growing protectionism, and stronger interference by individual states in the economy. The COVID-19 pandemic has highlighted the fragile nature of supply chains and the European Union's excessive dependence on a few suppliers in sectors that are strategic. Those processes have speeded up the review of the European Union's trade policy to put it on a track of resilience and greater autonomy. Entering new markets, diversification of the supply of goods and bringing the critical segments of value chains closer to the European Union are understood to be vital parts of trade policy. For Latvia, it is important that a course toward an open and rules-based trade policy is maintained in an unequivocal manner.

The European Union, China and the United States are the centres of global economy linked by trade relations. However, the major role of the Chinese government in its national economy poses systemic challenges – extensive state aid and unfair competition lead to the distortion of the market not only in China itself: its repercussions are felt elsewhere across the globe. China's economic policy also causes tension in relations with other main players, including the World Trade Organisation (WTO).

The trade relations between the United States and China, which have become tenser over their bilateral tariffs on trade, influence the economy of the entire world. In an effort to resolve trade tensions, both parties have signed a "Phase One" trade agreement. At the same time, such deals can indirectly undermine the system of free and fair trade based on WTO rules. The agreement also has a direct impact on the interests of the European Union companies with China choosing the United States as its primary supplier of goods and services.

The economies of the European Union and the United States make up approximately a half of the global gross domestic product and almost a third of the world's trade flows; this remains the most vital artery of global economies, and good trade relations are an integral element in global value chains important for Latvia. The United States has modified the concept of its trade policy by introducing separate elements of a protectionist nature, for

instance, the United States safeguard measures on aluminium and steel, and increased import taxes on goods originating in the European Union in the context of the Airbus dispute. It should be noted that the WTO decision in the Boeing case which allows the European Union to also increase its duties on goods originating in the United States could motivate the United States to return to the negotiating table. The United States aims at reorganizing and streamlining the global trade environment to render it fairer and more transparent, while the instruments chosen by the United States influence not only opponents but also allies.

Therefore work should be done to improve and promote economic relations, for instance, a gradual abolition of tariffs where possible, improvement of the regulatory environment, for instance, improving the system of compliance assessment, closer cooperation on environmental and climate policy, work on the development of standards for trade and new technologies (artificial intelligence, data flows, and online trade).

A pragmatic solution must be found to current differences over trade between the European Union and the United States and to resume close cooperation on the strengthening of an open and rules-based international trading system globally. Latvia will be supporting the launch of negotiations on a free trade agreement between the European Union and the United States of America.

WTO reform and modernisation

With protectionist ideas on the rise worldwide, the principles of free trade are being questioned. In this context, harsh criticism is rightly directed at the WTO and its member states, which have not been able to adjust the organisation in a timely manner to the contemporary trading environment, thereby preventing WTO from effectively addressing trade hurdles on a global scale. On the one hand, an effective functioning of the WTO is still hindered by the different interests of member states, and it is difficult to achieve agreement on multilateral solutions to trade issues.

On the other hand, a drawback in WTO rules prevents effectively addressing challenges characteristic of the present-day economic situation. During the pandemic, many countries chose to put in effect restrictive trade measures and instruments stimulating their economies, which were not always compatible with the WTO's rules. To prevent disputes, the WTO should improve its supervisory function. It is positive that the European Union has committed to active engagement and is assuming leadership to advance the WTO-related issues.

Latvia's long term interests lie in sustaining and reinforcing a rules-based international trading environment, which would be predictable, function according to the principles of market economy and be able to ensure effective protection of the economic rights of any player regardless of the size of its economy. Seen this way, it is important to modernise and reform the WTO, recognising this organisation to be a stronghold and a forum for the development of global rules for orderly international trade.

Three lines of action emerge as the most important in the context of the WTO reform: improvements to rulemaking, including in development matters; improvements to the WTO everyday performance and promoting transparency; and overcoming a stalemate in the WTO's dispute settlement system to restore a two-level independent dispute settlement system. Structured work would be facilitated by a specialised WTO task force that would engage in improving the organisation's negotiating and supervisory functions. Inclusion of multilateral agreements in the WTO structure, problems related to special and differential treatment, and other matters. In parallel, work should be continued together with like-minded partners in the European Union to ensure conditions of fair competition, including through formulation of new rules on industrial subsidies to state-owned companies to prevent market distortions.

Regardless of modernisation and reform-related challenges, work is under way at the WTO on important matters such as multilateral negotiations on fisheries subsidies and agriculture, and on plurilateral initiatives of the interested member states in e-commerce, domestic regulation of services, investment facilitation, and the involvement of micro, small and medium-sized enterprises in international trade. Launching a WTO trade and climate initiative will also be one of the priorities for the European Union, focusing on environmentally-friendly goods.

Latvia's external economic policy

In 2020, work continued on defining strategic directions, or the ecosystem, of the external economic policy. The following priority areas have already been identified in “The Smart Specialisation Strategy”: knowledge-intensive bio-economics; biomedicine; smart materials, technologies and engineering systems; smart energy; and information and communication technologies. These are fields where the country has a comparative advantage or assets conducive to such advantages. They will form the basis for the planning of export promotion and investment mobilisation measures. The task of the Ministry of Foreign Affairs is coordinating cooperation between diplomatic missions, the Investment and Development Agency of Latvia (LIAA), businesses as well as higher education institutions and research institutes, to ensure the implementation of strategic goals. A significant role in the planning and implementation of the country's external economic policy is played by the Foreign Economic Policy Coordination Council.

In traditional sectors of Latvia's economy such as transport and logistics, tourism, the timber industry, engineering, food processing, and pharmaceuticals, support will be ensured for developing broader opportunities for export of goods and services, which includes coming in to new markets and attracting investments on the basis of the interests of Latvian companies and Latvian society.

In 2020, Latvia became an Associate Member State of the European Space Agency. This is a major stepping stone towards Latvia's economic, technological and diplomatic development in the context of the space sector, the importance of which is increasing worldwide in relation to current politics, economy and science. In the coming years, several dozen Latvian companies and research institutions will have access to the knowledge base and research infrastructure of the European space sector so as to carry out research and development projects with support from the European Space Agency and with assistance from high level experts. This in turn will contribute to Latvia's further development in various sectors of economy and science with high value-added, and participation in international space missions.

In February 2020, Latvia submitted an application for accession to the European Organisation for Nuclear Research (CERN) seeking to become an Associate Member State. Following targeted and coordinated activities by line ministries and education institutions in preparing and advancing Latvia's candidacy, a positive opinion was received from the CERN Council toward the end of the year. Accession to CERN as an Associate Member State in 2021 will provide Latvian scientists and businesses with the opportunity for implementing unique projects with high value-added and will raise Latvia's international profile and competitiveness.

On a priority basis, economic relations are and will be built with partner countries in the European Union, NATO and the OECD. In 2019, the Foreign Economic Policy Coordination Council approved the profile of a preferred foreign investor and set the main criteria – based in a member state of the European Union, NATO or the OECD, a sound financial position, no risks identified in current activity. The Ministry of Foreign Affairs and the Embassies in association with LIAA intend to organise targeted seminars to attract investors. Separate seminars of this kind brought initial positive results already in 2020 when they attracted the interest of individual investors and visits to Latvia came next.

The Latvian Ministry of Foreign Affairs actively advocates further strengthening of the European Union's single market, especially in shaping the digital transformation in Europe. During the visit to Latvia by the President of France and the Federal Foreign Minister of Germany, the importance of cooperation between the European Union Member States was emphasised in the implementation of digital policy. Following up on these visits, a business forum with participation of large French companies is planned as early as at the beginning of 2021; it will be in-person or online depending on circumstances.

Although physical presence in distant and new markets has been made difficult at this point, we see the need for continued efforts on building and strengthening economic relations with the distant regions – Asia, the Middle East, Africa, and Latin America – with a special focus on large and fast-growing markets. Under the COVID-19 crisis in particular, the Latvian Ministry of Foreign Affairs is tasked with creating new export opportunities for businesses, for instance, through signing free trade agreements between the European Union and promising trade partners, such as Australia, New Zealand, India, and MERCOSUR. At the same time, Latvia call on the European Commission to expand the current scope of the agreements by adding provisions on the protection of investments and a more in-depth market approach to public procurements and services as well as laying political groundwork to help businesses enter new markets. It is equally important to continue including provisions that would reinforce European Union values, for instance, in labour rights, the environment and climate change.

The Ministry of Foreign Affairs has been calling on the European Commission to offer maximum possible support for the companies in the European Union by informing them about new support instruments for small and medium-sized companies, for instance, informative and practical platforms and events concerning third country markets. In addition, work is under way to protect the interests of Latvian companies in the European Union and multilateral formats such as the WTO, for instance, in resolving trade disputes with third countries.

Entering new markets and attracting investments will take place in close association with LIAA, The Investment and Development Agency of Latvia, and in chosen sectors. Company input is also of vital importance in pursuit of strategic goals and fields. Working together with LIAA in pursuit of strategic goals contributes to the effective use of resources.

Latvia's membership of the OECD and adoption of best practices

OECD recommendations and reviews are an important support for Latvian politicians and policymakers in defining the goals of sector-specific policies and measures to achieve those goals. In 2020, reviews have been completed on topics important for Latvia, such as on digital transformation (Going Digital in Latvia) and Skills Strategy. In response to the COVID-19 crisis, the OECD has ensured a discussion forum for governments and analysis of best practices in dealing with the crisis in almost any area of economic and social policy. In the context of the pandemic, attention was devoted not only to economy and health, but also gender equality, employment, social protection and education. Latvia is actively involved in the OECD's parliamentary network, which is confirmed by the Saeima's decision to organise a meeting of the OECD's parliamentary network in Riga in 2021, thereby marking five years of Latvia's OECD membership.

It is important for Latvia that the OECD retain its position as an institution that advocates inclusive and sustainable growth and an open, transparent and rules-based global economy. The OECD should continue to act as a vital forum where global rules are formulated. One of the key issues in the OECD/G20 framework is finding a common approach to tax challenges in digital economy. Latvia supports the OECD mandate to devise a fairer system of taxation for digital economy and is backing a global solution, especially in favour of the rights of states to tax company profits gained within their jurisdiction even if the

company is not registered there. Domestic regulation in each individual country would cause fragmentation of the tax regime and reduce legal certainties in international trade.

Technological competition

In view of the ever-increasing influence of technologies on the development and relations of countries, 2020 has shown intensive competition in that field. The main players are the United States and China; however, this competition affects practically all countries, including Latvia. Competition takes place both over software and applications, and over technological equipment and hardware. As part of the competition, various alliances are forged, and they are determined by a set of political, military and economic factors.

Considerable rivalry in the technologies sector can also be observed in the introduction of 5G wireless communication networks, when security aspects are as important as economic benefits. The United States devotes special attention to high cyber security standards and has drawn attention to security risks posed by technologies produced by Chinese companies. The United States is calling on its allies and partner countries to refrain from the use of Chinese technologies when introducing 5G networks and to opt for technologies created by Nokia and Ericsson.

During the relative “technology war”, the European Union must develop its digital market, creating a European digital identity (e-identity), data storage, artificial intelligence and 5G infrastructure. Latvia scores high in many of those areas in the European Union (eID, e-services, mobile internet coverage, and with the Tilde neural machine translation); therefore, Latvia is able to offer its leadership in those aspects. Separate Latvian companies are already working on 5G technologies that could eventually substitute, at least partly, the offers of Chinese companies.

Energy

Latvia and the region’s countries, with financial support from the European Union, continue building a free, transparent and diversified regional energy market. The synchronisation of the Baltic States’ electricity networks with the Continental European Network by 2025 remains an essential priority in the energy sector. In 2020, the European Commission approved EU cofinancing for the implementation of the synchronisation project. As concerns trade with third countries and electric power from the Belarusian Astravyets Nuclear Power Plant, Latvia has been persistently highlighting the issue of the safety of the power plant and the need to comply with all international standards. In view of developments in Belarus and their impact on such security aspects, the Latvian Government took a decision to stop electricity trading with Belarus as soon as the Astravyets Nuclear Power Plant becomes operational.

A common regional gas market covering Latvia, Estonia and Finland has been successfully launched as of 1 January 2020. It strengthens overall energy security, increases market liquidity and promotes competition. This, in turn, has reinforced the position of Inčukalns underground gas storage facility in the international market. In addition, research has begun on the possibilities of converting existing gas infrastructure for transmission of hydrogen and biogas.

In 2020, the issue of the Nord Stream 2 project has been raised in the European Union, the United States and Germany. Latvia’s position concerning Nord Stream 2 has been principles-based and firm over these years: for Russia, it is a project of a geopolitical character, which presents a security threat to the European Union due to the promotion of energy dependence on one supplier.

Reforms and strengthening of the financial system

In 2020, Latvia proved its capabilities of undertaking reforms in the national financial sector and for its supervision to rectify deficiencies identified in a report by Moneyval, the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing

of Terrorism, as well as demonstrating the effectiveness of the reforms introduced to international partners. Due to large-scale and close cooperation between all sectors and institutions, it was possible to avert grave consequences for the business environment, especially the export sector, capital costs and national security interests. Not only was Latvia not included on the so-called “grey list”, it also became the first Moneyval member whose regulatory framework complies with the international standards set by the Financial Action Task Force (FATF).

Latvia has committed itself to sustaining the success achieved in the strengthening of its financial system, to protecting the international reputation the country has restored, and to further effective application of the mechanisms put in place for the prevention of financial crimes and international crime. In 2021, one of the principal tasks will be the attraction of foreign investment in light of the business environment refocused under the conditions of greater transparency and handling the consequences of COVID-19. Therefore, while not deviating from international standards, work will continue on the development of a business environment conducive to entrepreneurship and investment.

Links with Latvians abroad

The diaspora policy is built on three cornerstones – the Diaspora Law, the Diaspora Advisory Council chaired by the Ministry of Foreign Affairs and the Action Plan for Work with the Diaspora for 2021–2023. The plan presents tasks assigned to all public institutions in order to ensure Latvian government support to the diaspora underpinned by funding earmarked in the state budget for initiatives and specific measures to be implemented as part of the diaspora policy.

Over the coming years, state support will be channelled, first of all, towards the strengthening of Latvian identity, which will support the functioning of the diaspora schools, improvement of digital and remote learning methods, organisation of camps for children and youth, and the preservation of tangible, intangible and historical heritage in the diaspora.

Second, opportunities for civic engagement will be expanded, self-organisation by the diaspora will be promoted and support will be ensured for the functioning of the diaspora media. Involvement of the diaspora in the process of improvement of the institutional environment and policies is vital to success. The Diaspora Advisory Council as a newly-established platform for cooperation between the governmental and non-governmental sectors has not only proved itself to be a successful instrument for coordination but also developed into a framework for new initiatives. The current capacity of diaspora organisations must be highlighted for successfully applying digital solutions in their daily work and also initiating video-conferencing solutions for joint events and celebrations.

Third, to promote cooperation with the diaspora in Latvia’s economy and science, events and projects are planned to cover business, export promotion and attraction of investment, as well as creating cooperation networks to mobilise experience of more than 600 diaspora scientists for the benefit of Latvia. One of the examples of successful cooperation is the World Latvian Economics and Innovations Forum (WLEIF), the aim of which is raising Latvia’s global competitiveness through promoting the strengthening of Latvia’s economy and attracting capital – innovations, finance and knowledge – to Latvia.

Seeking to facilitate remigration, work will continue to raise awareness of the opportunities for life and work in Latvia, which will be facilitated by putting the Diaspora Law into practice and the adoption of transitional provisions laid down therein, thus making the remigration process easier.

The Ministry of Foreign Affairs will further cooperate with Latvian researchers not only in pursuit of responsible policy-making but also to promote research-based work with the diaspora. Cooperation with the Centre for Diaspora and Migration Research of the

University of Latvia has an essential role to play in formulating policy based on research in the field of the diaspora and remigration, through identifying the profile of the Latvian diaspora, needs, challenges and factors hindering remigration. Results of a study carried out in 2020 on possibilities for the diaspora youth to receive education in Latvia will enable working in a targeted manner on an important direction in diaspora policy – namely, attracting youth to Latvia by facilitating their presence in education and science, and the Latvian economy in general.

From a sustainability perspective, the diaspora policy will have to respond to the processes of global change. In addition, several lines of action have emerged requiring new initiatives, including establishment of a common platform for networking and information sharing, and creating preconditions for working with the diaspora online. Anyone involved in this process can proactively contribute ideas, values and practices, thereby contributing to networking, to Latvian identity and enhancing joint efforts in creating a diaspora policy that would support the diverse needs of the Latvian community abroad.

Work of the Foreign Service in the consular sector

In 2020, the main challenges in consular work were related to overcoming obstacles posed by the COVID-19 pandemic. Throughout this period the performance of consular functions was influenced by interruptions in international passenger traffic and restrictions on the entry and movement of persons imposed by countries worldwide. Therefore, with the outbreak of the pandemic in March, the Consular Service had to rapidly adjust to the evolving epidemiological and legal conditions worldwide, including in Latvia.

In the context of the pandemic, the repatriation efforts on behalf of Latvian nationals from March to November can be considered the most significant achievement of the Consular Service. Upon the introduction of the state of emergency, Latvia suspended international passenger traffic, and not all Latvian nationals who were stranded abroad at the time and needed to return home were able to do so within a four day period. The Consular Service encountered confusion and distress among Latvians abroad: compared with 2019, the Consular Department received 3,634 calls to its round-the-clock emergency phone, and more than 44 thousand calls were received in the first half of 2020 only, reaching more than fourteen thousand calls in one day in March; in addition, around ten thousand e-mail messages were received in March and April.

The largest repatriation of Latvian nationals in the country's history was launched without delay – it was done primarily for Latvian nationals permanently residing in Latvia whose stay abroad posed a threat to their life, health or security, as well as in cases when a person had no means of subsistence or was not entitled to social security in a foreign country.

The number of people needing help kept changing and increasing due to the extension of the state of emergency in Latvia and the deteriorating epidemiological situation in the country abroad where they happened to be when the crisis struck. On the whole, 46 international passenger trips were organised from March to mid-November, including 41 flights in association with the national carrier airBaltic, four ferry trips and one trip by train; repatriation took place from 14 countries worldwide, both in the European Union and beyond. Return of Latvian nationals from Uzbekistan was arranged in cooperation with the national airlines of Uzbekistan.

According to EEAS estimates, about 600,000 European Union nationals found themselves outside the European Union as the crisis broke out. Approximately 60,000 persons, including Latvian nationals, were brought home by flights arranged by the Member States as part of the European Union Civil Protection Mechanism. Latvia provided its input in the repatriation of the citizens and residents of the European Union by organizing airBaltic operated repatriation flights from Georgia and Azerbaijan. Through mobilizing the existing

resources, informational support and consular assistance for return to Latvia was offered for 6,500 persons.

Besides repatriation, the Consular Service also continued providing other types of consular assistance. The Ministry of Foreign Affairs was actively engaged in an inter-institutional dialogue to ensure a more effective protection of the rights of Latvian nationals in criminal proceedings abroad where their human rights could be under threat. A Memorandum of Understanding between the Ministry of Justice, the Ministry of Foreign Affairs, the Prosecutor General's Office, and the State Police on cooperation in the protection of human rights of Latvian nationals in criminal proceedings abroad was signed on 19 August 2020.

To ensure the continuity of consular work under the insecure and changeable epidemiological conditions, the Law on the Management of the Spread of the COVID-19 Infection was passed to provide a legal framework for adjusting the provision of consular assistance and consular services to suit a local epidemiological situation and epidemiological security requirements both in Riga and abroad.

The pandemic has also affected the current practice of issuing visas. Restrictions on arrivals from third countries due to the pandemic enable missions abroad to issue visas only to certain categories of persons in line with decisions by the Council of the European Union and the Cabinet of Ministers. Compared to more than 175,000 visa applications processed in 2019, only 26.6 thousand applications have been processed during the first half of 2020, while each visa application now requires more time to examine. Cooperation with outsourced service providers has been set up in Vietnam, Indonesia, Thailand, Egypt, and the United States to make application submissions easier.

Under the circumstances when restrictions to the movement of people persist in many countries worldwide, even within the borders of one country, the Ministry of Foreign Affairs sees an opportunity to find innovative solutions for better access to services provided by Latvian authorities abroad. In the early 2020, the Ministry of Foreign Affairs introduced an electronic signature system for receiving of consular services at missions, and, as the pandemic broke out, in Riga as well. In order to respond to challenges triggered by the COVID-19 pandemic, the Ministry of Foreign Affairs has presented a proposal to the Ministry of the Interior on simplifying procedures for receiving personal identity documents abroad and a broader access for Latvian nationals abroad to an e-signature.

In view of the pandemic and the volatile security situation globally, consular services that are accessible remotely and follow unified procedures enable the Consular Service to focus more on the cases of provision of consular assistance, each of which requires an individual approach. The introduction of solutions that make it possible to address the most urgent aspects of consular work will continue to be a priority for the Consular Service.

Involvement of civil society and public diplomacy

In 2020, in response to state of emergency due to the COVID-19 crisis, the priority of the Ministry of Foreign Affairs was to ensure crisis communication to inform Latvian nationals outside Latvia on possibilities for returning, safe travel within the European Union and beyond, and warnings about border crossing restrictions set by other countries. A large scale crisis communications campaign was mounted together with all diplomatic and consular missions and in close association with Latvian media: various means of visual communication were used more than ever before, while social media became the most effective tool to reach out to the broadest audiences.

Members of civil society continued providing significant support to the Ministry of Foreign Affairs in its daily work. A continuous dialogue took place and joint projects were implemented with foreign policy and security policy research centres, social partners, the academic world, and non-governmental organisations. This year, regardless of the

ramifications of COVID-19, the well-known regional forum on foreign and security policy, the Riga Conference, whose traditional organizer is the Latvian Transatlantic Organisation, was held online for the first time in the event's history, bringing together large audiences.

In the matters of security of the information space, which are increasingly dominating the international agenda, the Ministry of Foreign Affairs has established fruitful interaction with the Baltic Centre for Media Excellence, focused on strengthening an independent media environment in the European Union's Eastern Partnership policy countries.

Regular consultations on topics of continued relevance for the European Union take place with members of the non-governmental sector before the meetings of the European Council and to formulate Latvia's national positions. The permanent partners of the Ministry of Foreign Affairs in this field are the Latvian Association of Local and Regional Governments, the Latvian Employers Confederation, the Free Trade Union Confederation of Latvia, and the PROVIDUS think-tank. Together with the European Commission Representation in Latvia, European Information Providers Forums are organised twice a year, with active contribution from the European Movement-Latvia. In 2021, when discussions on the future of the European Union begin, the Ministry of Foreign Affairs intends to pursue inclusive cooperation with the non-governmental sector, where the experience and expertise acquired by partners in these matters will be very helpful.

On the path to Latvia's candidacy for a non-permanent seat at the United Nations Security Council in 2025, the Ministry of Foreign Affairs, jointly with the Latvian Institute of International Affairs, organised a discussion and a presentation of the institute's study on Latvia's interests and opportunities offered by working in that status. An inter-institutional working group became operational in December 2020 to formulate thematic priorities for Latvia's campaign for election to the United Nations Security Council. Non-governmental partners will also be involved in the group's work. In the UN context, the Ministry of Foreign Affairs also welcomes the contribution of international organisations, especially the MARTA Centre, in regard to the preparation of Latvia's National Action Plan on the Implementation of the UN Security Council Resolution 1325 on Women, Peace and Security in Latvia for the term of 2020–2025.

Close cooperation on development cooperation policy is under way between the Foreign Ministry and civil society organisations. The participation of the Latvian Platform for Development Cooperation (LAPAS) in international platforms, CONCORD, CIVICUS and Forus (IFP), has been supported, thereby promoting international involvement of Latvian civil society in development cooperation and its policy planning processes. Civil society also was involved meaningfully in the formulation of the new Development Cooperation Policy Guidelines for 2021–2027. It is important to note the contribution of civil society partners in rendering assistance to Belarusian citizens and companies affected by repressions in Belarus.

A systematic dialogue between the public and the non-governmental sector pursued with the involvement of the Foreign Economic Policy Coordination Council has been conducive to successful the formulation and successful implementation of Latvia's external economic policy.

The Ministry of Foreign Affairs keeps its focus on the engagement with youth audiences in foreign policy processes. Close cooperation is taking place with a youth organisation, Club "The House" – Youth for United Europe, as part of Latvia's UN Youth Delegate Programme, which promotes youth participation in public administration processes engaging the delegates in global discussions so that they could offer their perspective on the areas related to youth policy.

The public diplomacy programme to mark the centenary of Latvia's statehood continued throughout 2020 to be concluded on 26 January 2021, the 100th anniversary of the international recognition of Latvia de jure. To show how diplomats have contributed to Latvia's recognition de jure and the work of the Foreign Service over the past century, the Ministry of Foreign Affairs issued a collection titled "One Hundred Years of Latvian

Diplomacy: the First Century (1919–2019) of the Latvian Diplomacy and Foreign Service in Diplomats' Essays”.

The first Minister of the Interior of Latvia and envoy, Miķelis Valters, was ceremonially reburied in Latvia this year in accordance with one of his final wishes, highlighting his personal contribution to the establishment and building the Latvian state.

In 2021, we shall be marking the centenary of the international recognition of Latvia *de jure*. The *de jure* recognition of the Republic of Latvia on 26 January 1921 was as important as the proclamation of the state on 18 November 1918, since it confirmed that other countries recognise Latvia as a full-fledged state which is able to establish diplomatic relations and enter into international agreements. The countries that voted for Latvia's recognition *de jure* at the Supreme Council of Allied Powers were Belgium, France, Italy, Japan, and the United Kingdom.

This was a huge diplomatic victory for the young Latvia. Support from the allies and friends was vital for the Latvian state in the process of the establishment of Latvia and achieving its recognition, and restoration of independence in 1991. The diplomatic and consular service of the Republic of Latvia, which continued functioning throughout the years of the occupation, helped preserve Latvia's *de jure* statehood. The continued existence of such recognition is a precondition enabling Latvia to enjoy its rights as a subject of international law and assume obligations in protecting the interests of the country's residents. Therefore one of the principal tasks of the Ministry of Foreign Affairs is the protection of Latvia's interests and sovereignty internationally, which also means standing up for a global order based on international law.

The Ministry of Foreign Affairs has established a tradition of referring to the day of *de jure* recognition as “Diplomats Day”, paying tribute to the selfless efforts of diplomats in establishing Latvia's statehood, gaining recognition for its existence, raising awareness of the work which diplomats do and its historical traditions as well as the tasks they tackle today and their plans and aspirations for the future.