

**Annual Report**  
**on**  
**accomplishments and further work with respect to national**  
**foreign policy and the European Union**

**Riga, 2017**

Introduction.....	2
Transatlantic space of security and cooperation .....	3
Implementation of NATO and the Warsaw Summit decisions.....	3
European and global security .....	6
A united, secure, politically and economically consolidated EU .....	9
The debate on Europe’s future, identifying the EU’s internal challenges .....	9
A secure European Union .....	10
A politically consolidated and economically competitive European Union.....	11
The importance of EU enlargement in strengthening stability .....	12
Cooperation in Northern Europe and the Baltic Sea region .....	12
Latvia’s interests and contribution to strengthening the EU as a global player .....	13
Eastern Partnership countries .....	13
Southern Neighbourhood and the Middle East .....	15
EU-Russia relations.....	16
The EU-Central Asia relationship.....	17
Promotion of EU values and support for sustainable development .....	18
Strengthening Latvia’s economic competitiveness.....	19
Latvia’s accession to the OECD – a catalyst for internal reforms, the use of advantages offered by the OECD.....	20
Practical support from the Latvian Foreign Service to businesses, strengthening Latvia’s external trade and diversification of exports.....	20
EU free trade agreements – for the promotion of Latvian exports .....	21
Economic cooperation with China, the “16+1” format.....	22
Energy security.....	22
Preparations for Latvia’s centennial .....	23
Cooperation with the diaspora and consular support.....	23
Abbreviations .....	25

## Introduction

The year 2016 in international relations has been a period when the entire world and Europe continued facing challenges that trigger instability. The foreign policy climate across the globe has also not been very favourable for economic development.

The war in Syria exacerbated the humanitarian crisis, while the migration pressure it had caused and security threats continued effecting Europe. It is the Assad regime supported by Russia which should assume primary responsibility for the situation. Instability remained, and conflicts also persisted elsewhere in the EU's southern neighbourhood, which exerted a negative impact on Europe.

In 2016, the international community achieved notable success in the fight against terrorism by adopting the necessary counter-terrorism legislation at the national level and restricting the ways in which terrorist organisations can communicate and be financed. The Global Coalition against Daesh – and Latvia is a partner in that coalition – succeeded in reducing the Daesh-controlled area. However, terrorist attacks in European cities demonstrate that the spread of **radicalisation** triggered by the ideas of intolerance remains an unsolved problem in our part of the world. Calling into question fundamental democratic values, such as the rule of law and human rights, causes a threat to security and stability across the globe in the long term.

The past year saw the coming into effect of the historic Paris Climate Agreement, which is the first-ever universal, legally-binding global climate deal.

The major political event in the United States of America in 2016 which is bound to have a direct impact on international relations was the presidential election. The incoming United States presidential administration and the newly-elected Congress are well-positioned for the implementation of a dynamic foreign and security policy. The close involvement of the U.S. in the European security system is decisive in guaranteeing peace and stability across the continent.

A new climate has been created in the European Union by the United Kingdom's referendum on the European Union membership (Brexit) and its outcome. A debate has been launched on the future relationship between the EU-27 and the United Kingdom. The decision by the British people highlighted the issue of the EU's future tracing two priority lines of discussion – the EU's economic growth and security.

Last year, peace and stability in Europe were challenged by Russia through its ongoing violation of international legal norms and principles, as well as the use of military force and elements of hybrid warfare. This had a particularly negative effect in Ukraine, where Russia continued blocking the crisis settlement. Consequently, the decisions made at the NATO Summit in Warsaw and their implementation were of special importance.

Against this backdrop, there is an increasing awareness of the **Baltic and Nordic framework** being a regional group of like-minded countries with shared values both in terms of security and economic cooperation. This is of special relevance in the context of Brexit. For Latvia, the year 2016 in the Baltic region passed under the aegis of close cooperation between the Baltic and Nordic countries.

Latvia has been consistently reinforcing its position as the promoter of the Baltic-Nordic cooperation through advancing a political dialogue on challenges common for the region and working on the development of a regional energy and transport infrastructure. The

practical outcome of this year's cooperation is the agreement signed on the Rail Baltica project and a law adopted in the energy sector to enable the opening of Latvia's natural gas market in 2017.

Latvia's achievement in regard to economic development and reforms earned high international recognition in 2016 when Latvia was invited to join the Organisation for Economic Cooperation and Development (OECD). Membership in the **OECD** is creating conditions conducive for Latvia's further economic growth.

The priorities of Latvia's foreign policy for **2017** will be as follows: 1) to strengthen the external security of the country in close cooperation with Allies in NATO and partners in Europe; 2) to engage actively in building an effective, integrated and secure European Union; 3) to promote stability and development in the EU's Eastern and Southern neighbourhoods; 4) to advance opportunities for Latvian companies in foreign markets and support attraction of investments; 5) to support and foster close links with the Latvian community abroad.

Engagement of Latvia's society in European and foreign affairs is more important than ever in a time of diverse challenges. Raising awareness among the general public and mustering its support and involvement will play a main role in Latvia's foreign policy for 2017. The Ministry of Foreign Affairs will move forward in its regular dialogue with non-governmental organisations, think-tanks and social partners. Visits will be taking place to Latvia's regions for an exchange of views on the foreign policy of Latvia.

### **Transatlantic space of security and cooperation**

The terror attacks in Europe of 2016 are the most serious challenge to European and Western society in recent years. No less alarming is the growing tension in the relationship between Russia and the West caused by Russia's increasing military activities and augmenting military capabilities on the Alliance's borders, counteraction to seeking a settlement to the situation in Ukraine, and the escalation of the humanitarian crisis in Syria. The intention of the United Kingdom – one of the leading military powers in Europe – to withdraw from the European Union presents a new challenge to the EU's Common Security and defence Policy.

In view of the complicated European security climate, it is important to ensure that the transatlantic link remains at the foundation of Europe's security and defence.

Beside conventional challenges posed both in NATO and the EU framework, much more attention in 2016 will be directed to the hybrid threat and terrorism. This focus is also expected to continue in future.

### **Implementation of NATO and the Warsaw Summit decisions**

#### *Enhancing the Allied presence on NATO's eastern flank*

In 2016, one of Latvia's priorities in its foreign policy was the preparation for the **Summit Meeting of NATO Heads of State and Government in Warsaw** and a rapid and effective implementation of the Summit decisions. The Summit carried forward the process, launched in Wales two years ago, on NATO's adaptation to new security challenges in Europe caused by the occupation and annexation of Crimea by Russia and by covert military operations in eastern Ukraine. The Summit saw the adoption of a decision important for Latvia – on the enhanced Allied forward presence in the Baltic States and Poland through deploying battalion-sized battle groups in each of the

countries. It was announced in Warsaw that **Canada will assume the role of a Framework Nation** for the Alliance's battle group in Latvia.

In order to put into effect the decisions made at the NATO Warsaw Summit, Latvia contributed considerable resources to raise awareness among the Allies about the specific character of security issues of our country and region. It is important for the Alliance forces to be multinational, thereby highlighting NATO's very nature – an attack against one member state is considered as an attack against the Alliance as a whole. It is significant that the increased **presence of NATO troops** will also mean regular military exercises in our region. It is positive that the Allies have great interest in sending their troops to Latvia both as part of NATO enhanced forward presence and various exercises.

Immediately in the wake of the Summit, active consultations were launched with Canada on various practical aspects of ensuring Canada's military presence in Latvia. Canadian troops are expected to arrive in Latvia in spring 2017. Together with Canada, troops and equipment will also be sent by Albania, Italy, Poland and Slovenia. The Visegrad countries are also prepared to contribute to the strengthening of Baltic security.

In addition, continuing negotiations on the Transatlantic Trade and Investment Partnership (TTIP) between the EU and the USA and the signing of the Comprehensive Economic and Trade Agreement (CETA) between the EU and Canada are meaningful not only for intensifying political dialogue and economic relations but also reinforcing the strategic partnership framework for transatlantic cooperation.

The efforts to ensure the Allied presence in Latvia will also continue in 2017, when the first troops are expected to arrive. The main challenges will be related to Latvia performing the functions of the host country. Not only relevant infrastructure needs to be developed in Ādaži, Lielvārde and elsewhere in Latvia, but also legal matters addressed in relation to the stationing of foreign military personnel in Latvia.

#### *NATO's role in strengthening global security*

In order to adjust NATO's role with respect to the present-day multifaceted **global scale challenges in the south** of the Alliance, including the prevention of migration and related risks in the Mediterranean region, leaders at the NATO Summit agreed both on providing support for the region's countries in strengthening their defence capabilities and on rendering practical assistance in the fight against ISIL/Daesh.

Latvia is fully aware of the threat caused by these challenges and is prepared to find long-term solutions, together with Allies, in addressing the causes of uncontrolled migration and combating terrorist groups. Jointly with the Allies, Latvia will continue contributing to NATO's support for the strengthening of Iraqi defence capabilities.

#### *Relationship with the transatlantic allies – the United States and Canada*

The U.S. continued providing a contribution for the strengthening of Latvia's security through regular presence of troops, participation in exercises and an active political dialogue. The visit to Latvia by the U.S. Vice President in August 2016 was considered as assurance of strategic cooperation between the U.S. and Latvia and the United States unwavering and strong commitment to Article V obligations.

During 2016, the bilateral relations between Latvia and the U.S. continued evolving in an all-embracing and dynamic manner. The U.S. was a strategic partner and ally to Latvia. Cooperation was expanded in the field of security, including national

defence, reinforcement of the borders, cyber security, energy security, and strategic communication. In view of a regular presence of U.S. troops in Latvia, a new Defense Cooperation Agreement will be drafted and prepared for signing.

The political dialogue between Latvia and Canada has developed and grown considerably more active during 2016. There has been exchange of high level visits. Canada's leadership of the NATO battlegroup in Latvia struck a chord. Given the necessity to implement the decisions of the NATO Warsaw Summit, a close and active dialogue on foreign policy matters is foreseen in 2017.

The relationship with the United States of America is of strategic importance for Latvia. Therefore, Latvia will build a close cooperation with the new United States Administration both as a NATO Ally clearly aware of guarantees and commitments arising from membership in the Alliance and as a country whose interests lie in dynamic transatlantic relations that are in line with the present-day situation. In 2017, Latvia will continue cooperating with the U.S. President's Administration, U.S. Congress, and foreign and security policy experts so as to promote political and practical cooperation of the United States with Latvia, the Baltic States and the NB8 region.

#### *NATO Open Door Policy/ cooperation with partners*

Latvia overwhelmingly supports the so-called NATO **Open Door policy** and continues advocating the principle that joining the Alliance should only be a joint decision by the candidate country and the Alliance. The invitation to Montenegro to start accession talks in 2015, the signing of the Accession Protocol and the launch of ratification procedures in member states in 2016 are clear proof of the permanence of the Open Door Policy. Latvia has already ratified the protocol.

Latvia will continue facilitating the process of Euro-Atlantic integration of Georgia and Ukraine by providing them with political and practical support. In 2016, Latvia supported Ukraine's defence capabilities through the training of officers at BALTFDECOL, offering the English language courses at educational institutions in Latvia, and training for military personnel in a number of military disciplines. Latvian experts continued providing support for Georgia in the planning of military exercises, public procurement and maritime security.

More intensive NATO cooperation with **Sweden and Finland** is underpinned by a common understanding of the root causes of the increasing threat and the ways to address those. It is in Latvia's interests to go on supporting a more active political dialogue and closer practical cooperation with both countries in responding to security challenges in the Baltic Sea Region and organising joint military and crisis management exercises. Deeper cooperation with Sweden and Finland not only enhances security of NATO and these particular partners but also improves the security climate in the Baltic Sea region as a whole.

#### *NATO – Russia relations*

Latvia, just like the other Allies, supports a dual-track approach to relations with Russia, namely, deterrence and political dialogue, approved at the NATO Warsaw Summit, while emphasising that the dialogue should focus on the compliance with fundamental principles of the existing international law and norms. Violations thereof are causing heightened tension in the Euro-Atlantic space.

Russia's increasing military activities, including large scale unannounced exercises, along NATO's borders further escalated tension and reduced mutual trust. Under these circumstances, NATO's dialogue with Russia has become more dynamic and the main topics on its agenda are the developments in Ukraine, promoting transparency in military activities and reducing the risk of unintended incidents in the Baltic Sea region. Three NATO-Russia Council meetings were held at Ambassadorial level in 2016. A periodic and focused dialogue in this format and level will also take place in future.

In view of the widening gap of confidence between the Western countries and Russia, broader international attempts have intensified to resume dialogue on Euro-Atlantic security within the OSCE framework, including the role of conventional arms control in the promotion of security in Europe. Latvia is prepared to support a targeted dialogue that will help stabilise European security and will be based on true interest of all parties to find solutions to the present-day challenges in Europe.

## **European and global security**

### *The EU's Global Strategy*

June 2016 saw the adoption of the EU Global Strategy on foreign and security policy, and its implementation began. Latvia's interests lie in the promotion of the European Union's more active engagement in the strengthening of resilience, cyber security and strategic communication capabilities of its Member States and the Eastern Partnership countries. It is vital to reinforce the EU's security and defence capabilities.

Latvia considers the division of labour between NATO and the EU an important principle to keep in mind. NATO plays a central role in ensuring security of its member countries. Meanwhile, the EU should have a more prominent position in civilian missions and operations and in providing support for partner countries as well as in the fight against hybrid threat. A closer interaction between NATO and the EU is essential in regard to a number of security challenges. Latvia has actively contributed to the process of implementation of the EU Global Strategy, keeping high on its agenda the topics of stability, resilience against hybrid and cyber threats, and strategic communication in the EU's neighbourhood.

### *Hybrid threats*

Both Russia's aggression in Ukraine and the tactics applied by ISIL/Daesh reveal the methods of hybrid warfare combining military and non-military means, including cyber-attacks and public communication channels. During the past year, Russia continued its attempts at influencing attitudes in countries and societies and obstructing the international community's response to such actions. It is certainly in Latvia's interests to strengthen the capabilities of responding to hybrid threats both at the national level and in Allied countries and neighbouring regions.

In 2016, Latvia actively supported the commitment made at the NATO Summit in Warsaw that Allies can invoke collective defence guarantees under Article 5 in cases when there is a hybrid threat, and an agreement between NATO and the EU on strengthening cooperation to counter hybrid threats. Latvia fostered further efforts to implement a strategy on NATO's role in Countering Hybrid Warfare and to complete work on the EU Joint Framework on countering hybrid threats.

In 2017, Latvia will continue to strengthen capabilities for countering hybrid threats at the national level and in the framework of NATO and the EU. Latvia will

continue enhancing its national capabilities and coordination between institutions in the fields of cyber-defence, strategic communications, safety of critical infrastructure and border security so as to ensure timely identification of hybrid warfare and a proactive response to it. Latvia will keep this matter high on the EU agenda through the strengthening of EU structures, coordination between EU and Member State institutions, and by supporting joint and concerted EU and NATO exercises on hybrid threat scenarios.

Latvia will provide support for the establishment of a European centre for hybrid threat analysis. Latvia, together with its allies and partners, will work to reinforce the security of its national borders, which at the same time is a significant contribution to the strengthening of the EU's and NATO's external border.

### *Cyber security*

With the increasing use of information technologies, the cyber security risks and vulnerabilities against cyber-attacks are also augmenting. At the NATO Summit in Warsaw, a decision important for Latvia was the recognising of cyberspace as a domain of operations in which NATO must defend itself as effectively as it does in the air, on land, and at sea. This would allow the enhancement of cyber defence capabilities to be fully integrated into NATO's operational planning. In 2016, the work also continued on the reduction of cyber security risks and strengthening resilience in the framework of the EU Cyber Security Strategy and countering hybrid threat.

In 2016, cyber security was one of Latvia's priorities, including during the coordination of the Baltic and Nordic (NB8) cooperation programme. Latvia worked jointly with its partners to promote cooperation in cyber security in cooperation both between the Baltic States and the United States of America, and between the Baltic and Nordic countries and with the U.S. in the e-Pine format.

In 2017, in parallel with the development of national cyber defence capabilities, Latvia will also contribute to better coordination between EU Member States toward building resilience against cyber-attacks and will actively engage with partners in a dialogue on the strengthening of security of critical infrastructure. Special attention will be given to improving coordination between the EU and NATO and promoting, in the regional and international cooperation formats, of dialogue on cyber security. Latvia will actively build expertise in the field of cyber security through facilitating the participation of its experts in international exercises and events.

### *Strategic communication*

The Russian government's aggressive policy and activities in the territory of Ukraine have not decreased since 2014. Alongside Russia's military operations, a disinformation policy is being pursued with the view to undermining Euro-Atlantic unity and manipulating public opinion. The government of Russia is making active use of the media under its direct or indirect control and pseudo-non-governmental organisations both as domestic and international instruments to garner support for its policy.

In response to these challenges and to the campaigns of hate and violence waged by terrorist organisations, Latvia will continue close **international cooperation** both with the neighbouring countries in the region and – on a broader scale – with its partners in the EU and NATO. In 2017, Latvia will further support the work of the EU's East Strategic Communications Task Force (**East StratCom Task Force**), which

disseminates weekly reviews on the disinformation activities of the Russian government and the media outlets under its control.

In 2017, Latvia will continue its strong support for the **NATO Strategic Communications Centre of Excellence**, which has been steadily gaining new member countries. In 2016, when Latvia coordinated the Baltic and Nordic cooperation, strategic communication received priority attention. Focus was placed on the sharing of information and experience among the member countries. Latvia not only moved ahead with political talks launched earlier: various training events and measures for increasing communication capabilities were organised with the centre's support. Latvia will also remain engaged in the implementation of strategic communications projects in 2017, when the NB8 activities are led by Norway.

#### *Fight against terrorism*

**The threat from international terrorism** is not merely one of the chief challenges in the world and Europe; it also has an impact on security and economic interests of Latvian nationals abroad. The barbaric terrorist attacks in 2016, including those in Brussels and Nice, were reminders of the need for unwavering joint combat of international terrorism. The national security interests of Latvia lie in the pursuit, jointly with Latvia's allies, of an active counter-terrorism policy with the view to addressing the root causes of terrorism and preventing its spread. One of the main issues both at the EU and NATO is action to suppress the financing of foreign terrorist fighters.

Latvia continues its involvement in the **Global Coalition against ISIL/Daesh**, which is currently the most effective global cooperation platform for the fight against this terrorist group. Since 2016, six Latvian military instructors have been sent to Iraq as part of the Danish contingent to provide training to Iraqi troops.

#### *Latvia's participation in international operations*

In 2016, Latvia will continue participating in missions led by the EU, NATO and OSCE and, for the first time, also in the UN peacekeeping mission.

In 2016, Latvia continued its support and active involvement in missions and operations deployed as part the EU Common Security and Defence Policy, this instrument being applied for the promotion of security and stability both in the direct proximity of the EU and further afield. Latvia is taking part in three EU's civilian missions – the EU Advisory Mission for Civilian Security Sector Reform in Ukraine (EUAM Ukraine), the EU Police Mission in Afghanistan (EUPOL Afghanistan) and the EU Monitoring Mission in Georgia – and in three military operations – the EU Training Mission in Mali (EUTM-Mali), the EU NAVFOR Operation ATALANTA off the coast of Somalia, and the EU NAVFOR MED operation SOPHIA in the Mediterranean. Latvia also is contributing to the OSCE Special Monitoring Mission to Ukraine. The mandate of EUPOL Afghanistan ended on 31 December 2016, but participation in the other missions and operations is being planned in 2017.

In 2016, Latvia continued its participation, with 30 troops, in the NATO-led Resolute Support mission in Afghanistan thereby contributing to the strengthening of capabilities of the Afghan National Security Forces and the promotion of stability in the country. Latvia is also planning to continue participation at such a level in 2017 and provide annual contributions of 500,000 USD until 2020 to the joint fund of international partners to sustain Afghan security forces (the Afghan National Army Trust Fund).

Involvement in Ukraine, where both EU and OSCE missions have been deployed, remains a key issue. Developments in Ukraine affect security across Europe. The EU Advisory Mission for Civilian Security Sector Reform in Ukraine provides significant support for stability in Ukraine through strategic advice on police reforms, corruption prevention and other areas in the civilian security sector. The purpose of the OSCE mission is to monitor the implementation of the Minsk Agreement on ceasefire in Ukraine. The EU Monitoring Mission in Georgia is the only international observer of the six-point agreement on ceasefire signed on 12 August 2008 between Russia and Georgia, and has a stabilising effect in the region. Fourteen Latvian civilian experts are currently serving in Ukraine and Georgia. In 2017, Latvia will also continue actively nominating experts for civilian missions in both countries and increase its presence as far as possible.

Since February 2016, Latvia has been participating in the first United Nations peacekeeping mission – the UN Multidimensional Integrated Stabilization Mission in Mali (MINUSMA). In 2016, Latvia was represented by one National Armed Forces officer, who served on the Netherlands-led staff unit processing intelligence information. Latvia intends to continue its participation in the mission.

### **A united, secure, politically and economically consolidated EU**

Main challenges lying ahead in 2017 will involve negotiations between the EU and the United Kingdom on its withdrawal from the EU and the model of future relations between the EU and the United Kingdom, security in the EU and at its borders, the continuing high migration flows, and ensuring stability and economic growth in the EU.

Latvia's interests lie in continued support for an effective, strong and united EU as a union of nation-states. In terms of the work of the Latvian Foreign Service, this means expanding Baltic and Nordic cooperation, strengthening relations with Germany and the BENELUX countries, active and regular cooperation with France, as well as with the Visegrad Group and Southern European countries.

### **The debate on Europe's future, identifying the EU's internal challenges**

The outcome of the referendum of 23 June 2016 on the UK leaving the EU was a catalyst for awareness among the Member States and EU institutions of the challenges that the EU is facing, and it triggered **a debate on Europe's future**. In these discussions, Latvia advocates the need to seek a common platform for further work and avoid a situation where Member States split into groups, unless the cooperation is in formats that are consistent with EU principles. Latvia preserves pragmatic openness towards the promotion of close political and economic cooperation at the EU level.

Latvia's interests lie in the kind of cooperation between the EU and its Member States that provides the basis for security of the EU and the Member States, creates conditions for their growth and wellbeing by reducing differences between the Member States and fostering socio-economic development, growth and competitiveness of the EU and its Member States. To this end, Latvia will stand up for enhancing what has been achieved thus far in the integration process, and support, in line with its interests, the deepening or expansion of cooperation. Latvia supports making targeted use of opportunities offered by the current EU treaties. Latvia will be arguing the case maintaining respect for the existing legal framework.

As far as the EU's security is concerned, Latvia's priority is expanding and consolidating cooperation between the Member States. This includes the reinforcement

of external borders to ensure effective control at the EU's border and coast, cooperation with third countries, control of persons arriving in Europe, and improved cooperation of law enforcement institutions.

Latvia will support the expansion and strengthening of cooperation between the member States with a view to fostering growth and welfare in the EU. In this field, Latvia's priority interests are further convergence between the EU Member States; completion of the internal market, including the establishment of the digital and energy markets; the deepening of the Economic and Monetary Union, including the Banking Union; and the development of forward-looking, comprehensive and balanced international agreements with key partners.

#### *Latvia's vision of building future relations with the United Kingdom*

The UK's application to leave the EU is expected not earlier than end of March 2017. In the wake of the 23 June 2016 referendum on EU membership, preparations began for eventual **Brexit negotiations** in order identify to Latvia's interests as negotiations commence as well as Latvia's vision for shaping future relations with the U.K.

The U.K. is one of Latvia's main trade partners in the EU single Market, a strategic partner to Latvia in foreign and security policy matters, and last but not least – a significant number of Latvian nationals live and work in the U.K. Therefore, Latvia's interests lie in the following:

- close economic relations between the EU and the U.K. – a model of economic cooperation conducive to free mutual trade and rooted in the principles of the EU Single Market;
- close political relations between the EU and the U.K. especially in foreign and security policy, as well as on freedom and the rule of law;
- preserving the legal status of Latvian nationals living in the U.K. and certainty concerning their legal position in the area of employment and social security.

#### **A secure European Union**

In 2016, Latvia actively called for stemming the flows of **illegal migration** and ensuring controls and the EU's external borders, while prioritising the reinforcement of the EU's external borders and cooperation with the countries of origin and transit of illegal migration.

The newly-established European Border and Coast Guard will enable the EU to better address migration and security challenges on the EU's external borders. Latvia supported the establishment of the new EU border guard agency and provided 30 border guards for its rapid reserve pool.

Implementation of the "EU-Turkey Statement" has reduced the flows of irregular migration from Turkey to Greek islands. Latvia advocated the need for the EU-Turkey Statement and actively supported joint efforts of the European Union to implement that agreement. To the extent possible, Latvia will continue supporting the implementation of the agreement by providing experts and technical equipment to the European Border and Coast Guard Agency (FRONTEX) and the European Asylum Support Office.

Likewise, Latvia will support tailored compacts with priority countries of origin and transit of irregular migration – Ethiopia, Mali, Senegal, Niger, as well as Lebanon and Jordan – with a view to stemming the flows of irregular migration to the EU and facilitating the return of irregular migrants. The recently produced European External Investment Plan will help Africa and countries neighbouring the EU address the root causes of migration. These compacts are expected to deliver tangible results in achieving the goals.

In 2017, it will be important to continue working on measures for the strengthening of EU internal security and control on the EU's external borders to enable a return to a normally functioning Schengen Area; continue cooperation with countries of origin and transit of irregular migration in order to address the causes of migration, provide irregular migrants with opportunities for staying as close to their countries of origin as possible, and improve the process of returning illegal migrants.

Continued implementation of the EU-Turkey Statement will have a decisive impact. It is also vital to move ahead with putting into practice the tailored compacts with priority countries of origin and transit. In the context of the reform of the European Common Asylum System, it is essential to find a solution acceptable for all Member States. It is important for Latvia that any mechanisms for relocation of asylum seekers within the EU and their resettlement from third countries should be based on a voluntary participation.

### **A politically consolidated and economically competitive European Union**

The referendum on the UK's exit from the EU and the protracted period of British reflection has had a negative impact on the economic and political climate in Europe. An eventual Brexit and uncertainty as to the potential model for the UK's relationship with the EU, especially cooperation in the EU Single Market, may make it necessary for Latvian businesses to explore new export markets.

As concerns economic growth and investments, eventual adjustments to the EU Multiannual Financial Framework and thereby – to the amounts of funding available after the UK leaves the EU will have major importance. In light of this, two vital issues emerge: first, a discussion on the EU's future financial framework, which should serve as a catalyst for the development and growth of the union; and second, preservation and improvement of what has been achieved in the current integration process.

In autumn 2016, the European Commission published a mid-term review of the **EU Multiannual Financial Framework 2014-2020**, calling for a more effective use of the EU budget towards relaunching of employment, growth and innovation, and response to migration and security challenges. This process also maps out the directions for the **EU post-2020 Multiannual Financial Framework**. In 2017, it is important for Latvia to actively stand up for its interests with respect to the EU budget, which are aimed at the development and growth of Latvia's economy, its socio-economic development and convergence, including employment, as well as security.

As concerns the development of the EU Single Market, Latvia will make every effort to foster work on initiatives aimed at improving the functioning of the goods and services sectors as well as reducing obstacles to cross-border business. In 2017, Latvia will continue advocating compliance with the principles of free movement of labour and services. It is essential to ensure that these EU's basic freedoms would be equally applied to all Member States, thereby providing equal opportunities for all EU citizens to utilise

the advantages of the internal market. Latvia will continue supporting work on the removal of unjustified geographically-based restrictions (so-called geo-blocking) in order to facilitate equal access to goods and services online in the EU Single Market.

Establishment of a functional European **Digital Single Market** will remain a priority for Latvia in 2017. Latvia will continue 1) beneficial conditions for the elimination of roaming charges in telecommunications and reform of the telecoms regulatory framework; 2) a level playing field for the providers of conventional postal services and other market players (express mail, courier mail); 3) access to wireless internet for everyone; 4) consolidation of the “digital by default” and “one-stop-shop” principles at the national and EU level; 5) ensuring balance between the interests of consumers, creative industries and copyright owners in the field of copyright.

In 2017, in the context of the implementation of the Digital Single Market strategy, Latvia will also continue work on the review of **the Audiovisual Media Services Directive** in order to achieve an effective, flexible and transparent regulation. On the whole, Latvia supports the introduction of harmonised Member State rules in the audiovisual sector, creating a level playing field for audiovisual media services across the EU. At the same time, it is vital to ensure that cooperation between regulators is improved, which would make it possible to more effectively counter hate speech and threats to national security. Latvia also sees it as important to ensure the transparency of the media ownership.

### **The importance of EU enlargement in strengthening stability**

Latvia supports the policy of EU enlargement taking place once the conditions for membership have been met. Latvia’s earlier experience of accession to the European Union has demonstrated that the process of integration with the EU is of key importance in the implementation of democratic reforms and the enhancement of business environment in the country. The Western Balkans region is strategically important for Europe; therefore, fostering peace and economic growth in the region is also conducive to security, stability and welfare in Europe as a whole. Accession to the EU is a strong stimulus to moving ahead with the much needed reforms including in the area of the rule of law, democracy, and public governance.

The relationship with Turkey is vital for the EU’s strategic interests. Therefore, Latvia supports continuation of accession negotiations with Turkey, with an awareness that the precondition for EU membership is a candidate country’s compliance with the accession criteria.

### **Cooperation in Northern Europe and the Baltic Sea region**

For Latvia’s Foreign Service, 2016 was the **Year of Baltic-Nordic Cooperation**, when Latvia had a leading role in major formats of regional cooperation, while looking back to what has been accomplished over 25 years since the international recognition of the Baltic States’ independence and restoration of diplomatic relations. Latvia chaired the Baltic Council of Ministers and coordinated the informal cooperation of the Baltic and Nordic countries in the NB8 format. Latvia’s concurrent presidency of the Baltic Assembly and the Baltic Sea Parliamentary Conference created higher synergy between cooperation at the parliamentary and executive levels.

With Latvia at the helm, these formats were used to promote security and cooperation in the region. The work of the Baltic Council of Ministers focused on the

strengthening of security in the region, promotion strategic communication, and the development of the transport and energy infrastructure.

In a broader framework – of Baltic and Nordic cooperation in the NB8 format – Latvia focused on security, in particular the issues of energy security, hybrid threat and cyber security, strategic communications, and the EU Eastern Partnership. Regional cooperation formats were actively used for the coordination of opinions at the highest political level, in working-level contacts between experts and in concrete projects.

The Baltic States have signed an agreement on the Rail Baltica project, a railway line that will connect Latvia with Estonia, Lithuania and other EU countries. In the energy sector, a law adopted on the opening of Latvia's natural gas market in 2017 is a major step towards the development of a functioning natural gas market in our country and the entire Baltic States region.

In light of the current challenges, especially in the wake of the Brexit referendum, there is an increasing need for closer coordination and dialogue between EU Member States on EU agenda issues on which these countries have close positions, and for the adjustment of NB8 cooperation to the new state of affairs.

Latvia will support the use of the NB8 formats. Its traditional discussion format – the **Northern Future Forum** – which brings together the prime ministers of the NB8 countries and the United Kingdom, as well as researchers, representatives from NGOs and other opinion leaders, acquired additional value under the new conditions after the UK referendum.

**Germany** is an active cooperation partner in the Baltic Sea region. Cooperation with Germany this year is characterised by a close political dialogue on matters of first concern in security policy and external relations, as well as current challenges faced by the EU and a vision for Europe's future. Under the Latvia-Germany Action Plan, projects are carried out in the fields of the media, civil society, youth and work-based vocational education.

The Baltic and Nordic region is one of the most competitive European regions, and development there is dynamic. Closer integration of Latvia into the region will promote Latvia's visibility in global markets and open broader opportunities for economic cooperation.

Latvia will make further use of current opportunities for regional cooperation to strengthen security and stability in the region, foster an attractive business environment and, by joint efforts of the Baltic States and financial support from the EU, develop energy and transport infrastructure. In pursuit of its priorities in 2017, Latvia will take up additional opportunities provided by Norwegian chairmanship of the Nordic Council of Ministers while also coordinating the Baltic-Nordic cooperation in the NB8 format, thereby creating a higher synergy between these formats of regional cooperation.

## **Latvia's interests and contribution to strengthening the EU as a global player**

### **Eastern Partnership countries**

In 2016, Latvia actively promoted the implementation of decisions endorsed by the Eastern Partnership Riga Declaration and the Review of the European Neighbourhood Policy (ENP) for 2015. Active work was carried out with Ukraine,

Georgia and Moldova on the implementation of the Association Agreement and the Deep and Comprehensive Free Trade Area. At the same time, the EU moved ahead in building relations with Belarus, Armenia and Azerbaijan. Latvia supports the organisation of an Eastern Partnership Summit in 2017. The Summit is to take stock of achievements and formulate tasks for the coming years. We shall also support the approval of the new partnership priorities.

Latvia actively supported further deepening of the EU-Belarus relations in line with the EU action plan for the enhancement of the policy of critical engagement towards Belarus (the 29-step plan), including support for the lifting of the largest part of EU sanctions against Belarus in February 2016. Latvia facilitated conclusion of the EU-Belarus Mobility Partnership on 13 September 2016. Latvia supported further cooperation of Belarus with international financial institutions and the resumption of negotiations for the accession of Belarus to the WTO. Active bilateral cooperation continued between Latvia and Belarus and much ground was covered in expanding sectoral contacts. Cooperation was active in the areas of border control and surveillance, education and science, and culture.

At the same time, Latvia continued calling on Belarus to pursue further efforts on upholding the norms of democracy and human rights. In 2017, Latvia will continue its support for bringing Belarus closer to the EU, including through the promotion of signing of the Visa Facilitation and Readmission Agreements, support for the reform process by sharing Latvia's experience of organizing democratic elections, the introduction of the Bologna standards in higher education and other fields, and supporting WTO accession negotiations for Belarus.

We will also step up efforts on the Latvia-Belarus bilateral cooperation both by means of strengthening the political dialogue and expanding sectoral cooperation, especially in business, transport and transit.

In 2016, provisional application of the EU-**Ukraine** Association Agreement continued. Provisional application of the Deep and Comprehensive Free Trade Area part of the Agreement began on 1 January 2016. Considerable progress was achieved in 2016 to enable the abolition in 2017 of the short-stay visa requirement for the entry of Ukrainian citizens into the Schengen Area.

Latvia continued maintaining dynamic bilateral relations with Ukraine and stood up for an active political dialogue with Ukraine in various international formats. Latvia underscored the need for a continuing implementation of the initiated reforms as an element of economic and political stabilisation of Ukraine. In light of this, Latvia contributed an additional 165,864 EUR towards support for democratic reform processes in Ukraine. Latvia successfully cooperated with Ukraine in transferring experience in the areas such as good governance – with the focus on fighting corruption – agricultural and rural development, regional development and support for the involvement of civil society in decision-making. In 2017, we are also planning to move ahead with support for Ukraine in the framework of development cooperation in these same areas in order to promote the sustainability of reforms.

The Association Agreement between the EU and **Moldova** fully entered into force on 1 July 2016. Latvia supported the implementation of the Association Agreement through maintaining an active political dialogue and sharing its experience of integration into the EU. With a view to facilitating the reform process in Moldova, development

cooperation projects were carried out in the areas of regional development, border control and good governance; experience sharing visits were organised between the responsible public institutions. Latvia is taking part in twinning projects in Moldova; three high-level EU advisors from Latvia are working in Chisinau.

Latvia-Moldova cooperation in the education sector continued, and so did contacts between the parliaments of both countries. The Latvia-Moldova Business Cooperation Council was established with the aim of reinforcing economic cooperation. In 2017, Latvia will continue supporting the implementation of the Association Agreement and Moldova's reform process, as well as working on the development of bilateral relations, including exchanges of high-level visits and expanding business cooperation.

The Association Agreement between the EU and **Georgia** entered into force on 1 July 2016. Also in 2016, an agreement was achieved on lifting the short-stay visa requirement for the travel of the Georgian citizens to the Schengen Area, which will take effect in 2017 after the completion of formal procedures. Latvia continued maintaining a regular political dialogue with Georgia. Inter-sectoral cooperation was developed, especially in the areas of defence, the interior affairs, foreign affairs, education, and economy.

In 2016, relationship between the EU and **Azerbaijan** became more active. Meetings have been resumed as part of the EU-Azerbaijan Partnership and Cooperation Agreement. The EU and Azerbaijan have achieved accord on the scope of the new comprehensive agreement between the EU and Azerbaijan. Latvia supports the start of negotiations on the EU-Azerbaijan comprehensive agreement in 2017. Government officials from Latvia and Azerbaijan engaged in regular dialogue.

In 2016, considerable progress was achieved in negotiations on the new EU-Armenia framework agreement. It is expected that the talks on the framework agreement will be concluded in 2017. A regular dialogue was ongoing between the Foreign Ministries of Latvia and Armenia.

### **Southern Neighbourhood and the Middle East**

Armed conflicts, instability, low economic development, and unemployment, especially among young people, have been instrumental for the deterioration of security climate in the EU's **Southern Neighbourhood**. The volatile security situation increases the risk of terrorism, and it contributes to radicalisation and the flow of migrants to Europe. In 2016, during the review of the European Neighbourhood policy, the European Commission began identifying priorities for partnership with each individual **EU Southern Neighbourhood** country, and this shall continue in 2017. As part of the process, Latvia supports promotion of stability in the region and cooperation in tackling terrorism, radicalisation and irregular migration. Latvia believes that, to address the root causes of these problems, it is important to facilitate economic reforms, the creation of a favourable environment for business, education and youth employment in the Southern Neighbourhood region. In order to foster regional cooperation, Latvia is also taking part in the work of the "Union for the Mediterranean". In 2017, Latvia will support the adoption and implementation of the new Action Plan of the Union for the Mediterranean aimed at fostering regional stability, integration, education and youth employment, as well as building a closer partnership with the EU. Latvia is making annual contributions to the Anna Lindh Foundation, which fosters intercultural dialogue within the Union for

the Mediterranean and supports projects run by non-governmental organisations, including those from Latvia.

The security environment and humanitarian conditions in **Syria** are deteriorating. Military escalation of the conflict continues, including attacks on civilian population and civilian infrastructure. Latvia supports a political resolution of the conflict and believes that it is vital to secure ceasefire and deliveries of humanitarian aid across the entire expanse of Syrian territory.

Latvia, the same as other EU Member States, has been supporting the efforts of achieving the action by the UN Security Council in this matter; however, Russia has blocked the process on a number of occasions. In 2016, in order to reduce the humanitarian consequences of the Syrian conflict, Latvia donated to the refugees' fund of the Syrian Regional Response Plan of the Office of the UN High Commissioner for Refugees. In 2017, Latvia will continue supporting the efforts of the international community to end the violence in Syria and bring to justice the perpetrators of war crimes and crimes against humanity. Latvia backs the idea of transferring the case of Syria to the International Criminal Court.

### **EU-Russia relations**

In 2016, **Russia** continued pursuit of foreign policy that fuels conflicts and escalates tensions internationally. Russia's violation of international norms and the use of military force to achieve political goals have created insecurity for all of Russia's neighbours. What Russia is doing has multiplied unpredictability and eroded the European security climate as a whole. Russia's aggression in Ukraine and the illegal and illegitimate annexation of Crimea also impacted the EU-Russia relationship in 2016. Thus far, Russia has not sought to constructively engage in finding a peaceful solution in the east of Ukraine, and this is evidenced by the slow pace and insignificant progress in the implementation of the **Minsk agreements**.

It is the EU's objective to see to it that Russia complies with the principles of international law. Latvia supports the dual-track policy the EU has pursued to date, with dialogue at the diplomatic level on one track and restrictive measures on the other, bearing the conviction that this policy has made it possible to avoid escalation and to localise the conflict. In 2016, the EU extended the sanctions package against Russia, which includes individual restrictive measures against persons and entities, EU economic sanctions and restrictions in regard to economic cooperation with Crimea and Sevastopol.

Latvia will be insisting that a prerequisite for the review of restrictive measures is full implementation of the Minsk agreements. Latvia will advocate consistent compliance with the policy of non-recognition of Crimea and stand up for retaining this issue on the agenda of EU-Russia relations until there has been a return to full compliance with international law.

The dynamics of bilateral cooperation between Latvia and Russia is shaped by Russia's political and economic course, the overall climate of EU-Russia relations and current security conditions. Concurrently, Latvia will move ahead with **practical cooperation** with Russia at the expert and sectoral level on matters which are not related to sanctions and in which Latvia is clearly interested. The year 2016 saw continuation of work in the border demarcation commission, of cross-border cooperation, cooperation in transport, border surveillance, customs and other areas; the Intergovernmental Commission has stepped up its activities, and the next meeting has been planned in 2017.

In 2016, Russia engaged repeatedly in attempts to discredit Latvia's policies in the area of defence and security and those economic sectors vital for Latvia's national defence. Russia's allegations concerning the human rights situation, restrictions to freedom of expression and neo-Nazi tendencies in Latvia continued at the earlier intensity. Russia actively pursued its policy of support for its compatriots abroad and "soft power" attempting as it has in the past to negatively influence the process of societal integration in Latvia.

Latvia will be prepared to respond to attempts to divide its society or endanger the democratic system and security in the country. Counteracting Russian propaganda and disinformation in international organisations and the media will continue in tandem with work to strengthen the information space in Latvia and across the EU. Latvia will keep the democracy and human rights situation in Russia high on its agenda. Concurrently, attention will be devoted to cooperation with Russia's civil society and the non-governmental sector.

### **The EU-Central Asia relationship**

In 2016, the Central Asian countries maintained internal political stability. At the same time, the region is facing serious challenges. Economic stagnation and decline in living standards also have impact on the security situation, being conducive to the spread of ideas of radical extremism. Security risks in Central Asia are also caused by the volatile situation in Afghanistan and the efforts of ISIL/Daesh to project its influence in the region. Following up on its contribution to the intensification of cooperation between the EU and Central Asian countries during the Latvian Presidency of the EU Council, Latvia continues, in the EU context, to devote special interest to and understanding of the Central Asian region.

In 2016, Latvia focused its actions on the implementation of the **EU-Central Asia Strategy** reviewed the year before and continued its participation in the ongoing practical cooperation projects. Latvia went on with its duties as a leading EU Member State in the 9<sup>th</sup> phase of the European Commission's Border Management Program for Central Asia (BOMCA 9). In the framework of the EU's Central Asia Education Platform, Latvia coordinated cooperation in vocational education. Latvian experts also took part in seminars organised as part of the EU-Central Asia Rule of Law Platform, sharing Latvia's experience on the methods of transposing the provisions of international law into national legislation, capacity building for local governments, and the role of the non-governmental sector in public administration. Latvia's diplomatic missions have given support for the development of transport and logistics connecting Latvia with Central Asian countries.

In 2017, Latvia will continue highlighting the geopolitical significance of the Central Asian region and keep the region's theme high on the EU agenda, as well as running cooperation projects both bilaterally and under EU programmes. In light of the dynamic political and security environment in Central Asia, there are plans to review the EU-Central Asia Strategy in 2017 and take stock of its implementation. Discussions are expected on adjustments to be made to cooperation between the EU and Central Asia so that it delivers the best possible results.

## **Promotion of EU values and support for sustainable development**

In 2016, the implementation was launched of the **United Nations 2030 Agenda for Sustainable Development** (Agenda 2030) with a view to eradicating poverty, reducing inequality and combating climate change across the globe. Against this backdrop, Latvia has started work on the creation of a system for the implementation of Sustainable Development Goals both in the national dimension and as part of development cooperation. According to Latvia's Development Cooperation Policy Guidelines for 2016-2020 approved in 2016, an objective of Latvia in its development cooperation is to provide support for partner countries towards achieving the Agenda 2030 goals. Latvia targets its support at the EU Eastern Partnership countries and Central Asian countries and focuses on the areas such as the development of and capacity building in public administration, business development and the enhancement of export capacity, the governance of national security structures and their reform, the promotion of democratic participation, civic society development, gender equality and education.

In 2016, the funding allocated towards development cooperation was increased to 451,400 EUR. Projects already underway were continued and new ones were launched in support for Ukraine, Moldova, Georgia, Uzbekistan, Kyrgyzstan, and Tajikistan. Latvia's non-governmental organisations made considerable contributions to bilateral development cooperation. In 2016, support was given to the operation and capacity building of Latvian NGOs, by continuing to ensure co-financing to their projects funded by the European Commission and other donors.

In 2016, Latvia went ahead with a development cooperation project – the training of young railway professionals and setting up a multi-media classroom at the Kabul Polytechnic University. This is a practical contribution of Latvia's expertise to Afghanistan's development and its eventual integration into a new Eurasian transport and logistics network.

In 2016, the Ministry of Foreign Affairs, in collaboration with Riga Graduate School of Law and with support from Norway, Sweden, Luxembourg and the Netherlands continued a training programme in Latvia for EU Neighbourhood Policy and Central Asian countries launched in 2014 and offering public officials and civil society an interdisciplinary course on the EU and international economics, politics and law, thus ensuring the transfer of Latvia's knowledge, lessons learned and expertise as an EU Member State.

In 2017, within the framework of the bilateral development cooperation, projects in areas such as good governance, strengthening the rule of law, the promotion of economic development will be continued, and support will be provided for fostering democratic and civil society. 463,813 EUR will be allocated towards these projects with participation of government authorities, NGOs, social partners and the private sector.

Latvia is increasingly more active in the promotion of human rights in international formats and organisations. The areas of priority for Latvia are gender equality, freedom of expression including freedom online, media independence, and participation of civil society.

In 2016, Latvia actively engaged in the strengthening of independent media and the professional expertise of journalists in the Baltic States and the Eastern Partnership countries. During the first year of its operation, the Baltic Centre of Media Excellence, with support from Latvia and other donors, began the coordination and running of regular

training sessions for the professionals in the field, thereby proving itself as a reliable independent organisation with a rapidly increasing international support. The promotion of media literacy and enhancing the quality of journalism through the use of international experience and support will further remain an important task. In the Eastern Partnership countries, the Centre for Media Excellence is performing audit of the independent media skills in order to offer recommendations on their improvement.

In 2017, the centre is planning to organise a Baltic and Nordic public media conference, which would be the first joint activity in that format.

Latvia and likeminded countries devote increasing attention to enhancing **critical thinking** and analytical skills, as well as **media literacy** among the general public. In 2016, the UNESCO Secretariat, the European Commission and the Global Alliance for Partnerships on Media and Information Literacy (GAPMIL) in association with the government of Latvia held the Second European Media and Information Literacy Forum in Riga, addressing the matters of ensuring a legal, transparent, open, secure and inclusive information environment.

In 2016, Latvia was active in international organisations, promoting its priorities in the field of human rights – gender equality, freedom of expression, and participation of civil society. Having been elected to the **UN Human Rights Council** till the end of 2017, Latvia continued its work in that intergovernmental body. In this format, Latvia also focused on promoting cooperation between countries and the UN human rights mechanisms and experts, as well as the human rights situation in Crimea.

Latvia continued participation in several interregional initiatives – Equal Futures Partnership, the promotion of women’s political and economic empowerment, and the Freedom Online Coalition, fostering respect for human rights, especially freedom of expression, online. Latvia provided financial contribution to the Coalition’s Digital Defenders Partnership fund, which supports projects, aimed at restricting human rights violations online. Latvia also financially supported the “Lifeline” Embattled Civil Society Organisations Assistance Fund.

In 2017, Latvia will continue promoting its priorities in the field of human rights – gender equality, freedom of expression, and participation of civil society – including as an active member of the UN Human Rights Council. With a view to increasing the visibility of Latvia as a global player, taking part in decision making processes and protecting national interests even more actively as before, work will go on in 2017 to achieve that Latvia is elected to several bodies of international organisations: special attention will be given to Latvia’s nominations for membership on the UN Security Council (2026–2027) and the UN Economic and Social Council (2020–2022).

### **Strengthening Latvia’s economic competitiveness**

In 2016, the global economic growth rate was slow. The sluggish growth combined with low prices on goods, weak global trade and decreasing flows of capital have also influenced the dynamic of Latvia’s exports. Under those conditions, further growth in Latvia will increasingly depend on a competitive investment environment, the creation of new companies and strengthening Latvia’s economic competitiveness, and fostering productivity and innovation.

## **Latvia's accession to the OECD – a catalyst for internal reforms, the use of advantages offered by the OECD**

On 1 July 2016, Latvia became the 35th OECD member state. The process of Latvia's accession to the OECD has provided benchmarks for evaluating Latvia's performance against that of the most developed OECD members. The methodology applied by the OECD and statistical data on Latvia has offered new and comparable information on economic and social processes, changes thereto, and forecasts. The OECD's recommendations have been an essential tool for experts and policymakers to effect evidence-based improvements to the legal framework and its practical application in a number of areas vital for Latvia's society: combating corruption in international business transactions, prevention of money laundering, corporate governance of state-owned enterprises, and the fight against tax evasion.

At this point, it is vital not to stop and be satisfied at what has been achieved so far but instead to make use of advantages offered by the OECD membership towards improving the business environment in Latvia in line with best practices of the world's most developed countries. Further successful adoption of best practices will depend on daily cooperation of policymakers and sectoral experts with the OECD, the analysis of the information obtained, its application for the needs of Latvia and the ability to effect improvements to the relevant legal framework and implementation practices.

The priority areas of further cooperation with the OECD have been identified as follows: advancing productivity; an inclusive and well-functioning labour market, including the development of skills needed in the market; the fight against tax evasion and the work on introducing OECD standards in the field of information sharing and transparency; the fight against corruption and money laundering; and corporate governance of state-owned enterprises.

## **Practical support from the Latvian Foreign Service to businesses, strengthening Latvia's external trade and diversification of exports**

In 2016, exports of goods to the EU accounted for more than 70% of the total volume of Latvia's exports, while exports of goods to Russia and the CIS countries decreased by 12%. Exports to China are taking up an increasing share in Latvia's goods exports, reaching 2.5% of total amount. No significant increase in exports to the EU is expected in 2017 due to slow growth in the Eurozone. Exports to **Russia and the CIS** countries will decrease further due to major risks caused by Russia's countermeasures against the EU, the low value of the rouble, and pursuit of the import substitution strategy.

The establishment of the Deep and Comprehensive Free Trade Area (DCFTA) between the EU, and **Georgia, Ukraine and Moldova** respectively has improved prerequisites for facilitating trade with these countries; therefore, a further increase in trade with these countries could be expected. There is a growing interest among businesses in the US and Canadian markets. In 2016, a decision was taken on resuming the work of a Latvian Investment and Development Agency (LIAA) Representative Office in the US which has been scheduled for 2017.

The Foreign Service continues its support for Latvian businesses in entering new export markets and gaining a foothold in the current ones. Experience shows that, most often, businessmen need assistance in matters such as clarification and elimination of bureaucratic hurdles and procedures, presence of diplomats in charge of economic and

commercial affairs in talks to facilitate business by increasing the trust of international partners, as well as seminars intended to link businesses and businessmen, and visits organised by embassies. In 2016, the Ministry of Foreign Affairs coordinated and participated in organising events with participation of public institutions and business associations from other countries. A number of export promotion events and discussion on markets of specific interest for Latvian businesses were held.

In 2016, intensive work took place jointly with the Food and Veterinary Service on the certification of food products – 23 veterinary (health) certificates have been approved, including for exports of dairy products to the UAE, the Kurdistan region in Iraq, and Mexico, fisheries products to Montenegro, and meat products to the UAE (beef, lamb, and goat-meat), Kosovo and Australia.

In 2017, the Foreign Service will continue providing practical support for businesses. The main focus lies on transport and logistics, food industry, information and communication technologies, pharmaceuticals, timber processing, tourism, and the export of higher education. In terms of geographic coverage, efforts target traditional markets in the Baltic Sea region and the rapidly-growing markets in North America, China, the Gulf States, Iran, India, Southeast Asia, and the Far East.

A closer engagement with business associations and organisations will be created to define interests and identify obstacles to external trade. Work will continue on the enhancement of a bilateral legal framework through signing agreements with Vietnam, Malaysia, and Indonesia on the avoidance of double taxation. There are plans also to launch negotiations on an investment protection agreement with the UAE.

### **EU free trade agreements – for the promotion of Latvian exports**

Latvia broadly supports the signing of comprehensive, ambitious and balanced EU trade agreements with third countries with a view to improving market access for trade in goods and services. Latvia's interests concerning foreign trade are being, and will further be incorporated in Latvia's positions on the EU trade agreements with third countries. This is especially important for Latvia's exporters, the majority of which are small and medium-sized businesses. For instance, since 2011, following the signing of the EU-South Korea Free Trade Agreement, the export of Latvian goods to Korea has more than doubled (+116%).

Latvia supported the signing of the **EU and Canada Comprehensive Economic and Trade Agreement** (CETA). The market access provisions under CETA ensure a level playing field between Latvia's exporters of goods and services to Canada and local companies. In practice, this means that Latvian companies will not have to pay customs duties on imports or other customs charges if such are not applied to a local company. Duplication of testing procedures will also be eliminated, since CETA provides for mutual recognition of technical standards. Among other things, CETA contains customs-related provisions enabling more transparent rules and faster procedures in imports, exports and transit of goods. The agreement also identifies Latvia's sensitive sectors and products for which a definite level of protection must be ensured.

Latvian exporters and merchants will gain tangible benefits from CETA upon its provisional application in the areas of EU competence. This will apply, for instance, to market access for goods and services, and rules for small and medium companies. CETA provisions concerning matters of national competence, for instance, investment protection, financial services and others will be excluded from provisional application.

Latvia's economic interests lie in the signing of EU trade agreements with third countries: continued negotiations on the TTIP; completion of talks with Japan; ambitious trade negotiations with the Mercosur and ASEAN countries; and the resumption of talks with India.

### **Economic cooperation with China, the “16+1” format**

In November 2016 in Riga, during the official bilateral visit by the Chinese Premier and the concurrent events in the format of cooperation between the Central and Eastern European Countries and China, or “16+1”, 19 bilateral cooperation documents were signed in various fields, including transport and logistics, tourism, finance, and science. Proposals have been made for the signing of an intergovernmental agreement in the field of science and separate new intergovernmental agreements in education and science. In the sidelines of the Riga Summit, the 16+1 Investment Fund was officially inaugurated providing for new financing opportunities for Latvia's projects in partnership with China and other countries of the format.

In the medium term, Latvia's primary interest in the “16+1” format is the development of cooperation in transport and logistics sector with a view to achieving a regular flow of transit cargos from China and launching direct flights. In the talks, a major emphasis was placed on potential cooperation with China in the tourism sector, and consequently, work has been started on a strategy to attract Chinese tourists. Certification of the manufacturers of a number of Latvian food and plant products can be regarded as one of the current tangible benefits from Latvia's cooperation with China in the “16+1” format.

### **Energy security**

In view of the major role of the energy sector in national economies and its potential close connection with geopolitical issues, energy security was retained as a high priority on the agendas both of Latvia and international cooperation formats. On the one hand, work continued on the establishment of a free internal energy market and development of regional scale infrastructure projects, on the other hand – the principles of energy security were reinforced in the EU framework and through dialogue with partner countries.

These issues will also remain salient in 2017. Expecting a full opening of Latvia's natural gas market in 2017, work will continue on the development and implementation of a model for a regional Baltic and Finnish natural gas market. In view of relevant research, further efforts will be taken to find the best solution for the synchronization of the Baltic States electricity networks with the European network.

In the EU context, Latvia will continue advocating the creation of the Energy Union and implementation of its principles. Latvia will support seeking a final compromise on the proposals in the Energy Union Package, which envisages the assessment of the compliance of intergovernmental agreements in the gas sector with EU competition rules and reinforcing solidarity principles in relation to gas supplies to neighbouring countries. Latvia will also remain in opposition to the projects that are contrary to the objectives and principles of the Energy Union or undermine their implementation, namely, the Nord Stream II project. In pursuit of the targets set by the EU Climate and Energy Framework 2030, Latvia will continue negotiating for cost-effective solutions tailored to the specific conditions and circumstances of the countries,

so that the transition of Latvia's economic sectors to decarbonisation of Latvia's economies would take place in a balanced and growth-friendly manner.

In 2017, dialogue on energy security will continue with the US as Latvia's strategic partner in the matters of the establishment of a natural gas market.

### **Preparations for Latvia's centennial**

As preparations for Latvia's centennial are under way, the Ministry of Foreign Affairs will work to highlight topics important for Latvia in international relations, thereby ensuring the link with the public in foreign countries, opinion leaders and the non-governmental sector. In this context, the anniversary is an opportunity to attract the attention of foreign partners to Latvia's achievements and promote further cooperation on projects in economy, security, science, culture, and education.

In 2017, the Ministry of Foreign Affairs will launch several thematic programmes within the five-year cycle of Latvia's Centennial (2017–2021) celebrations abroad. The "Latvia's values and history stories – 100 years of statehood" programme will see to the presentation of Latvia's centenary exhibitions and materials to international audiences. The "Sustainable future for Latvia" programme will project the messages of Latvia's centenary celebrations and the centenary context to reinforce economic and business contacts. In cooperation with the Ministry of Culture, programmes will be launched to showcase Latvian cultural excellence (cinema, literature, music, visual arts) abroad.

The centenary programme's coordinated external communication will provide a visibility framework for mutually complementary events abroad. The Latvian Institute will be the institution coordinating international publicity for the centenary celebrations. From 2017 onwards, diplomatic missions jointly with the Latvian Institute, LIAA and Latvian diaspora organisations will provide publicity for the centenary programme in Latvia stimulating interest among foreign tourists and representatives from specialised fields in opportunities in Latvia, especially in 2018. In 2017, preparations will begin for key events of Latvia's centenary celebrations abroad.

### **Cooperation with the diaspora and consular support**

The **Latvian diaspora** comprises approximately **370,000 people** in more than **120 countries**. The number of the Latvian diaspora cultural groups, weekend schools and diaspora organisations is increasing. New associations emerge in countries where there were none before, for instance, in Turkey and Ukraine.

One of the priorities for the Ministry of Foreign Affairs in its work is to pursue a diaspora policy aimed at fostering participation of Latvians living abroad in political and civic processes in Latvia, preserving the links of expatriates with Latvia and their Latvian identity, strengthening cooperation with people with Latvian heritage in economy, science, education, and culture, and providing support for those members of the diaspora who wish to return to Latvia.

In 2016, the Ministry of Foreign Affairs and Latvia's diplomatic missions and consular posts abroad cooperated closely with line ministries involved in the diaspora affairs, public institutions, and social partners in Latvia and host countries. Lasting cooperation and dialogue is being set up with organisations representing the diaspora, especially the World Federation of Free Latvians (WFFL), the American Latvian Association (ALA) and the European Latvian Association.

In 2016, the Latvian Ministry of Foreign Affairs and diplomatic missions carried out or supported **almost 100 cultural, educational, research, economic and sports projects to assist diaspora organisations**, including events for the young members of the diaspora. The projects were implemented in **27 countries** – including the UK, the US, Australia, Belgium, Ireland, Canada, Russia, Norway, Germany and other host countries.

One of the most important and largest diaspora events is the **World Latvian Economics and Innovations Forum** (PLEIF) supported by the Ministry of Foreign Affairs and aimed at involving businessmen of Latvian background. On 29-30 December 2016 in Melbourne, Australia, the WFFL, assisted by the Foreign Ministry, held the first PLEIF regional forum outside Latvia: “A View to Asia and the Pacific Ocean Region”.

In 2016, the Ministry of Foreign Affairs in partnership with the National Electronic Mass Media Council (NEPLP) held already the third **contest to support the diaspora media**.

In 2016, the Ministry of Foreign Affairs continued supporting activities of **the Diaspora and Migration Centre of the University of Latvia**, which enables academic research on topics of current importance for the diaspora and use the results of those studies in the implementation of the diaspora policy.

In 2017, the Ministry of Foreign Affairs will continue the ongoing diaspora projects and endorse new initiatives: next year’s priority is support for Latvian diaspora organisations in Europe. In total, the Ministry of Foreign Affairs and missions abroad intend to support up to 100 projects in culture, education, research, business and sports. Special attention will be focused on measures aimed at preserving the Latvian identity of the younger generation of the diaspora and their patriotic education. The Ministry of Foreign Affairs is planning to support WLEIF activities in the US with its large Latvian diaspora. The NEMMC competition for the diaspora media and the operations of the Diaspora and Migration Centre of the University of Latvia will also continue.

In 2017, work will continue to foster the involvement of the Latvian diaspora in Latvia’s Centenary events. The Ministry of Foreign Affairs intends to build closer cooperation with the diaspora organisations and engage with 48 Latvian diplomatic missions and the network of honorary consuls in organizing the programme of Latvia’s Centenary celebrations outside Latvia.

**Consular work** performed by the Ministry of Foreign Affairs and Latvia’s diplomatic and consular missions abroad should be acknowledged in particular. In total, during the first three quarters of 2016, 66,495 individual services were performed (not including issuance of visas) by Latvia’s diplomatic and consular missions abroad while collecting fees of EUR 1,436,674. In addition, 93,407 services were provided free of charge, especially in the Latvian embassies in the UK, Ireland and Germany.

To make consular services available to Latvian nationals abroad, as close as possible to their place of residence, Latvia’s diplomatic and consular missions continue organizing trips of mobile passport workstations for the processing of personal identification documents. In the first half of 2016, Latvian embassies located in the UK, Ireland, the US, Canada, Germany, Spain, and Norway visited 22 cities with the mobile passport workstations; 1,582 applications for passports and identity cards were processed and other consular services were provided.

In January 2016, the Saeima adopted a Declaration on the protection of the rights of underage Latvian nationals abroad (hereinafter – the Declaration). In view of the nature of appeals to the authorities of foreign countries expressed in the Declaration, the Ministry of Foreign Affairs distributed the Declaration among the embassies of the countries with the highest number of cases involving the protection of interests of underage Latvian nationals. The embassies of Latvia undertook outreach measures to raise awareness of these issues among the members of the diaspora. The Ministry of Foreign Affairs in cooperation with the Ministry of Justice will continue efforts towards the protection of interests of Latvian nationals abroad.

There remained interest among expatriates in applications for Latvian citizenship, in particular, among those residing in the UK, Ireland, Germany, the United States and Israel. 3,676 applications for registration of citizenship were received via the Latvian diplomatic and consular missions in the first three quarters of 2016.

In the first three quarters of 2016, the Latvian diplomatic missions and consular posts abroad accepted 127,134 visa applications. These figures broadly correspond to the level of 2015, which indicates that the numbers of visa applications are stabilizing. In 2016, EUR 4,550,159 was collected in fees for the processing of those applications.

In light of the growing terrorist threat in the world, including in countries and territories that are popular tourist destinations, and the mobility of Latvian nationals, there is an increased probability of being affected by an act of terrorism or the threat of an attack and the danger to an individual's life or health. In order to rapidly track and notify large numbers of Latvian nationals on how to receive assistance, amendments have been made to the Electronic Communications Law that make it possible to send out text messages to all the customers of Latvian mobile operators in a specific foreign country at a given moment. In 2016, such notifications were already necessary on several occasions.

## **Abbreviations**

ASEAN – Association of Southeast Asian Nations  
BALTDEFCOL – Baltic Defence College  
BOMCA – European Union Border Management Programme in Central Asia  
Brexit – withdrawal of the United Kingdom from the European Union  
CETA – EU-Canada Comprehensive Economic and Trade Agreement  
DCFTA – Deep and Comprehensive Free Trade Area  
e-Pine – United States/NB8 initiative “Enhanced Partnership in Northern Europe”  
EC – European Commission  
ENP – European Neighbourhood Policy  
EU – European Union  
EU NAVFOR ATALANTA – EU Naval Force Operation off the Somali coast  
EUNAVFOR Med SOPHIA – EU operation in the Mediterranean  
EUTM Mali – EU Training Mission in Mali  
FRONTEX – European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union  
ISIL\Daesh – terrorist group “Islamic State of Iraq and the Levant”  
LIAA – Investment and Development Agency of Latvia  
LU – University of Latvia  
MERCOSUR – Southern Common Market

MFA – Ministry of Foreign Affairs  
MINUSMA – UN Multidimensional Integrated Stabilization Mission in Mali  
NATO – North Atlantic Treaty Organisation  
NB8 – 3 Baltic States and 5 Nordic countries  
NEMMC – National Electronic Mass Media Council  
NGO – non-governmental organisation  
OECD – Organisation for Economic Co-operation and Development  
OSCE – Organisation for Security and Cooperation in Europe  
UK – United Kingdom  
UN – United Nations  
USA – United States of America  
TTIP – EU-US Transatlantic Trade and Investment Partnership  
WFFL – World Federation of Free Latvians  
WLEIF – World Latvian Economic and Innovations Forum