

Annual Report of the Minister of Foreign Affairs on the accomplishments and further work with respect to national foreign policy and the European Union 2021

Introduction

The overall goal set by Latvia in its foreign policy remains unchanged – to safeguard independence and territorial integrity of the state, sustainable security and public wellbeing, as well as constantly strengthening the positions of the state in the international environment. Foreign policy is pursued through the deepening of integration based on shared values and of cooperation in the European Union and NATO, strengthening of multilateralism, developing and expanding bilateral relations, actively participating in regional formats of like-minded countries, emphasizing the importance of the Baltic and the Baltic-Nordic formats (NB8) in the formulation of a common opinion. Latvia's approach remains based on democracy, protection of human rights and respect for the principles of international law.

In the international environment in 2021, alongside seeking solutions to the influence of the COVID-19 pandemic, the protracted international conflicts remained high on the agenda while rivalry between the centres of power, growing risks to international rule of law and democratic values, as well as the ever-increasing impact on global processes by climate change and progressive technologies were taking new shapes.

Latvia's foreign policy had six main priorities in 2021. First, the Lukashenko regime launched a hybrid attack on the eastern border of the European Union and NATO by means of an artificially created migration flow. Latvia, together with Lithuania and Poland, actively opposed the attempts of destabilising the situation in the region. Second, Russia continues to pursue a confrontational foreign policy. Against the backdrop of the hybrid attack orchestrated by Lukashenko's regime, Russia's activities in the airspace over the Belarusian territory and the concentration of troops near the border with Ukraine caused the threat of military escalation. Third, in the matters of European Union policy, Latvia devoted main attention to climate policy, digital transformation and the development of the Strategic Compass, which aims at mapping out new ambitions concerning the European Union's security and defence policy, building resilience, developing the defence industry and a related investment environment, and creating partnerships for the implementation of security policy. Fourth, a significant contribution to the Allied consultation process and a discussion on the review of NATO's Strategic Concept was made by the meeting of NATO Ministers of Foreign Affairs in Riga. It is symbolic that the political debate was launched in Riga, in the northeast of NATO, and will be concluded in Madrid, in NATO's southwest. Fifth, as proof of Latvia's ability to contribute to global processes, Latvia will stand as candidate for a seat of non-permanent member in the United Nations Security Council for the term of 2026–2027. The formulation of the campaign's thematic priorities has begun. Sixth, in order to promote stability and sustainable development in the neighbouring regions, a successful pursuit of the European Neighbourhood Policy and building cooperation with Central Asia has always been a priority on Latvia's foreign policy agenda.

The present report takes stock of the trends and problems in the development of the international situation, examines what Latvia has accomplished in its foreign policy and the European Union's policies, as well as mapping out the activities for the near future. In 2021, the implementation of foreign policy continued as before – in close cooperation with the President, the Saeima (Latvian Parliament), line ministries, local authorities, social partners and representatives of civil society.

The geopolitical situation, processes, challenges

The international environment has become more fragmented and confrontational. This is caused by the aggressive behaviour of separate countries as they ignore the universally accepted international norms or attempt to impose their interpretation thereof, and by the need for a stronger, more decisive response to destabilising challenges of a global nature, including international terrorism, violation of the fundamental principles of democracy, and increasing threats in cyberspace. Tendencies towards stagnation are still present in the functioning of international organisations and the international rules-based global governance. An impact on international developments is made by rivalry between the centres of power, the confrontation of democracy and authoritarianism, and the escalation of a hybrid threat.

Hybrid attack on the eastern border of the European Union and NATO

The Lukashenko regime is launching a hybrid attack on the eastern border of the European Union and NATO by organising an artificially induced migration flow with a concurrent disinformation campaign and provocative activities at the border. The border of Latvia is also experiencing that attack. It is an asymmetrical response by the Lukashenko regime to the principles-based position of the European Union on the matter of the regime's brutal violations of human rights and fundamental freedoms.

Together with Poland and Lithuania, Latvia has been actively opposing the efforts of destabilising the situation in the region. Since the onset of the crisis, the allies in the European Union and NATO have been informed on a regular basis to raise awareness of the elements of hybrid warfare targeting the European Union and NATO. As the result, the partners, including the Presidents of the European Council and the European Commission and NATO Secretary General, have pledged their solidarity and support at the highest level. NATO's North Atlantic Council has strongly condemned the hybrid activities deployed by the Lukashenko regime against Latvia, Lithuania and Poland. The North Atlantic Council has noted that it continues monitoring the influence of the situation on the Alliance's security. Latvia has declared that it is prepared to support Poland, should requests be made to hold consultations under Article 4 of the North Atlantic Treaty. Latvia has called on the European Union to increase pressure on Lukashenko's regime by further expanding the sanctions package as the result of which the European Union decided to impose financial sanctions on the Belarusian national airlines, Belavia, and Syrian Cham Wings Airlines, the Belarusian tourist companies involved in human trafficking, and Belarusian officials who are contributing to the facilitation of artificial migration. Latvia has requested the European Union that it provide practical support for the strengthening of management of the external border, and Latvia, Lithuanian and Poland have been granted a total of 200 million euros for that purpose. The European Union has allocated funding of up to 3.5 million euros for the return of migrants to their home countries. The Baltic States and Poland have addressed the United Nations' senior officials, including the High Commission for Refugees and the Head of the International Migration Organisation, explaining the situation at the border so as to build understanding of how it differs from a classical migration crisis. Those organisations were also urged to more actively address Belarus in order to achieve that the country honours its international commitments and assumes full responsibility for migrants in its territory. In cooperation with the European Union bodies intensive talks have taken place with Iraq, a country of origin of the migrants, to promote their return, and with the transit countries for migration so as to limit the possibilities for potential migrants to use those countries for transit on their way to Belarus.

It is Latvia's duty to keep the external border safe. Latvia, being aware of its international commitments and the complicated humanitarian situation, takes into consideration its national security situation, on the one hand and humanitarian aspects, including its international commitments in the field of human rights, on the other hand. Latvia's authorities in association with non-governmental organisations are providing humanitarian assistance to third country nationals in distress at our national border.

Together with its partners, Latvia stands up for the need to adjust the Schengen Border Code to situation when a hybrid attack is launched at the external borders of the European Union. The European Union's migration and asylum policy must also provide for a differentiated approach to challenges caused by a humanitarian crisis and to future situations when migration is used as part of hybrid means to exert influence on countries. In further discussions on migration management and asylum policy, Latvia will advocate appropriate solutions to be amended into the code.

As the result of activities by Latvia, Lithuania and Poland, the border sees a relative stabilisation of situation at the end of the year, with the Belarusian side moving the majority of migrants inland, away from the border, as well as organizing return of a small part of migrants to their home countries. Nevertheless, this development cannot be rated as irreversible, the situation still being unresolved. Several thousand migrants are still in the Belarusian territory, their attempts at illegally crossing the border persist, and the Lukashenko regime does not evince any preparedness to cease its destabilising activities. Together with its partners, Latvia will continue to consistently protect its national border, which is also the external border of the European Union, as well as opposing and refuting other manifestations of a hybrid attack until their full eradication.

Against the backdrop of the hybrid attack, Russia expressed support for the Lukashenko regime, placed the blame on the European Union for triggering the crisis and threatened with an "adequate response" to "military provocations" by the West. Flights by Russia's strategic missile-carrying bombers over the territory of Belarus and a repeated build-up of troops near the border with Ukraine is yet another proof of Russia's intention to sustain permanent tension on the NATO's eastern flank, of which the President of Russia has also been speaking.

The hybrid attack staged by Lukashenko's regime stems from its illegitimate nature. Any means are used to achieve the European Union's compliance and recognition of the legitimacy of the regime. A political crisis and further crack-down on human rights and fundamental freedoms are ongoing in Belarus. The opinions of the opposition, civil activists and independent media are silenced with violent methods. Power structures and courts enforce the regime's political directives unpunished. An unprecedented incident was the actual hijacking of a passenger aircraft on the pretext of terrorist threat in order to arrest the journalist and human rights activist Roman Protasevich, and Sofia Sapega. Latvia has condemned the crackdown on civil society and media, and it supports the democratic aspirations of the Belarusian society while standing up for organising new, free, fair and open elections in compliance with international election standards. In 2021, Latvia continued providing support for Belarusian civil society by ensuring, in association with Latvia's non-governmental organisations, psychological and practical support for Belarusian journalists and civil activists affected by repression. The civil society of Latvia was involved in that process to a great extent, including through the formation of a voluntary movement. In 2022, the Ministry of Foreign Affairs will continue offering practical support, through a grant project competition, for the Belarusian civil society and independent media in accordance with the needs they have formulated.

Together with like-minded partners in the European Union, Latvia has consistently called for the European Union to respond resolutely to the violations of international law and human rights by Belarus demanding that the sanctions pressure be increased. In total, five rounds of sanctions have already been adopted and individual sanctions imposed on 183 Belarusian officials and business people as well as 26 legal entities. The sanctions are targeting several sectors of Belarusian economy – it is prohibited to directly or indirectly sell, supply, transfer or export to anyone in Belarus equipment, technology or software intended primarily for use in the monitoring or interception of the internet and of telephone communications, and dual-use goods and technologies. Trade in petroleum products, potassium chloride, and goods used for the production or manufacturing of tobacco products is restricted. Furthermore, access by Belarus to European Union capital markets is restricted, and provision of insurance and re-insurance to the Belarusian government and Belarusian public bodies and

agencies is prohibited. The European Investment Bank has stopped any disbursement or payment under any existing agreements in relation to projects in the public sector, and any existing Technical Assistance Service Contracts. Latvia has also imposed national restrictive measures against 277 Belarusian public officials who are responsible for repression of the media and representatives of civil society as well as co-responsible for the fraudulent results of the previous presidential elections. The Belarusian regime has reacted in a disproportionate manner to solidarity and support for Belarusian society displayed by Latvia and has demanded that the Latvian Ambassador and Embassy staff leave Belarus. Latvia, in compliance with diplomatic practice, has responded with a symmetrical measure regarding the staff of the Belarusian Embassy in Latvia.

Russia's persistently destabilising actions

Russia continues to pursue a confrontational policy in its relationship with the USA, NATO and the European Union, as well as employing various political, economic, military and hybrid methods to influence the situation in not only neighbouring countries but also Europe as a whole. Russia's policy of dividing spheres of influence is acquiring increasingly open manifestations, as Russia is demanding unjustified security guarantees for itself at the expense of other subjects of international law thereby ignoring the legitimate right of its neighbouring countries to decide on their foreign policy and security. The unprecedented build-up of Russia's troops at the border with Ukraine, which cause the threat of military escalation, and diplomatic measures taken in that context is a vivid example of Russia's approach of this kind. Russia's approach and position are characterised by the list of "unfriendly countries" that Russia has begun compiling and Russia's link to explosions at Czech ammunition depots, manipulations with gas supplies, and efforts to increase its military presence in the immediate vicinity of the European Union borders. Russia's activities in spreading disinformation and organising cyber-attacks are not decreasing either. Russia ignores international norms in pursuit of human rights and democratic principles. As the result of activities by Russia's authorities, the activities of the political opposition and non-governmental organisations that criticise public administration has been paralysed, as well as placing considerable restrictions on the work of independent media. The recent parliamentary elections did not comply with democratic standards.

Latvia builds its relationship with Russia in view of the principles of the European Union's common foreign policy and its own national interests. In 2021, the relation between the European Union and Russia deteriorated further, reaching the all-time low, as demonstrated by the visit to Russia by the European Union's High Representative for Foreign Affairs and Security Policy that yielded no results. The Russian Foreign Minister announced that the relations between the European Union as an organisation and Russia had ceased to exist, groundlessly blaming the situation on Brussels. Russia continued with its persistent smear campaign against the European Union and a destructive criticism of the European Union's policy. Latvia believes that there is no reason to expect any changes in Russia's position, its preparedness for compromises or constructive cooperation. Several strategic discussions took place in the European Council on the relationship between the European Union and Russia and prospects thereof, at which Latvia strongly supported the European Union's current policy towards Russia. As the result of the debate it was reaffirmed that the European Union's relations with Russia remain based on the policy of five principles, and full compliance with the Minsk agreements is the main precondition for any change in relations with Russia. Latvia supported a regular extension and supplementing of the sanctions package targeting Russia, with Russian officials responsible for human rights abuses in relation to the persecution of Alexei Navalny and infringements in Chechnya being added to the list of the sanctioned persons this year.

Russia is creating short-term and long-term challenges to Latvia and the Baltic region. The strengthening of Russia's offensive capabilities, avoiding a meaningful dialogue, military exercises with aggressive scenarios, and other provocative measures, including the violation of the airspace of NATO Allies and partner countries demonstrate Russia's unwillingness to build a transparent security environment based on measures of mutual trust. Although the probability

of a direct military threat and of incidents military remains low, it is hardly possible to ignore Russia's focus on the strengthening of its assault capabilities, 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. Zapad-21, a joint strategic command exercise involving Russian and Belarusian military forces that took place in 2021 demonstrated Russia's unwillingness to comply with its current commitments and trust building measures. In addition, Russia and Belarus are deploying elements of hybrid warfare against Latvia and its allies, especially propaganda and disinformation campaigns, with the aim of discrediting the European Union and NATO and disrupt the Allied unity.

In view of the above, Latvia stands by an opinion that a consistent and principled approach must be pursued in the European Union's relations with Russia based on the European Union's common values and principles, and cooperation must remain limited till the time when Russia returns to compliance with international norms and its international commitments. Latvia also supports current approach to building relations between NATO and Russia that envisages the implementation of decisive collective defence and deterrence measures, including in the Baltic region, while remaining open to dialogue. Latvia believes that, should Russia's aggressive actions in the region escalate, NATO's presence in the region must be expanded, stronger sanctions introduced against Russia and Ukraine's military capabilities further strengthened.

In building its bilateral cooperation with Russia, Latvia is interested in a constructive dialogue and neighbourly relations rooted in mutual respect. Latvia keeps the communication channels open on the matters of bilateral and international politics. Cooperation between the two countries is taking place in the areas not subject to the sanction regime. In 2022, work could be completed on the drafting of an agreement on a border regime.

China as a cooperation partner, economic competitor and systemic rival

China continues increasing its global economic and political influence in a focused manner, as well as intensifying technological competition with the USA. Persistent efforts are present to advance its initiatives concerning multilateralism, respect for democratic norms and global development, while criticising the position of the West based on universal values. China has been flexing its muscle in the South China Sea region, especially vis à vis Taiwan, thereby creating risks to stability in the region. Policy coordination between China and Russia is increasing on issues of mutual advantage, in particular, using the arguments of national sovereignty, territorial integrity and internal security so as to reduce the ability of human rights mechanisms to verify and prevent possible human rights violations.

The European Union still regards China as a cooperation partner, an economic competitor, and a systemic rival at the same time. The relations between the European Union and China deteriorated in spring when the European Union imposed sanctions on several Chinese citizens and legal entities for the violations of human rights of the Uighur ethnic minority in Xinjiang. China immediately applied retaliatory sanctions against the European Union. In response to China's actions, the European Parliament suspended the ratification of the European Union–China Comprehensive Agreement on Investment. Latvia consistently supports the European Union's position vis-a-vis China, which is reflected in both bilateral contacts and Latvia's position voiced in international organisations.

In economic terms, China remains the European Union's largest trading partner. At the same time, the European Union, including Latvia, have a pronounced trade deficit with China, which is influenced by inequality in market access conditions, different trade practices and other factors. Companies in the European Union are increasingly alarmed by the polarisation of the business environment, with China further reinforcing its self-sufficiency and applying various economic instruments increasingly more often in pursuit of its geopolitical aims, for example, in relations with Lithuania. Therefore, Latvia strongly advocates a closer cooperation between

the European Union and like-minded countries, the USA in particular, to mitigate the negative impact of China's economic policy on global markets.

Latvia's relations with China can be characterised as open and constructive, with opportunities being sought for building cooperation on the basis of a mutual advantage while not avoiding issues on which the positions are considerably different. In 2021, Latvia devoted greater attention to the dialogue between the European Union and China, as well as bilateral relations with China by correlating the involvement in the "16+1" format events with Latvia's interests in the specific field. Seeking to promote the European Union's unity in relations with China, Latvia is standing up for the development of cooperation by all the European Union Member States in a common "27+1" format.

Afghanistan and other regional geopolitical challenges

In 2021, the planned withdrawal of the Allied troops from Afghanistan took place accompanied by a rapid power shift, with the Taliban taking over. Those developments have triggered a series of interdependent problems from both regional and global perspective, which are related to the deterioration of the human rights situation, a humanitarian crisis, potential for emerging internal conflicts, the danger of a spreading radicalism and terrorism, increasing numbers of refugees, an unclear impact on the countries neighbouring Afghanistan in the medium term and on the region's stability in general, as well as the possibility of an increasing drug trade. Although the government established by the Taliban has not been recognised internationally, contacts with it are maintained selectively in order to reduce the negative influence of Afghanistan's external and internal challenges. The results of NATO's ISAF and Resolute Support missions in Afghanistan have stirred up a discussion among the Allies on the further application of the experience acquired. The main priority for the European Union in its relations with Afghanistan is to continue the evacuation of the Union's citizens and cooperation partners as well as to provide humanitarian aid to Afghan people, having allocated approximately one billion euros for that purpose. The European Union has underlined that the level of its engagement in relations with the Taliban government will depend on the fulfilment of certain criteria – a commitment that Afghanistan will not serve as a base for export of terrorism, respect for human rights, free access to humanitarian assistance, as well as freedom of movement for foreign nationals and Afghans who are in danger.

Alongside other Allies, Latvia has been involved in supporting the departure of the Afghan citizens who it had been cooperating with during the previous governments. By the end of 2021, assistance had been provided to several dozens of Afghans. Latvia has made a contribution to the European Commission's Directorate-General for European Civil Protection and Humanitarian Aid Operations to support its humanitarian aid operations in Afghanistan. In dealing with the Afghanistan crisis, the European Union cooperates with the USA and the region's countries seeking the ways to intensify a dialogue with the countries in the region so as to promote targeted cooperation for addressing the risks caused by the Afghanistan crisis.

The Israeli-Palestinian relations are undergoing the most severe strain since 2014. The normalisation of the relations initiated by the USA in the context of the Middle East peace process was disrupted by yet another escalation of the conflict between Israel and the United Arab Emirates, Bahrain, Sudan, and Morocco. Although it has been possible to agree on a ceasefire through the Egyptian mediation efforts, it was another step rearward for the overall Middle East peace process.

Regardless of diplomatic efforts, tension in the Gulf Region has not abated. The Joint and Comprehensive Action Plan (JCPOA) for Iran's nuclear programme still has potential to reduce tension and boost efforts of the non-proliferation of weapons of mass destruction; nevertheless, the parties must return to their commitments under the agreement.

Latvia and the multilateral diplomacy

The strengthening of multilateralism or an international rules-based multilateral diplomacy is one of the fundamental interests of Latvia's foreign policy, and its implementation in the United Nations and other international organisations serves both as an instrument of protection against arbitrary actions of great powers and as an international cooperation platform for the strengthening of an international environment favourable to Latvia and characterised by a rules- and law-based order, global security, stability and predictability.

Special tasks for Latvia's foreign policy in the coming years will be the Presidency of the Council of Europe and work in the United Nations, the latter to be characterised not only by enhancing national expertise and candidacy for a seat in the United Nations Security Council, but also by the evaluation of Latvia's application, "Kuldīga (Goldingen)", nominating the old town of Kuldīga in the Kurzeme region for inscription on UNESCO's World Heritage List. Latvia is also preparing to submit an application seeking the status of observer to the Arctic Council.

Latvia's candidacy for a seat of non-permanent member of the United Nations Security Council

Latvia, in order to assert its ability to contribute to global processes, will stand as a candidate in the United Nations Security Council elections in 2025 seeking a non-permanent seat for the term of 2026–2027. Membership of this body will enable Latvia to protect a rules-based international system and democratic values, to strengthen its international authority and highlight issues critically important for Latvia's security and that of the Baltic region. An inter-institutional working group chaired by the Ministry of Foreign Affairs is formulating the priorities of the campaign, while the campaign is led and coordinated by an ambassador-at-large appointed for this assignment. With a view to experience sharing, close cooperation is under way with Estonia, which has brought to the fore many security issues vital for the region during its successful membership of the Security Council.

In recent years, Latvia has raised its profile, authority and expertise in the United Nations in the areas of the international rule of law, equality and fighting disinformation. While preparing to enter the phase of active lobbying for a seat on the United Nations Security Council, it is important to ensure increased visibility and knowledge about Latvia in all the regions across the world through the image of an internationally responsible, environmentally conscious and technologically advanced democracy, alongside the current areas of its expertise. The phase of active lobbying for Latvia's candidature will begin in 2023 and run on till the elections in 2025. During the campaign there are plans to enhance Latvia's profile internationally and build deeper contacts with countries in more remote regions both bilaterally and in the framework of multilateral formats.

Concurrent with standing as a candidate at elections to the UN Security Council, Latvia also speaks for meaningful reforms in this body. Latvia, like an increasing number of other countries, has been calling for constructive negotiations to begin on a reform that would feature a more equal representation reflecting the international environment of the 21st century, and restraint on the use of the veto in the situations of serious breaches of international law. Latvia advocates the expansion of the Security Council in both the permanent and non-permanent categories envisaging an additional representation for the group of Eastern European countries as well as Latin America, Africa and Asia. Underlining the responsibility of the United Nations Security Council and calling for a greater transparency in decision-making, Latvia has joined the interregional "Accountability, Coherence and Transparency" group of UN countries.

Latvia's expertise and representatives in the UN system

Over three decades of its membership in the United Nations, Latvia has advanced its interests and initiatives in the areas in which it has concrete achievements and considerable expertise. This factor has also prompted national nominations of Latvian representatives and experts for work in specific UN bodies and entities.

In 2021, a representative of Latvia, Dr. Mārtiņš Paparinskis, jointly nominated and supported by the three Baltic States, was elected to the International Law Commission (ILC) for the term of 2023–2027. The main task of the ILC is the progressive development of international law and its codification. As the result of an active campaign, Mārtiņš Paparinskis succeeded in gaining a higher visibility internationally and interregional support in the elections where seven strong candidates had been nominated for the three vacant seats in the Eastern European States Group. By that, the Baltic States have confirmed their preparedness to strengthen international law and multilateral international relations. A representative of the Baltic States will contribute to the development processes of international law at the time when answers are being sought to new global challenges.

Latvia is currently working on the UN Economic and Social Council (ECOSOC), the United Nations Commission on Science and Technology for Development, the Committee against Torture, and the United Nations Commission on the Status of Women, at which Latvia will contribute to the areas of women's rights and empowerment, and gender equality. In 2021, Latvia was admitted to the UN Committee on Information, which deals with information and communications issues, as well as continuing work on the Intergovernmental Council of the International Programme for the Development of Communication and chairing the Working Group on Arbitrary Detention. Next year, Latvia will join the United Nations Peacebuilding Commission to acquire the needed experience and expertise concerning the matters on the agenda of the United Nations Security Council. The number of Latvian experts in United Nations working groups is gradually increasing. The Secretary-General of the United Nations appointed Tālis Juhna, Vice-Rector of Riga Technical University, to a group of high-level experts to support the United Nations Technology Facilitation Mechanism. Latvia's representative Valts Ernštreits, Director of the Livonian Institute at the University of Latvia, participates in the United Nations Global Task Force for Making a Decade of Action for Indigenous Languages.

Latvia continues developing and applying its expertise in the field of combating disinformation. The United Nations General Assembly unanimously adopted the first UN resolution on the strengthening of media and information literacy at the global level initiated by Latvia together with other like-minded countries. Under this initiative, by holding a Global Media and Information Literacy Week, a stronger focus will be placed on problems related to information environment and the spread of disinformation.

Latvia's expertise has gained a positive recognition in UNESCO's areas of media freedom, protection of journalists and media literacy, which is evidenced by the engagement of our experts in the UNESCO media literacy training projects in the Central Asian region and a long-standing work record on the Intergovernmental Council of the International Programme for the development of Communication.

Tasks for Latvia's Presidency of the Council of Europe

The Council of Europe as the most important regional human rights organisations has always held an essential place in the process of restoration of Latvia's independence, its strengthening, and the foreign policy of the country in general. In the nearest two years, Latvia's task is to prepare to the full extent for its second presidency of the Council of Europe, which will take place from mid-May to mid-November 2023, on a rotational basis. The presidency will present the opportunity for promoting the influence and visibility of Latvia in this regional organisation.

The primary task of the Latvian presidency will be to promote current priorities and activities of the Council of Europe, strengthen the organisation's political role and human rights standards

in its member states, increase the visibility of the organisation and influence, as well as enhancing the organisation's reputation. The tasks that Latvia is facing during its presidency have been outlined in the report of the Council of Europe's Secretary-General, "State of Democracy, Human Rights and the Rule of Law: A democratic renewal for Europe", which highlights an unprecedented decline in democracy and the rule of law under the conditions of the pandemic, and the mission of the international society to make every effort to reverse the trend, strengthen democracy and create an environment where human rights and the rule of law flourish. At the same time, the presidency is an opportunity for Latvia to advance its national interests in the form of priorities, which must include the organisation's reform aimed at the compliance with and strengthening of international law, including human rights, in Europe, and the obligation of the countries to respect international commitments and execute the judgments of the European Court of Human Rights. In a continued support for the need to fulfil international commitments, Latvia will further sustain the issues of the human rights situation in Russia, freedom of speech and the security of journalists, and the sovereignty and territorial integrity of Ukraine and Georgia on the organisation's agenda.

In 2021, the Council of Europe held a debate on the link between artificial intelligence and human rights, the need to develop a legal framework on this matter, and the far-reaching impact of emerging technologies on society (internet governance, media activities, freedom of expression, human rights). Latvia is prepared to assume a leading role in the development of a new legally binding instrument on the use of artificial intelligence on the basis of Council of Europe's standards on human rights, democracy and the rule of law.

The impact of climate change on human rights is a new topic on the European Council's agenda, which will also retain its urgency during the Latvian presidency. Latvia is prepared to respond to current challenges to freedom of speech in the digital age – fake news and disinformation – and offer solutions to specific problems.

Participation in international missions

As part of multilateral cooperation, Latvia is providing tangible contribution to global peacekeeping by sending its experts and military personnel to eight international missions and operations of the European Union, OSCE, NATO, and the United Nations in Ukraine, Georgia, Kosovo, Mali, Iraq, and the Mediterranean.

Latvia supports peacekeeping and security efforts in Kosovo and, after a 12-year break, has rejoined the NATO-led international operation (KFOR) in Kosovo, at which the soldiers of the National Armed Forces of Latvia undertake the tasks of patrolling, protection of operational forces and rapid response, as well as taking part in tactical exercises. This is the largest NATO operation and this is also the largest Latvian contingent in international operations. Latvian forces in KFOR contribute directly to settlement of border conflict between Kosovo and Serbia. Latvia is also taking part in the NATO mission in Iraq (NMI), which is a non-combat training and advisory mission with the aim at supporting capacity building and reform of Iraqi security institutions and defence forces.

Latvia continues its participation in the European Union's military operation – the European Union Training Mission in Mali (EUTM Mali), aimed at improving the performance and training of Malian armed forces, and in the European Union's operation in the Mediterranean (EUNAVFOR MED Irini), which is focused on the implementation of the United Nations' arms embargo on Libya. Latvia also takes part in the United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA), which is aimed at strengthening security forces and thereby promoting stabilisation and development in the country. Since 2016, participation has also been ensured in the Operation Inherent Resolve by the Global Coalition to Defeat ISIS in Iraq.

Latvia's civilian experts are providing support for Ukraine in the implementation of the civil security sector reform by taking part in the European Union Advisory Mission Ukraine (EUAM Ukraine), and observing the implementation of the Minsk Agreements through participation in OSCE Special Monitoring Mission (OSCE SMM). Civilian experts are also

participating in the European Union Monitoring Mission Georgia (EUMM Georgia). Latvia is one of the largest providers of civilian experts pro rata to the size of the country's population. Latvian civilian experts are contributing to missions with their experience and specialised expertise, which has been appreciated by international organisations.

Development cooperation policy – Latvia's contribution to stability and growth in the neighbourhood

Latvia's Development Cooperation Policy Guidelines for 2021–2027 stipulate that the objective of the development cooperation policy is to provide contribution to the implementation of the United Nations 2030 Agenda and Sustainable Development Goals in developing countries. The guidelines have been drawn up in view of current challenges – the impact of climate change, the process of digitalisation, developments in Belarus, and Latvia's candidacy for a seat of non-permanent member of the United Nations Security Council. For the first time since 2017, basic allocations to the Ministry of Foreign Affairs budget for bilateral development cooperation policy has been increased. The Saeima has approved a gradual increase in funding for the period from 2022 to 2024. In terms of geographical scope, Latvia both remains engaged with regions set as a priority by the European Union and intends to cover new regions – first of all, in Africa, where Latvia can transfer its experience and solutions in digitalisation and climate issues.

Amendments to the Law on International Assistance have offered new opportunities for Latvia to get involved the implementation of the European Union's financial instruments supporting development cooperation. The Central Finance and Contracting Agency will give methodological support to public authorities, non-governmental organisations and businesses in Latvia interested in the implementation of those programmes.

Through projects carried out in the Eastern Partnership and Central Asian countries as part of its development cooperation policy, Latvia has provided support for the strengthening of the rule of law, capacity building in public administration, promoting democratic participation, improving media literacy within the partner country societies, facilitating resilience to disinformation, as well as matters related to women's rights, including women with special needs. As part of grant project competitions, a number of intersectoral cooperation projects have been supported, which promote synergies between the sharing of Latvia's experience and technology transfer in the areas of automated translation, water supply and spatial planning. The Ministry of Foreign Affairs continues providing support for the Belarusian civil society through assistance to those affected by human rights violations, strengthening media freedom, and promoting democratic change in Belarus. The Foreign Service has ensured the linkage between Latvia's bilateral development cooperation activities and those of other donors – the USA, United Nations, and Norway – thereby expanding the sustainability, effectiveness and visibility of support provided by Latvia.

The membership of the Latvian Platform for Development Cooperation (LAPAS) in international platforms, CONCORD, CIVICUS and Forus International, and the participation of the Latvian Association of Local and Regional Governments in the pan-European coalition of towns and regions and their associations, PLATFORMA, have been supported as part of the implementation of development cooperation policy, thereby promoting international involvement of Latvian civil society in development cooperation and its policy planning processes. In the implementation of development cooperation projects, close cooperation also took place with the MARTA Centre, the Latvian Association of Journalists, and Riga Graduate School of Law.

Latvia and the European Union

The processes of change in the European Union and a discussion on the future of the European Union in response to the new challenges and seeking a successful model for their management do not change Latvia's fundamental position that the European Union must remain a strong values-based union of national states, where high standards of the rule of law, human rights and democracy are respected. It is in Latvia's interests to maintain the existing institutional balance in order to ensure the European Union's unique identity as a union of national states. At the same time, we are aware that the effectiveness of decision-making in the European Union can be improved, so that the European Union could protect its interests and increase its influence worldwide. Latvia is certain that the effectiveness and sustainability of the European Union's foreign policy is ensured by the principle of unanimity in taking foreign policy related decision, and the use of qualified majority voting cannot be applied in regard to the European Union's external relations and the field of security. It will be also be essential in the future to ensure the ability of each Member State to influence decisions, as the states have an important role to play in the implementation and explanation of common decisions nationally. A uniform and coordinated position by Member States is vital for the implementation of the European Union's common foreign policy through setting ambitious goals, especially at the time when the European Union seeks to reinforce its global role and raise awareness about its values worldwide.

From among the European Union policy topics, Latvia has mainly focused on the issues of climate policy and digital transformation. In view of the work under way to address the consequences of the COVID-19 pandemic, making of coordinated decisions on health protection is important not only within an individual country but also in the context of inter-state relationship. It is vital that the European Union has begun to strengthen its resilience and reduce dependency on negative external factors and challenges. The reinforcement of the rule of law and values remains high on the agenda. A sustained dialogue is under way in the framework of the European Union's enlargement policy, in which Latvia supports the launch of accession negotiations with Albania and North Macedonia, as well as developing cooperation with the European Neighbourhood Policy regions and Central Asia.

Course towards a climate-friendly economy

The challenge of climate change continues to dominate the international agenda. The Sixth Assessment Report by the United Nations Intergovernmental Panel on Climate Change sends a clear warning about the human impact on the rapid climate change. In general, a gradual shift in attitude can be observed, including on the part of the world's top emitters – India, Russia and China – towards a common awareness of the need for decisive action. It is important that the European Union and the USA have assumed leadership in relation to achieving the climate goals. The 26th UN Climate Change Conference of the Parties (COP26) in Glasgow mapped out the need for a more ambitious global action to deliver on the target of restricting the global temperature increase within the limits of 1.5°C. This will still require considerable practical work and climate diplomacy efforts ahead of the next year's climate conference in Egypt.

To deliver on the goal set by the European Union – achieving climate neutrality by 2050 – it is important for Latvia to achieve that its economic activity does not have a negative impact on climate and offsetting solutions are found in the areas where such impact cannot be mitigated. Therefore, Latvia supports the course proposed by the European Council's "Fit for 55" legislative package, whereby a reduction of at least 55% in greenhouse gas emissions should be reached in the European Union by 2030. At the same time, Latvia considers that the proposal can be improved for the target to be not only ambitious but also achievable. Latvia's competent institutions are analysing the legislative proposals carefully and preparing national positions.

In sectoral policies, on its course towards climate-friendly economy, the matters important to Latvia are the strengthening of energy efficiency, ensuring biological diversity and further development of circular economy. In the EU-scale debate, Latvia will stand up in particular for as low as possible national target in the reduction of greenhouse gas emissions, depending on the socio-economic costs of the reduction load. Latvia will also stand up for the highest possible support from the Climate Social Fund so as to help society move towards a climate neutral economy and adapt to climate change.

The European Green Deal will provide Latvian companies with new opportunities for working on innovative and climate friendly products with a high export capacity, creating new jobs and functioning more successfully in global supply chains, especially in the context of low emission and electric vehicles, manufacturing of innovative and sustainable products, the development of renewable energy resources and various green technologies.

Latvia's foreign policy in the area of digital transformation

The speed of digital transformation is increasing worldwide, in Europe and in Latvia, heightening confrontation between democratic and authoritarian states, whose notions of the role and boundaries of digital technologies in society appear to be growing increasingly different. Latvia and like-minded countries defend the principles of digital governance rooted in human rights and respect for international law, guarantee the use of digital technologies for the benefit of sustainable development and good governance, and ensure an open and free global digital environment. Conversely, authoritarian countries are taking advantage of digital technologies, in an increasingly more aggressive manner applying mass-scale digital surveillance, weakening personal data protection and denying their people access to global digital resources for repressive purposes. The values divide imparts special importance to competition between the major global players for leadership in the development and introduction of digital technologies. The digital space also manifests direct threats posed by authoritarian governments to Latvia and its allies. Russia and China continue deploying information manipulation operations and propaganda against democratic countries; this is especially noticeable in the disinformation campaign against COVID-19 vaccines available in Western countries. A number of malicious cyber-activities are also related to Russia and China. The European Union has condemned the Ghostwriter hacking operation originating from Russia. The European Union and NATO have also voiced condemnation of Russia's connection with the SolarWind cyber-incident and China's connection with malicious exploitation of the Microsoft Exchange server vulnerability.

Those challenges underpin Latvia's tasks for its foreign policy in the digital realm: resilience to threats must be created or heightened by digital technologies must be built together with allies and the principles of digital governance must be strengthened – principles that are based on respect for international law and human rights and foster sustainable development. Latvia must make use of the opportunities offered by international cooperation to digital technology companies and research. In all those areas, Latvia's interests are to be primarily implemented in the European Union framework. Latvia aims at, on the one hand, the European Union's technological leadership and a successful digital transformation, and on the other hand, the strengthening of its own technological competitiveness.

Latvia's interests lie in a legal framework for digital environment on the scale of the European Union that balances innovation opportunities with the protection of security interests of individuals and countries. Latvia will support a digital market regulation that ensures a fair and transparent competition between service providers and offers vast opportunities to Latvian businesses. The Digital Markets Act is to be agreed on in the first half of 2022. A new challenge will be presented by an Artificial Intelligence Act, the world's first set of rules of this kind. Its purpose is to create a regulatory and legal framework and conditions for the development of artificial intelligence technologies in the European Union. Being aware of the need to take care of the safety and ethical aspects of exploiting artificial intelligence, Latvia will advocate regulation that is also flexible enough to enable innovation. An increasing challenge is the

inability of the large digital platforms to guarantee freedom of speech online and preclude the risks posed by disinformation and illegal content. Latvia sees a solution to that in the regulatory framework of a European Union scale, namely, through the adoption, as soon as possible, and full implementation of a Digital Services Act and putting in practice the European Democracy Action Plan.

It is essential for Latvia that a strong European Union regulatory framework be established at the European Union level in the field of cyber security in order to reinforce the level of cyber security of every Member State and the European Union in general. Therefore, Latvia supports the planned review and what has been accomplished so far by working on an improved regulation for the European Union's cyber security and rectifying deficiencies identified in the regulation currently in force, including the non-homogeneous cyber resilience of the European Union Member States and sectors. The new cyber security regulation will lay down mechanism for cooperation between Member States to enable them to respond to both local and large-scale cyber incidents. It is essential to take advantage of support offered by the European Cyber Security Competence Centre in order to strengthen the security of digital infrastructure and facilitate the resilience of Latvia's public and private sector to cyber threat.

The digital development of the European Union must be adequately reflected in the priorities of its external action; therefore, Latvia supports the plan to develop the European Union's external digital policy. It is vital for Latvia that the European Union's dependency on third countries in the digital realm be reduced while seeking common denominators for cooperation with Allies and like-minded countries. The European Union must build a critical dialogue with private technology companies. It is of special importance for Latvia, first of all, to reinforce a dialogue between the European Union and the USA, and, second, to support the digital development of the European Union's Eastern Partnership policy countries – Armenia, Georgia, Moldova, and Ukraine – and their resilience to disinformation and cyber threats.

Latvia stands up for a closer coordination between democratic countries and a course towards a global and unified understanding of the application of the norms of international law in the virtual environment. In the United Nations and the Council of Europe, Latvia will further support the development of information and communication technologies, with special attention focused on the aspects of international security. In the framework of the OECD, NB8 and the Three seas Initiative, Latvia will underline the positive experience with digital transformation and promote practical cooperation on digitalisation.

The European Union's course towards the strengthening of resilience and reducing dependency

Although the internal debate in the European Union on strategic autonomy has not resulted in a common position on the scope and depth of strategic autonomy, there is a common understanding among Member States on the need to strengthen the European Union's self-sufficiency and reduce strategic dependencies, which is reflected in the conclusions adopted by the European Council on resilience and crisis response.

In this process, as separate policies are undergoing revision, Latvia stands up for the need to consider the resilience of the European Union, the continuity and diversification of supply chains. Therefore, Latvia upholds the implementation of an open strategic autonomy, namely, an autonomy that promotes self-sufficiency while also retaining openness to global partners, especially like-minded partners – the USA, Canada, the United Kingdom, Japan, and Australia. With the European Union implementing targeted measures to strengthen industry, Latvia supports an approach based on the analysis of the external dependencies of the critical sectors of industry and mapping the existing capabilities of the European Union. Latvia stands up for synergy between the goals of industrial policy, the climate protection policy, and a digitalisation strategy in order to achieve an increased productivity of Latvia's economy and implement smart industrialisation. In the near future, special attention will be devoted to the European Union's Chips Act, aimed at facilitating research, development and production capabilities in the field of semiconductor technologies while reducing technological

dependence on third country suppliers. Latvia's priority will be the drafting of a regulatory framework that offers a role and growth potential to Latvian companies.

In view of conclusions prompted by the COVID-19 pandemic, from Latvia's perspective, it is of major importance to review the foreign trade policy and put in place measures that ensure a level playing field in the internal market with regard to third country businesses. To implement that, Latvia will support a unified European Union's legal framework for investment screening and addressing foreign subsidies that distort competitions. The establishment of a new European Union's global connectivity strategy will be highly important to promote the European Union's investments in transport and infrastructure projects also outside Europe, thereby creating an alternative to China's "One Belt One Road" initiative. Latvia's interests lie in a fair global trade, including equal access to the global infrastructure for goods circulation.

Addressing the consequences of the COVID-19 pandemic

The European Commission's talks with vaccine manufacturers ensured equal access to COVID-19 vaccines in all the Member States, as the result of which a sufficient stocks of vaccine doses are available in Latvia not only for the needs of its own population but it is also possible to share them with other countries. Till mid-December 2021, Latvia had already received more than 3.6 million doses and donated 545,200 doses to other countries – Tunisia, Moldova, Albania, Kenya, Georgia, and Vietnam, while the European Union as a whole has donated more than 134 million doses of vaccines.

The digital COVID-19 certificate established in the mid-2021 made it possible to resume safe travel both within the European Union and to third countries, who have joined the unified system of the European Union's certificate, thereby renewing former travel opportunities. The system set up by the European Union currently unites 55 countries. Latvia will advocate for a legally binding, uniform acceptance period to be determined for the certificate in all the European Union Member States, conditional on the completion of a full vaccination course and receiving a booster dose.

In view of the lessons learned during the pandemic, a discussion has been launched at the European Union level on the strengthening of resilience to various possible health crises in the future. It is in Latvia's interests to ensure a solidarity-based, collective access to medical and health protection resources, reserves for which are usually not made. The European Commission has already decided on the establishment of a new European Health Emergency Preparedness and Response Authority, which will anticipate health threats and the necessary response capacities – vaccines, medicines and diagnostic tests, facilitating their manufacturing, setting up stockpiles and rapid procurement and distribution procedures. It is important for Latvia that an agreement be achieved in 2022 on the participation of Member States in the administration of that institution.

For economic recovery and strengthening the resilience of society, and in order to overcome the negative impact of the COVID-19 pandemic on economy the implementation of the European Union Recovery Instrument began in 2021. Latvia was one of the first Member States to produce and get approval for its national economic recovery plan, and the first part of funding has been received. In total, Latvia is to receive 1.82 billion euros in grants. With the use of this funding, a fiscal policy stimulating economy support will be continued in 2022 to provide support for the sustainable development of economic sectors the most affected by measures put in place to contain the pandemic, as well as for the formation of a social safety net and regional development. Flexibility already being pursued as part of requirements of the Stability and Growth Pact on budget deficit and the amounts of national debt in the formation of national budgets will be continued until 2023. This has enabled Latvia to have more leeway in putting together a budget aimed at mitigating the negative economic impact of the COVID-19 pandemic. In discussions on the requirements of the Stability and Growth Pact concerning the deficit and national debt in the long term, in view of major financial challenges to the digitalisations of countries and their transition to climate neutrality, Latvia will stand up for a

balanced approach to the need to ensure a responsible policy in national expenditure and the need for investments towards climate and digital transition.

Strengthening values and the rule of law in the European Union

In 2021, in continued efforts to harmonise the understanding of common values and the rule of law among Member States, the European Commission produced its second Rule of Law Report, which presents an assessment of the main elements of the rule of law in all the European Union Member States. The report evaluates processes in relation to the effectiveness of justice systems, anti-corruption framework, media pluralism and freedom, and other issues related to institutional balance and the impact of the COVID-19 pandemic on the rule of law in Member States. In the framework of the annual rule of law dialogue, the General Affairs Council held a country-specific discussion on Latvia together with Croatia, Italy, Cyprus, and Lithuania.

The European Commission's report on Latvia underlines the well-developed information technology platform that enabled the Saeima to ensure the continuity of its work throughout the pandemic-related restrictions. Latvia has also been mentioned among the countries that have continued reforms to improve procedures for appointing judges. The report welcomed the approval of the Code of Judicial Ethics in relation to the promotion of integrity and ethics among judges and prosecutors. At the same time, the report points out to the shortage of human resources in the Judicial Council, the high level of corruption perception, and personal attacks on journalists in the online environment.

Latvia's position on the rule of law issues in the functioning of the European Union is based on an approach that Member States must strive for the highest standards in observing the principles of democracy, the rule of law and human rights, since they underpin the European Union. Latvia considers that respect for the rule of law is a prerequisite for an effective functioning of the European Union, which is based on mutual trust and respect among Member States. The rule of law, since it ensures a uniform legal space, is also vital for the functioning of the Single Market. In Latvia's opinion a mutual dialogue is the most successful strategy for addressing challenges to the rule of law.

The Baltic States' cooperation and the Baltic-Nordic format

Cooperation between the Baltic States has been focusing on the fight against the COVID-19 pandemic, joint security and defence planning, an effective border management, joint counteraction to the hybrid attack staged by the Lukashenko regime, information security, climate change, economic recovery, and joint projects in the transport and energy sectors. Special attention was devoted to improving the road and traffic infrastructure in border areas and intensifying cooperation in the field of disaster prevention and assistance. Rapporteurs invited by the Ministries of Foreign Affairs have begun work on drafting the Latvia–Lithuania and Latvia–Estonia future cooperation reports, which will be completed in the mid-2022. They are expected to offer new ideas and proposals for further cooperation.

In 2022, Latvia will coordinate the work of both the Baltic Assembly and the Baltic Council of Ministers. Latvia's priorities for its presidency in the Baltic Assembly include a rapid economic recovery and sustainable growth of the Baltic States, social protection of their people, the region's resilience and security, as well as promoting innovations in the Baltic States.

Latvia has set three priority lines of action for the Baltic Council of Ministers. First, with the region's security and defence in mind, the operational cooperation between the Baltic States will be expanded and a common policy and action in NATO will be formulated thereby strengthening the policy of deterrence on NATO's eastern flank. Second, the modernisation of economies and the development of regional infrastructure projects will be continued: active work on Rail Baltica, and the advancement of electricity trading with third countries and a common natural gas market. There is a great potential for cooperation between the Digital Innovation Centres in the three Baltic States. It is vital to develop digital connectivity between the Baltic States as well as continuing work on new initiatives, including in the area of artificial

intelligence. The Baltic States' cooperation will be promoted in the field of renewable energy resources, including wind energy. The countries are planning to cooperate, share experience and take over best practice in transition to newer and more advanced technologies, the promotion of energy efficiency, introduction of an electronic circulation of documents, and improvements to logistics and transport flows by means of computer software. Third, the Baltic States will continue political and practical support for the Belarusian civil society and independent media. Work will go on to strengthen resilience of the Eastern Partnership countries by actively advocating further support from the European Union to the socio-economic recovery of the partners countries after the COVID-19 pandemic and increasing their security and defence capabilities.

From a broader regional perspective, the main direction in cooperation in the Baltic-Nordic format (NB8) has been economic recovery through the use of the policy of digitalisation, innovation and climate. A regular exchange of views has taken place on the regional security situation, climate policy, digitalisation and innovation related issues, transatlantic cooperation, and relationship with China and Russia, the activities of Lukashenko's regime, and a more effective implementation of the Eastern Partnership policy. Cooperation of the NB8 countries in the digital realm has been especially successful. The existing dialogue in the NB8+ format between the Baltic States, the Nordic countries and the Visegrad Group has been enhanced and the dialogue between NB8 and the United Kingdom is growing stronger at the level of both political and expert level in order to join efforts towards the region's security and the development of economy under climate change and digital economy in order to ensure sustainable growth.

Relations with the United Kingdom

2021 saw the beginning of a new stage in the relations between the European Union and the United Kingdom with coming into force of the Trade and Cooperation Agreement, which is broader than the traditional trade agreements and provides a legal framework for further cooperation. At the same time, several differences remain concerning the application of the Withdrawal Agreement and they are related to the introduction of the Protocol on Ireland and Northern Ireland (North Ireland Protocol). Talks on the full implementation of the North Ireland Protocol will also set the tune for further relationship between the European Union and the United Kingdom. Latvia's interests lie in constructive relations between the European Union and the United Kingdom as close and like-minded partners characterised by a trustful dialogue and close cooperation on current international issues thereby contributing significantly to the promotion of transatlantic cooperation and the unity of Western allies. At the same time, it is important to Latvia that the unity and solidarity of the European Union is not weakened and unfavourable precedents are not created in relations with third countries.

In the bilateral relations, Latvia sees the United Kingdom as one of key partners globally, which is reaffirmed by a declaration on bilateral cooperation signed 2021, by which the two countries commit themselves to promoting an active bilateral political dialogue, expanding regional cooperation and furthering joint activities in the security and defence sector. Latvia and the United Kingdom have undertaken to jointly counter the spread of disinformation, cyber-attacks and hybrid threat, as well as on the issues of climate change, media freedom and gender equality. Latvia's interests lie in ensuring as vast as possible economic links with the United Kingdom, which is reflected in the attraction of investments, mutual trade, cooperation in science, establishment of start-ups, and high technologies.

Support for the European Neighbourhood Policy and the Central Asian region

Stability, the rule of law, sustainable and democratic development in the neighbourhood is important both to the European Union and Latvia; therefore, successful implementation of the European Neighbourhood Policy and pursuing cooperation with the Central Asian region is an unwavering foreign policy priority for Latvia. Together with like-minded countries, Latvia

stands up for sustaining the significant role of the Eastern Partnership Policy in the European Union's agenda, which is reflected in the Joint Staff Working Document issued by the European Commission, "Recovery, resilience and reform: post 2020 Eastern Partnership priorities". The document maps out three lines of action – promoting socio-economic recovery of partner countries, strengthening of resilience, and the further reform process. In support of those priorities, Latvia will continue sharing its experience and best practice of implementation of reforms. The European Union's special focus on the Eastern Partnership region was evidenced by the visits of the European Council's President to Georgia, Ukraine, Moldova, as well as involvement in the settlement of Georgia's domestic political crisis.

When building its relations with the Eastern Partnership countries, Latvia consistently supports an individual approach to actual needs of each member and their level of ambition in pursuing cooperation with the European Union. Latvia advocates the deepening of relations with Ukraine, Georgia, and Moldova. Latvia believes that the European Union should offer a long-term cooperation perspective to those countries supporting their gradual integration with the European Union's internal market, and expand sector-specific cooperation, including in the field of security, thus appreciating what has been achieved and encouraging further implementation of political and sectoral reforms. Latvia supports the provision of assistance in the security and defence sector to Georgia, Moldova, and Ukraine through the use of funding from the European Peace Mechanism. At the same time, Latvia supports the expansion of cooperation with Armenia, with whom the European Union–Armenia Comprehensive and Enhanced Partnership Agreement came into force in 2021 providing for support to the country to bring it closer to the European Union's norms in economy, digitalisation, connectivity, and green technologies. Negotiations are still underway on a new European Union–Azerbaijan Comprehensive and Enhanced Partnership Agreement. Regardless of a declaration by Belarus on suspending its participation in the Eastern Partnership policy, Latvia stands up for seeking opportunities for a broader engagement with members of civil society in plurilateral cooperation in the future thereby sending a strong message concerning preparedness of the European Union to cooperate with a democratic Belarus. The Eastern Partnership Summit that took place at the end of 2021 set the overall goal of strengthening the resilience of partner countries through promoting good governance and attraction of investments for economic growth. The European Union also agreed to contribute 2.3 billion euros to the region's economic and investment plan. The policy directions and priorities set out in the Summit Declaration and lays the basis for Latvia's further work on the implementation of the Eastern Partnership policy.

As part of bilateral cooperation, Latvia continues dialogue with the Eastern Partnership countries, expressing support for their sovereignty and territorial integrity, and their aspirations for Euro-Atlantic integration. Latvia is providing practical assistance to reforms being put in place in Georgia, Moldova and Ukraine by both sending civilian experts on advisory missions to Ukraine and Moldova, and in bilateral cooperation, by focusing on good governance, the strengthening of export capacity and the justice system, reducing corruption, enhancing resilience to disinformation and supporting media literacy. The training programme will be continued for professionals from those countries working in the public administration and the non-governmental sector. At the international level, Latvia has been expressing unwavering support for Ukraine's sovereignty and territorial integrity in the country's internationally recognised borders. Latvia was one of the first to support the establishment of the Crimea Platform initiative, thereby reaffirming readiness to provide tangible contribution to the publicity of the issue of de-occupation of the Crimean Peninsula and keeping it on the international agenda. With the decreasing spread of the COVID-19 pandemic, a rehabilitation programme will be reopened for the Ukrainian military affected by the conflict in the eastern Ukraine and the provision of humanitarian aid to people in Ukraine's conflict-affected regions will continue. Latvia upholds Lithuania's proposal on the establishment of a European Union military advisory and training mission to Ukraine.

Latvia is interested in close cooperation with the European Union's Southern neighbourhood. In that context, importance is attached to a Joint Communication by the European Commission and the European External Action Service, "Renewed partnership with the Southern Mediterranean: A new agenda for the Mediterranean", which provides for concrete initiatives in economy based on human development, good governance and the rule of law, digital transformation, as well as green transformation and climate resilience. It will optimise work towards reducing disparities in welfare levels on both the coasts of the Mediterranean, economic development and promoting good governance as a solution to the risks posed by irregular migration and radicalisation, which are also essential from the standpoint of Latvia's national interests.

Latvia supports the promotion of stability, democratic development, security and economic growth in the Central Asian region. Latvia sustains a regular dialogue with the region's countries and has been involved in a constant support for the reform process in the region. As part of the development cooperation policy, assistance is provided in the areas of good governance, education, sustainable development, gender equality and green technologies. Latvian experts and institutions are involved in the implementation of projects by international donors – the European Union, the United Nations, and the USA. Latvia is contributing successfully to the practical implementation of the European Union's strategy for Central Asia, by assuming a leading role in the European Union's Border Management Programme in Central Asia, BOMCA, in which Afghanistan has been for the first time included alongside the Central Asian countries in 2021. It is in Latvia's interests to strengthen its role in ensuring the connectivity of Central Asia for passenger flows and the import and export of goods by using Latvia's ports and Riga International Airport.

Transatlantic relations and international security issues

The security environment and transatlantic relations in 2021 were characterised by rivalry between centres of power, a closer focus by the USA in its foreign policy on the instruments of multilateral diplomacy, the successfully concluded NATO's reflection process on the global role of the Alliance and preparations launched for a new NATO Strategic Concept. Besides, the European Union has begun work on drafting its Strategic Compass and, in this process, Latvia stands up for the complementary character of the European Union's security and defence capabilities to NATO's functions in a manner that prevents any overlapping and duplication.

NATO's new Strategic Concept

In 2021, an important role in the overall security and stability of the Alliance was played by the Meeting of NATO Heads of State and Government in Brussels (Brussels Summit), which achieved its main objectives – to tangibly demonstrate the unity and solidarity of transatlantic Allies based on shared values. The meeting also marked the conclusion of the NATO 2030 reflection process in light of changes to security environment, current threats and emerging challenges, and NATO's adaptation. Work has already begun on the modernisation of NATO's defence and deterrence capabilities and principles as well as on developing the future capabilities of NATO and the Allies. This is to ensure adequate NATO capabilities and forces in the long term, in the right place at the right time in order to securely deter and, if need be, respond to any threat.

At the Brussels Summit, a task was set to draw up a new NATO Strategic Concept till the next summit scheduled to take place in Madrid in 2022, a concept that can become NATO's most significant political document of the decade. The Strategic Concept is to provide an assessment of the global and Euro-Atlantic security environment, define hazards and threats, outline a common strategic vision and the desired principles of NATO action for the coming

decade. A vital contribution to the allied consultation process was provided by the Meeting of NATO Ministers of Foreign Affairs in Riga at the end of 2021. It is symbolic that the political debate was launched in Riga, in NATO's northeastern flank, and will be concluded in Madrid, in the southeast of the NATO area.

It is clear that the Allies are strongly resolved to jointly consolidate the role of NATO as the world's strongest alliance also for the coming decade. Main threats in the Euro-Atlantic space are still caused by Russia with its aggressive behaviour and by international terrorism, which is a permanent threat and at the same time of a variable intensity, the manifestations of which could have a long-term impact on global security. In addition, a common position should be formulated concerning the rapidly increasing role of China in both the traditional military sector and technologies, and in light of China's active investment in critical infrastructure. With the international environment remaining dynamic, the concept must provide for the possibility of later identification of new hazards and threats unperceived before. Given those circumstances, in Latvia's opinion, the central role of NATO's defence and deterrence must be retained in the concept: NATO must be able to respond to any hazard and threat. So far, NATO has successfully adapted its defence and deterrence policy, which is exemplified by the presence of the Allied forces in Latvia – NATO's enhanced Forward Presence battlegroup containing personnel from 10 Allied nations, thereby strengthening the defence of the Baltic States and implementing Russia's deterrence. This adaptation must be continued while retaining flexibility with regard to changes in the main parameters of security environment in the future. Hybrid threat caused by Belarus on NATO's eastern flank demonstrate that it can affect several Allies at the same time in a closely interlinked process; therefore, the capabilities to respond in a coordinated manner must be developed in the NATO framework. During the strategic review, special attention will remain focused on the strengthening of the allied political unity and the consultation process as well as the future need to undertake a full spectrum analysis of NATO missions following them or, if necessary, in the course of the missions so as to deliver on the set goals more effectively and mobilise the required NATO capabilities and those of partners.

The integration of climate issues into security policy and its instruments is increasing in importance in both the NATO context and concerning the inclusion of those aspects in the European Union's Common Foreign and Security Policy / Common Security and Defence Policy. NATO's Climate Change and Security Progress Report will be issued in 2022, while Canada, for its part, has decided to set up a NATO Centre of Excellence on Climate and Security.

Relevance of NATO's partnerships for common security and defence

An essential factor for achieving NATO's goals is its policy of partnerships. The partnership of NATO with the European Union is exceptional and, since both the organisations have similar goals, it should be developed in a mutually complementary manner. Also, the resources for countries such as Latvia, which is a member of both the European Union and NATO, are the same. Latvia supports the ongoing update of the Joint Declaration on European Union–NATO Cooperation, which envisages further enhancement of cooperation. The European Union and NATO cooperate in information exchange, joint planning and the implementation of shared ideas in seven areas – prevention of hybrid threat, operational cooperation, the strengthening of cyber security, joint exercises, industry and research, development and enhancement of capabilities. Latvia sees cooperation in the facilitation of cross-border military mobility as particularly important. In that context, the European Union adopted a decision to invite in 2021 three NATO member states – Canada, Norway and the USA – to take part in the military mobility project under the Permanent Structured Partnership (PESCO), in which Latvia is also participating.

The streamlining of legislation and procedures of the European Union Member States as well as adaptation of infrastructure to dual – civilian and military – use takes place in coordination with NATO. NATO and the European Union, alongside member states, including

Latvia, are also represented in the European Centre of Excellence for Countering Hybrid Threats in Helsinki.

From a regional perspective, Latvia has a special interest to develop NATO partnerships with Finland and Sweden, who not only have a close dialogue with NATO already at this point, but also take part in NATO exercises in the region.

It is a proven fact that the prospect of Euro-Atlantic integration is an effective factor motivating countries to undertake reforms needed to establish and reinforce democracy, good governance and a well-coordinated security environment. NATO enlargement has made Europe a safer place. Latvia supports further development of partnerships with NATO's closest partners Ukraine, Georgia and the Western Balkans countries, since Latvia's security begins well beyond the borders of the Alliance. Latvia will continue with unwavering support for the aspirations of Ukraine, Georgia and the Western Balkans countries to join the Alliance. Decisions on NATO's enlargement will only be taken by NATO and the respective candidate.

No less important in the fight against international terrorism and in response to the global security challenges are partnerships in North Africa and the Middle East, as well as in Asia and the region of the Indian Ocean.

Transatlantic relations and strategic partners

Transatlantic cooperation takes the central place in Latvia's foreign policy and security policy. The USA is an invariable strategic partner to Latvia, with whom a multilevel dialogue has been evolving. The presence of the USA in the Baltic region is an indispensable element of deterrence and defence also in a broader European context. Support provided by the USA to the development of the defence sector in Latvia is a clear proof to a common understanding of challenges in the Baltic region. The unwavering support from the USA for the region's security is reaffirmed by a regular presence of its Black Hawk helicopters at Lielvārde as part of the Atlantic resolve operation. An important element in the strengthening of practical cooperation between the national armed forces will be the training and advisory mission of the U.S. 4th Security Forces Assistance Brigade planned in Latvia over the next two years with the aim of strengthening allied capabilities and interoperability. The visit to Latvia by the United States Secretary of State ahead of the Meeting of NATO Ministers of Foreign Affairs has reaffirmed the close cooperation between the two countries and their similar vision of the development of regional and global processes. Latvia's priorities in cooperation with the USA remain as before: strengthening the United States' military presence in the region; fostering cooperation in the digital and technologies sector, by implementing, among other things, of Latvia–United States Joint Declaration on 5G Security; and a more active engagement by the USA in the Three Seas Initiative. In 2022, Latvia and the USA will mark the centenary of their diplomatic relations, which will feature a visit by senior United States officials and a business forum to promote further economic cooperation between the two countries.

Latvia was represented at the presidential level at the Democracy Summit hosted by the USA, where the world leaders pledged their commitments in the field of human rights, anti-corruption, and combating authoritarianism. Latvia committed to intensifying the fight against corruption, media freedom and media literacy at the national and international level.

Strengthening of transatlantic cooperation is vital for the development of relationship between the European Union and the USA. During the EU–US Summit a noteworthy progress was achieved by establishing an EU-US high-level dialogue on Russia thereby undertaking to jointly address major global challenges – the COVID-19 pandemic and climate change – as well as agreeing on cooperation in the reform of the World Trade organisation. An essential result of the EU–US Summit is the establishment of the Transatlantic Trade and Technology Council with the aim of expanding transatlantic relations in trade and investment and coordinate more closely the policy of both sides in addressing technological, economic and trade-related challenges on the basis of shared values. Latvia will also have the opportunity to engage in the future activities of the Trade and Technology Council, for instance, in developing the semiconductor supply chains that Latvian businesses are interested in. The Ministry of Foreign

Affairs is working to provide information to businesses, public authorities, researchers, civil society, and policy makers, encouraging joint involvement in the work of the Trade and Technology Council, including through the Futurium platform set up by the European Commission.

An indispensable element of transatlantic relations is close cooperation with Canada. In the European Union–Canada Summit that took place in 2021 the parties agreed on cooperation to combat the COVID-19 pandemic, addressing climate change, protection of trade and democratic values, and international security matters. Canada's role of a framework nation for the NATO enhanced Forward Presence battlegroup in Latvia is a vital safeguard of Latvia's and regional security and a strong evidence to the allied solidarity. Latvia wants Canada to also continue leading the NATO battlegroup after the expiration of the current mandate in 2023. Latvia and Canada have intensive bilateral cooperation in the field of security and defence; other major areas of cooperation are related to the promotion of economic contacts, especially on high technologies. This goal will also be considerably supported by the new representative office of the Investment and Development Agency of Latvia in Canada. Latvia will continue implementing joint projects in the framework of the United Nations' Women, Peace and Security initiative.

The European Union's Strategic Compass and synergy with NATO

With Latvia's support and active participation, work has been launched in the European Union on the development of the Strategic Compass, expected to be approved in the spring of 2022. Its aim is to define policy orientations and specific goals and objectives in four thematic clusters: the assessment of security environment and capacity for action; building resilience for protection from variable threats; the development of an environment favourable for defence industry; and creating partnerships for the implementation of EU security policy. The Strategic Compass is to be approved by Member States and it will cover a period of five to ten years.

In this process, Latvia has always underlined that the European Union's defence and security capabilities should be complementary to NATO's functions to avoid duplication, while taking advantage of synergy from various instruments accessible only to the European Union. No doubt, changes in the international security environment require that Europe's allies build their capabilities in the framework of both the European Union and NATO. It is essential for the European countries to increase their capabilities through allocating appropriate resources, like Latvia is doing that, by envisaging 2.3% of its GDP for defence expenditure. That will ensure a more effective implementation of NATO and the European Union's commitments thereby strengthening our common security. Latvia sees the European Union's special role as a safeguard of security, stability and resilience in the areas such as economy, finance, maintenance and protection of critical infrastructure, cyber-security and the fight against disinformation. Latvia considers that partnerships established in the context the European Union's Strategic Compass must be individualised thus achieving mutually the most effective result.

Latvia supports assigning a special role to partner countries outside the European Union – NATO member countries Canada, Norway, the United Kingdom, and the USA – as well as the need to support the Eastern Partnership countries, since they are connected with the European Union by common security interests and solutions. Latvia will continue its participation in the PESCO initiative and is providing contribution to the European Union's missions and operations. Latvia is taking part in the "Military Mobility" project, which envisages the simplification and standardising of procedures for unhindered movement of military personnel and assets within the borders of the European Union and improving infrastructure. Latvia has joined the "Maritime (semi-) Autonomous Systems for Mine Countermeasures" project, which is to deliver underwater, surface and aerial technologies for maritime mine detection and destruction. Latvia, alongside Estonia and Lithuania, has also joined the "Integrated Unmanned Ground System", which aims at developing data

communication capabilities in military operations and cyber resilience that would ensure data integrity and secure communications. Latvia is taking part in several projects as an observer.

Trends in the field of arms control

Together with the Allies and partners, Latvia insists on the issues of arms control, disarmament, and non-proliferation of weapons of mass destruction being vital both for global security and that of every country, and for international order and multilateralism. In 2021, equivocal trends were observed in the area of arms control. The strategic stability dialogue launched by the new United States Administration with Russia and the extension of the United States–Russia Strategic Arms Reduction Treaty, New START, are to be welcomed. The Review Conference of the Parties to the Treaty on the Non-Proliferation of Nuclear Weapons has been scheduled to meet at the beginning of 2022. Latvia sees the event as the opportunity for making progress on arms control, including in order to address problems related to the North Korea nuclear programme and to return to full implementation of the Joint and Comprehensive Plan of Action with Iran. In the field of arms control, Latvia continues its participation in various formats in the European Union, NATO, the United Nations, and the OSCE, seeking to strengthen security and fully protect national and collective security interests.

China's burgeoning military potential, including the development of strategic weapons systems has made this country a major player in the international security sector; therefore, Latvia continues underlining that China should assume a greater global responsibility and get engaged much more closely in arms control.

Russia continues to disregard its arms control commitments. Russia's withdrawal from the Open Skies Treaty was yet another evidence that Russia does not want to resolve its violations of the treaty perpetrated for years, which demonstrates Russia's overall attitude to a rules-based international order. Russia also continues avoiding the modernisation of confidence and security building instruments by holding back from the consideration of proposals for the modernisation of the OSCE Vienna Document as to substance.

International trade policy and the main directions of Latvia's foreign economic policy

In 2021, global economies were recovering from the downturn of the past year. Those favourable external conditions have promoted an increase in the export of Latvia's goods and its overall economic recovery. At the same time, with the differing speed of economic recovery from the consequences of the COVID-19 pandemic, trends can be observed of protectionism and the self-sufficiency and de-linking of countries from global economies. The desire to exercise a stronger control over global supply chains is also increasing, especially in critical sectors. The rivalry of the large economies continues, not always based on fair competition.

The risks are also posed by the rapidly rising demand for raw materials and transportation containers, which has both increased the costs of consumer goods and transportation and influenced delivery times. That can influence the competitiveness of products in foreign markets and raises concern over the resilience of delivery chains. The overall uncertainty in global markets brings to the fore the issue of the strengthening of a predictable and rules based multilateral international trade, which is in Latvia's long-term interests, bringing forward the overarching need for reform of the World Trade Organisation and the signing of the European Union's trade agreements with third parties. The mission of Latvia's Foreign Service in association with the Investment and Development Agency of Latvia is to promote new export opportunities and provide assistance in entering new markets and the involvement of companies in global value chains. Latvia's membership of the OECD provides an opportunity for employing the organisation's expertise to ensure good governance and undertake meaningful reforms. Importance will be attached to the further strengthening of connectivity in the energy, transport and digital sectors.

Need for reforms in the World Trade Organisation

The reform of the World Trade Organisation is a cornerstone in the strengthening of a multilateral and rules-based trade environment. The World Trade Organisation is still encountering systemic challenges in its three fundamental functions: through negotiations, it has not been possible to modernise trade rules with regard to digital trade and industrial subsidies; the dispute resolution mechanism is functioning inadequately; and the monitoring of trade policies is ineffective. The progress in addressing those challenges has been slow for a number of years, due to the interests of the organisation's members being varied in those matters and the countries having a radically divergent perspective on granting special and differentiated treatment to developing countries.

Preparing for the next Ministerial Conference of the World Trade Organisation, Latvia's priority is the launching of institutional reforms of the organisation and resuming the work of its dispute resolution mechanism. It is also important that a framework be established for the organisation's contribution to containing the COVID-19 pandemic, which includes a commitment to refrain from restrictions to exports of medical goods, improve the transparency and monitoring of export-related measures, and reduce tariffs on medical goods, as well as achieving an agreement in negotiations on the prohibition of harmful fisheries subsidies.

In Latvia's opinion, plurilateral cooperation formats, which involve only the interested member states of the organisation and which have proved their effectiveness, should be used more often in the framework of the World Trade Organisation. Until now, an agreement has been reached concerning the Joint Initiative on Services Domestic Regulation, which is expected to facilitate services through this approach trade through the reduction of the negative impact of licencing and qualifications requirements on business operations. Latvia supports the use of plurilateral formats in the matters of e-commerce, micro, small and medium sized companies, and environmental sustainability. It would be vital to find a solution to the integration of such plurilateral agreements in the legal framework of the World Trade Organisation.

It is essential for Latvia, being an export-oriented economy, that the European Union retains a major role in sustaining a rules-based multilateral trade system, including by assuming leadership in the process of reforming the World Trade Organisation.

The European Union's new trade policy strategy and agreements with third countries

In 2021, in response to the global trade challenges, the European Commission issued a renewed trade strategy for the European Union, "An open, sustainable and assertive trade policy". The strategy sets out three core objectives for trade policy in the medium term: supporting the recovery and fundamental transformation of the EU economy in line with its green and digital objectives; shaping global rules for a more sustainable and fairer globalisation; and increasing the EU's capacity to pursue its interests and enforce its rights, including autonomously where needed.

Latvia's economic growth is underpinned by exports; therefore, it is to be welcomed that the European Union's new trade strategy stands up for an open and fair trade with a special focus also on small and medium sized companies. It is essential for Latvian companies that the European Union persist with the strengthening of predictable, rules-based international trade environment with the World Trade Organisation at its core, the organisation being the only one to regulate trade with countries such as Russia, China, and India. The European Union's trade policy provides support for green and digital transition through working on new digital trade rules and devoting attention on sustainability issues in trade. This will also offer the opportunities for Latvia's companies operating in priority areas with the potential of exporting products and services in great demand and with high value added.

Latvia stands up for expanding the network of the European Union's free trade agreements and an effective implementation of current agreements; still, progress in this field is variable. In spring, the leaders of the European Union and India agreed to resume talks on a

comprehensive free trade agreement. Meanwhile, concerns over the possible impact on of an Association Agreement between the European Union and Mercosur on deforestation of the Amazon rain forests have paused the advancement of the agreement. The disagreement between the European Union and China on human rights issues have suspended the ratification of the Comprehensive Agreement on Investment. The European Union's trade negotiations with Australia have also been postponed due to Australia's decision to acquire US submarines and technologies instead of the French ones. The hope to finalise trade talks with Chile and New Zealand did not come true. Therefore, Latvia advocates the need for making every effort in 2022 to conclude negotiations with Chile and New Zealand and moving ahead in talks with Australia, India, and Indonesia.

An important measure of support for small and medium sized companies is the launch by the European Commission of market access portals, Access2Markets and Access2Procurements, which provide practical information concerning new markets. In 2022, the Ministry of Foreign Affairs intends to organise informative events for companies and other interested parties on new export opportunities and the positive impact of trade agreements.

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

Latvia is an active member of the OECD; it uses the cooperation and research opportunities offered by the organisation, as well as taking part in the development of standards and recommendations for the implementation of policy programmes. In 2021, the OECD undertook an economic survey of Latvia on a two-year cycle, presenting an analysis of the situation and offering recommendations on reforms in education, social policy, good governance, health care, taxation and other fields. Increasingly often, Latvian experts are taking part in the administrative management of OECD committees and provide contribution contents-wise, presenting Latvia's best policy practices in the Working Group on Bribery in International Business Transactions, the Working Party on Environmental Performance, the office of the Chemicals and Biotechnology Committee, and the office of the Committee for Agriculture. Ilze Zvīdriņa has been elected Chair of the Employment, Labour and Social Affairs Committee.

In 2021, the Ministerial Council Meeting was chaired by the USA, which chose "Green and inclusive growth" as its motto while reaffirming its commitment to the common values of the OECD member countries – democracy, the rule of law, and market economy under the conditions of equal and fair competition. These common values also underpin the latest OECD documents – the Vision Statement on the organisation's role and objectives for the coming decade, and the Global Relations Strategy, which sets out the framework for the OECD's cooperation with third countries. The OECD has also issued a statement on the elements of a new global corporate tax system. 136 countries and jurisdictions, including Latvia, have already joined the said document. In accordance with the deal, the corporate tax reform builds on two elements – expanded taxing rights in the cases when tax payers have no physical presence in the country where they have business activities and earn profits; and corporate profits being subject to minimum global tax rates. This is an unprecedented global agreement demonstrating the OECD's ability as an organisation to provide a framework for an effective and fruitful discussion on very sensitive matters.

In 2022, the OECD will also focus on the areas important to Latvia such as climate change, digital governance, digital transformation, the strengthening of democratic institutions and gender equality. Latvia will actively support OECD enlargement, especially the accession of the European Union Member States Croatia, Romania, and Bulgaria. It is essential for Latvia that the OECD continue consistently supporting socio-economic reforms in the Eastern Partnership and Central Asian countries.

Reforms and strengthening of the financial system

Due to the close cooperation of all the involved sectors and institutions, Latvia has been implementing the necessary reforms in the financial sector and its supervision in recent years,

and Latvia has become the first member state of Moneyval, the Council of Europe's Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism, whose national regulatory framework complies with the international standards set by the Financial Action Task Force (FATF). In 2021, Latvia continued effectively applying the financial mechanisms created to strengthen the financial system and to ensure compliance with sanctions binding on Latvia. The principal task for the future in this field is to protect the reputation of the financial system and to comply with international standards, while promoting business development and the attraction of international investments. In 2022, Latvia will have to report to the Moneyval members on what has been achieved since the assessment in 2020.

Promotion of foreign trade and mobilising investments

Although the pandemic has been posing major challenges, the Foreign Service has continued exploring new opportunities for the promotion of economic relations. An important role has been played by Latvia's diplomatic missions abroad, which provided support for businesses in building their contacts with foreign partners. The Foreign Service has helped raise the profile of Latvia's export products with high value added – language technologies, connected and autonomous mobility solutions (a 5G network testing area, including for a cross-border network) – in the United States of America and Europe. With support from embassies, an information and communication technology company, SAF Tehnika, has succeeded in achieving an increase in export to Benelux countries and Germany. With the engagement of the Foreign Service and its support, the World Trade Organisation is currently considering the possibility of purchasing artificial intelligence-based machine translation services offered by a language technologies company, Tilde. The government of Georgia also wants to continue cooperation with Tilde with the aim of strengthening the Georgian language in the digital realm.

Latvia's diplomatic missions have been standing up for the protection of Latvian business interests and supported Latvian companies in Azerbaijan, Moldova, Turkmenistan, Ukraine, and the South African Republic.

The Foreign Service organised the participation of companies in the visits by officials to Belgium and Germany. As the result, the Antwerp Port is considering cooperation in the area of digital platforms in ports, and in 2022, Latvia will welcome a visit from a Belgian business delegation. Cooperation has been established between businesses of Latvia's ICT sector and a Belgium-based international research and development organization, the Interuniversity Microelectronics Centre, IMEC, is in the field of 5G and artificial intelligence technologies, and the military industry. German companies have shown interest in specific cooperation projects with the companies of Latvia's ICT sector. During the visit of a French business delegation headed by the French Minister of Trade, an agreement was reached on further cooperation in the sectors of information and communication technologies, certification and insurance, infrastructure and construction. Creation of joint ventures is being planned for participation in public procurements in various countries.

In 2022, following the National Industrial Policy Guidelines for 2021–2027 in association with the Ministry of Economics, the Investment and Development Agency of Latvia, and line ministries, support will be provided to Latvia's companies with a high export capacity in the sectors of high value added. The Foreign Service will continue providing information to partners abroad about secure 4G/LTE and 5G network technologies developed and produced in Latvia that can replace Chinese products. At the same time, it is vital to ensure support for an increasingly broader export opportunities for traditional sectors of Latvia's economy such as transport and logistics, tourism, timber industry, heavy engineering, food production, and pharmaceuticals, including the penetration of new markets and mobilisation of investments, based on the interests of Latvian businesses and society.

Opportunities offered by the European Union must be used to explore new and distant markets. In 2021, the European Union launched its Strategy for Cooperation in the Indo-Pacific, which envisages much closer coordination with like-minded countries in the region, including Japan, South Korea, Australia and New Zealand. The region is also essential for the European

Union's further economic growth, including the diversification of trade partners. Latvia is interested in a stable and sustainable development of the Indo-Pacific region further identifying political and economic contacts with the region's countries. The launch of the Latvian Embassy in Australia is significant in this context, which enables to address more effectively the needs of the diaspora, and also to represent Latvia's interests in the Pacific region.

Latvia's participation in the Expo 2020 Dubai international fair taking place in the United Arab Emirates until the spring of 2022 has reaffirmed the potential for expanding economic relations with the region's countries in circulation economies, innovation and technologies, creation of start-ups, food export, and the space sector.

In 2021, the process of accession to the European Organisation for Nuclear Research (CERN) was concluded, with Latvia becoming an Associate Member State. The member status offers vast opportunities for Latvian scientists to work in one of the world's largest and most respected centres for scientific research, and for Latvian businesses – to apply for CERN tenders and offer their products and services to ensure research activities. Latvia has acquired the right to participate in the CERN research programme and its training and education schemes.

Since 2020, Latvia has been successfully taking part in the European Space Agency's programmes as an Associate Member. The main achievements of Latvia's organisations include the participation of SIA Eventech in a global level space mission, Hera, and the participation in the Lunar Gateway mission by SIA Allatherm. Latvia is planning to establish a European Space Education Resource Office (ESERO) in Cēsis as from 2022, and there are plans to set up a Business Incubation Centre of the European Space Agency in Riga in 2023, thereby promoting the growth of this industry in Latvia and the transfer of space technologies to other sectors.

Development of energy, transport and digital infrastructure connectivity for the growth of the Baltic region

Latvia, together with the region's countries, continues building a free, transparent and diversified energy market. Latvia's main priority in the energy sector is the synchronisation of the Baltic States' electricity networks with the Continental European Network by the end of 2025. The power transmission line, "Estonia–Latvia third interconnection", opened in 2021, has improved security of electricity supply in the two countries, increased the capacity allocated to energy trade between the countries and is a significant reinforcement of the network for the implementation of the synchronisation project.

The common gas market covering Latvia, Estonia and Finland is developing successfully thereby promoting competition and mapping out the path to the establishment of a common natural gas market in the European Union. The Inčukalns underground gas storage facility has strategic importance for the increase of energy security in Latvia and the region, and it has fortified its positions on the international market. With a view to creating conditions for the use of climate-neutral sustainable gases as part of the European Green Deal, research work will continue on the ways to adapt the existing infrastructure for transmission of hydrogen and biogas not only in Latvia, but also between the other Baltic countries.

Latvia's position concerning the commissioning of the Nord Stream 2 gas pipeline remains firm: it is a project of a geopolitical character, which presents a security threat to the European Union due to the promotion of its energy dependence on one supplier. Latvia will follow the application to Nord Stream 2 of the requirements of the European Union's Gas Directive. The rapid increase in energy prices in Europe reaffirms that Latvia and other Baltic States must complete, as soon as possible, the initiated projects that promote their energy independence, diversify energy supply sources, facilitate the use of renewables, and consolidate connections with other European Union Member States.

The Rail Baltica project is rolling out successfully in Latvia, along the entire 265 km span. This project, highly important for the Baltic region and Europe as a whole, offers the opportunity to mobilise new investments and put in place a sustainable transport infrastructure that will build connectivity between regions. It is essential for all the Baltic States to have a

common vision and understanding of the project in the future. Latvia stands up for a uniform project management model that would enhance the attractiveness of the infrastructure and ensure increase in the passenger and freight transportation thus consolidating Rail Baltica as a new economic corridor.

In 2022, Latvia will host the Three Seas Initiative Summit and Business Forum. The Three Seas 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 on the north-south axis of the European Union. Preparing for the summit, Latvia will organise a strategic discussion on the coordination of the implementation of the Three Seas Initiative's connectivity projects with the European Union and transatlantic policies and drawing up a report on those matters to be considered at the Riga Summit. Latvia has three main priorities in this regard: first, to ensure participation of high-level participation of the Three Seas Initiative countries and strategic partners in the summit and the business forum; second, to encourage financial contribution to the Three Seas Investment Fund on the part of the member states, partners and the private sector; third, to intensify cooperation with like-minded countries beyond the region. For the first time, the Three Seas Initiative Civil Society Forum will be held alongside the summit in Latvia with the aim of raising the profile of the initiative and enhancing its sustainable development. The parliamentary cooperation dimension will be developed through the Second Three Seas Initiative Parliamentary Forum to be held in Riga. In 2021, the Three Seas Investment Fund, which is a financial platform for the development of infrastructure projects, has invested into the first three projects by the region's countries. Negotiations are under way on financing for projects proposed by nine Latvian companies.

Links with Latvians abroad

The diaspora policy has become a substantial and indispensable line of action to expand the traditional areas of cooperation and creating new ones. Alongside close cooperation towards the strengthening of the Latvian language and culture, an increasing attention is devoted to building dynamic cooperation in economy and science, enhancing the image of Latvia and attracting talents for work in Latvia. New opportunities are also sought to engage with members of the diaspora in advancing issues on the international agenda that are important for Latvia.

In 2021, the Action Plan for Work with the Diaspora for 2021–2023 was approved, which provides for a common and coordinated approach to the implementation of the diaspora policy. The plan sets out the objectives and results to be achieved in four main areas: strengthening Latvian identity and the sense of belonging to Latvia; preserving the Latvian language and culture outside Latvia; promoting civic and political participation of the diaspora; and the involvement of the diaspora in the development of Latvia's national economy and science; support for remigration.

Under the transitional provisions of the Diaspora Law, laws and regulations have come into force providing members of the diaspora with the possibility of taking part, for the first time, in municipal elections through postal voting, as well as indicating one address in Latvia in addition to their residence address abroad. Procedures have been devised for applying the non-taxable minimum to pensions in the amount determined in the respective foreign country, and an opportunity is provided to receive assistance in resolving accommodation issues. Procedures have also been simplified for recognising education, academic degrees and professional qualifications acquired abroad, including in regulated professions, as comparable to those in Latvia, thereby opening up the opportunity to work in a specific sector or study in higher education institutions in Latvia. A facilitated procedure for postal voting laid down in The Saeima Election Law will be applied in the parliamentary elections in 2022.

One of the examples of successful cooperation is the annual World Latvian Economics and Innovations Forum (WLEIF). Since its inception in 2013, the event aims at promoting Latvia's economic growth, strengthening cooperation between professionals in Latvia and

abroad working in various business sectors, and attracting additional capital in the form of innovations, finance and knowledge to Latvia. The Seventh World Latvian Economics and Innovations Forum in 2021 was devoted to Riga – its strategic development, mobilising investment, labour and talents, as well as the potential for real estate development.

In response to the initiative voiced by members of the diaspora, the Ministry of Foreign Affairs and the Diaspora Advisory Council paid special attention this year to the possibility of attracting digital nomads, remote workers and new talents to Latvia. An expert working group under the Diaspora Advisory Council was active the current year seeking best solutions and proposals for legislative amendments to make Latvia a more accessible and attractive place for remote work for both members of the Latvian diaspora and their families. The available research findings clearly show that, among the members of the diaspora currently working remotely, there is a considerable interest in distant working after return to Latvia and living there.

Another priority of the diaspora policy is work with children and youth to strengthen their sense of belonging to Latvia. On the basis of conclusion in a study report, “Attracting diaspora youth to education institutions in Latvia” produced in 2020, new opportunities are sought together with Latvia’s leading universities for raising awareness among young people of education opportunities in Latvia and promoting the interest of higher education institutions in diaspora youth as their potential students.

In addition to the existing cooperation formats, a Forum of Latvians Working for International Organisations has been scheduled to be held in 2022. The event will also make it possible to mobilise the involvement of the Latvian diaspora in preparations for Latvia’s candidacy for a non-permanent seat on the United Nations Security Council.

Work of the Foreign Service in the consular sector

In 2021, the exercise of consular functions was directly influenced by travel restrictions imposed by countries worldwide due to the COVID-19 pandemic. They caused a permanently high public interest in restrictions to both entering Latvia and travelling abroad and resulted in a considerable part of information requests received at the Ministry of Foreign Affairs.

In order to alert people to possible complications when travelling during the pandemic, the Ministry of Foreign Affairs held an information campaign, Travel Cautiously, in the summer of 2021 and at the end of the year, urging people to take a responsible and informed decision on their travel and assume risks. During the campaign, visual materials with recommendations on responsible travel and potential risks were distributed in an online environment and the campaign video was screened on the public transport in Riga.

Consular assistance and consular services were rendered to Latvian nationals without interruption while observing epidemiological safety rules. At the same time, the situation highlighted the need for modern technologies to ensure a more efficient provision of consular assistance and a wider accessibility of consular services abroad. Therefore, work was initiated to design a new Consular Register that would help travellers to enter their travel data more conveniently. The new Consular Register is expected to be completed by the end of 2022. The Ministry of Foreign Affairs, in association with other institutions continued work in 2021 so that Latvian nationals could receive consular services provided remotely by institutions in Latvia, thus making the accessibility of services cheaper and faster. At the same time, the Ministry of Foreign Affairs has been inviting the members of the diaspora to obtain an electronic signature, which offers much greater opportunities for remote communication with authorities in Latvia.

A considerable practical and informational support was given to 140 thousand of Latvian nationals residing in the United Kingdom in their applying for settled or pre-settled status under the EU Settlement Scheme to continue living in the UK.

In 2021, the number of Latvian nationals applying for paid consular services (except visas) at the Latvian missions abroad was much larger than in 2020, exceeding the pre-pandemic figures of 2019. Where 75,000 paid services were provided in 2019, and more than 62,000 services in 2020, their number had increased by 10% during 2021 if compared to 2019, and by more than 30% against the figures for 2020.

To make submission of visa applications to Latvia easier and more accessible for applicants, the network of outsourced visa centres was expanded worldwide in 2021, and they are now already available in 22 countries.

In 2022, current cooperation with the outsourced service providers will be subject to a conceptual review in order to increase the scope of consular services offered with the help of outsourced service providers thereby improving the availability of those services abroad.

Involvement of civil society and public diplomacy

In 2021, Latvia celebrated the 100th anniversary of the international de jure recognition and the 30th anniversary of the restoration of independence. As part of the centenary programme, more than 600 projects were implemented in 51 countries worldwide with support from the Latvian embassies and representations over five years. Looking to inform foreign partners and broader international audiences about the achievements of Latvian diplomacy, the English translation of collection of essays was published, titled “A Century of Latvian Diplomacy”. In association with archives and historians, research of Latvia’s bilateral relations was undertaken in the Vatican Apostolic Archive, resulting in a publication, “100 years of sincerity and confidence. Diplomatic relations between the Republic of Latvia and the Holy See”. Paying tribute to the prominent Latvian diplomat Aina Nagobads-Ābols, who has received the very first award for lifetime contribution to Latvia’s foreign affairs, an exhibition “A Latvian Woman and Her Century” was unveiled that reflects the diplomat’s life through the prism of the history of Latvia’s foreign affairs. With support from the National Library of Latvia and the Ministry of Culture, a donation of books has been prepared to national, academic and public libraries and more than 80 universities abroad that run Baltic and Eastern European Studies programmes.

In 2021, the Riga Conference took place for the 16th consecutive year, organised by the Latvian Transatlantic Organisation with support from the Ministry of Foreign Affairs and the Ministry of Defence – an event that has assumed a stable and lasting place in the exchange of views in the region on foreign and security policy. The conference featured discussions on regional and global challenges, including the future of the European Union, the drafting of NATO’s new strategic concept, developments in Belarus and Afghanistan, climate policy, digital future, and the international aspects of data security in a hybrid format – online and in person. The Latvian Institute of International Affairs with support from the Ministry of Foreign Affairs organised a public diplomacy event in the margins of the Meeting of NATO Ministers of Foreign Affairs – a conference “NATO’s Outlook Towards 2030 and Beyond”, which traced an outline of NATO’s new Strategic Concept. Also, with the Foreign Ministry’s support, the institute published the concluding fifth volume in a series of publications devoted to the centenary of Latvia’s foreign policy, presenting an analysis of Latvia’s foreign policy from the perspective of multilateral diplomacy and membership of international organisations. Another jointly produced publication was the Latvian Foreign and Security Policy Yearbook 2021.

To mark the 30th anniversary of restoration of the independent state of Latvia, the Ministry of Foreign Affairs in partnership with the Saeima and The 4th of May Declaration Club organised the foreign policy day of an international conference “A Dream Fulfilled: Freedom and Independence”, which was widely streamed and brought together current and former Latvian and foreign senior officials of state and government, the diplomatic corps, students, social partners, researchers and all those interested in international politics. The

conference explored the process of regaining independence by Latvia and the region's countries, and the international context of that period with a future perspective and evaluation. Accentuating the invaluable contribution of international partners to the restoration of Latvia's independence, remarks were delivered by Jón Baldvin Hannibalsson, former Minister of Foreign Affairs of Iceland; Lech Wałęsa, former President of Poland; Vytautas Landsbergis, former Chairman of the Supreme Council of Lithuania; and Stanislav Shushkevich, former Chairman of the Supreme Council of Belarus.

With the aim of increasing the role of people and their engagement in the shaping of the European Union's future policy, a forum for a vast series of debate, the Conference on the Future of Europe, was launched in 2021 and is expected to be concluded in the spring of 2022. The people of Latvia were also offered an opportunity to join the exchange of ideas on Europe's future. At the national level, the conference is a good basis for a more active involvement of people in discussions about vital issues on the European Union's agenda. In proportion to the number of population in the European Union Member States, people in Latvia have been among the most active in making their ideas heard. It must be underlined that their opinions and ideas is a vital resource in the formulation of Latvia's interests in the European Union. The Ministry of Foreign Affairs has organised a comprehensive series of discussions with participation of students from 11 Latvian institutions of higher education. Students' suggestions concerning the future development of the European Union cover a course towards climate neutrality, which should take place in interaction with the promotion of economies and job creation, and the need to develop security and defence policies, enhance resilience to hybrid threat, improve the accessibility and quality of education and health services, and strengthen democratic values – equality, human rights and the rule of law. In association with the European Commission representation in Latvia, the Ministry of Foreign Affairs also involved Latvia's senior citizens in an interactive discussion on Europe's future. In addition, a sociological survey, "Future of Europe – Latvia's Viewpoint", was carried out with support from the Ministry of Foreign Affairs. On the whole, people in Latvia pointed out during the debate that substantial attention should be devoted to digitalisation, democracy and public health issues. People in Latvia believe that the European Union should primarily address matters that are vital for all residents of the European Union regardless of their place of residence or employment and are actually achievable, thus building public trust in the European Union.

At the same time, it should be admitted that regardless of the ambitious goal to engage with all generations of people in the formulation Europe's future, the agenda of the Conference on the Future of Europe has been dominated so far only by matters concerning its structure and functioning. The low level of participation is one of the central elements of the conference – the multilingual digital platform – evidences the lack of visibility of the conference among the people of the European Union Member States. The profile of current users of the platform cause concerns due to the lack of variety in the opinions expressed. The vague and narrow interpretation of criteria for the recognition of national panels should be valued critically. This fosters inequality between Member States and increases risks of the opinions of Member State citizens not being reflected fully and commensurately. Two plenary sessions have taken place since the launch of the conference on 9 May 2021, with citizens not being represented in one of them. No discussions have begun at the plenary session yet on citizens' recommendations, which should inform the conference conclusions. In view of the delay in the European Citizens' Panels, the issue of the expected results and their consistency with the previously expressed ambitions and promises is increasing in importance.

Vital support to the Ministry of Foreign Affairs in its work is provided by members of civil society; a dialogue is under way with centres for foreign policy and security policy studies, social partners, the academic environment, a vast circle of experts, and non-governmental organisations. To inform and engage in a discussion with the younger generation on the functioning of Latvia's Foreign Service, diplomacy pursued and work in international organisations, remote lectures and a series of virtual learning tours are held at the Ministry of

Foreign Affairs and in Latvia's diplomatic missions abroad, which allow young people to gain deeper insights into the ministry's work and bilateral cooperation with countries worldwide.

The Minister of Foreign Affairs delivered a public lecture hosted by the Faculty of Social Sciences at the University of Latvia, which addressed international relations related topics of interest to Latvia's students. To mark the centenary of Latvia's international recognition de jure, a youth competition, "A 21st Century Diplomat" was organised on social platforms. So as to support the participation of Latvian youth delegates in the United Nations work, cooperation will continue with a youth organisation, Club "The House" – Youth for United Europe, and with the Youth Council of Latvia. The Baltic Centre for Media Excellence in association with the Ministry of Foreign Affairs carried out activities towards the strengthening of the media environment in the Eastern Partnership countries. To raise awareness in the context of the United Nations Sustainable Development Goals, LAPAS launched a campaign in regions and social networks reaching out to several thousand people. 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.