

Speech by the Minister of Foreign Affairs of the Republic of Latvia Mr. Edgars Rinkēvičs at the Foreign Policy Debate in the Saeima, 24 January 2013

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Highly esteemed Mr President, esteemed Ms. Speaker of the Saeima, distinguished Presidium, esteemed members of the Saeima, Ministers, Excellencies, Ladies and Gentlemen !

I am grateful for this opportunity and truly honoured to address you today at the Second Foreign Policy Debate. This year holds special significance for us all since we are celebrating the 95th anniversary of the foundation of the state of Latvia; thus, I would like to place a special emphasis on the contribution of Latvian diplomats made in the process of international recognition of Latvia's statehood. Without the selfless, resolute and skillful efforts of our diplomats Latvia would never have appeared on the political map of the world. I wish to commemorate, in particular, those Latvian diplomats whose lives were lost to brutal and repressive regimes while working for the good of Latvia. Others were forced into exile, and though far from their land of origin, they never lost hope and enthusiasm to create the free and democratic state of Latvia.

Also today, Latvia's diplomats spare no effort to stand up for the interests of the state of Latvia and for people of Latvian nationality in every corner of the world, and for this, I wish to offer my heartfelt appreciation.

Distinguished members of the Saeima!

2013 will be an active and dynamic year for the foreign policy of Latvia. This is predetermined by the current international developments, the approaching Latvian Presidency of the Council of the European Union and the crucial decision on Latvia's accession to the single European currency, the euro.

As planned, last year's foreign policy of Latvia focused on several priorities. First, Latvia's location in the centre of European Union cooperation, the so- called core. Second, conditions beneficial for our national interests in talks on the EU's Multi-annual Financial Framework (2014-2020). Third, the establishment of external economic relations with third countries. Fourth, preparation for the Presidency of the European Union. Fifth, strengthening external security and facilitating decisions favourable for Latvia at the NATO Chicago Summit.

Esteemed colleagues!

The past year was a year of gradual stabilisation for Europe. And I am truly pleased that Latvia has been an active participant in the stabilisation processes, finding the strength to take responsible, rational and tough decisions aimed at putting both Europe's house and our own house in order.

The Government worked hand-in-hand with the Parliament and non-governmental organisations to achieve conditions favourable for Latvia in the EU's budget for 2014-2020, especially in the fields of cohesion and direct payments. We shall tirelessly engage in efforts to realize the best possible outcome for Latvia in talks this year. In my capacity as Foreign Minister, I shall do my utmost to defend those interests. At the same time, I am urging that we keep at hand every instrument in our arsenal, including even withdrawal of support for the budget, should the proposal be in direct conflict with our interests.

Esteemed members of the Saeima!

In my opinion, the promotion of foreign economic links has never before been so high on the Foreign Ministry's agenda. The activities of the Foreign Ministry focused on the following directions. First, entering new markets across all five continents. Second, the protection of Latvia's interests in relation to economic sanctions by the European Union. Here we are speaking about Belarus. While honouring common European Union principles, it was vital to prevent harmful effects that this type of sanctions could have on the economy of Latvia. We succeeded. Third, we enhanced the legal framework to activate greater economic cooperation: for instance, the Latvia-Russia double taxation convention was ratified, and a new regime to facilitate border

crossing with Belarus took effect. Fourth, the Ministry of Foreign Affairs, in association with other government institutions, energetically promoted our national interests by aspiring to accede to the Organisation for Economic Cooperation and Development, the OECD. Membership in this institution offers new avenues for the development of our economy by improving the country's credit rating and investment environment along with opportunities to benefit from the experience of developed countries and to enhance competitiveness in the sectors of education, health, finance and legislation.

Esteemed members of the Saeima!

Last year the Saeima approved the National Defence Concept, which reaffirms Latvia's commitment to bring its defence expenditure up to 2 percent of GDP by 2020. This is clear confirmation that defence and security of the country are priorities for Latvia. But let us remember that we cannot get by with declarations alone, it's important to fulfil those commitments.

In spring, Chicago hosted the NATO Summit where Latvia together with Estonia and Lithuania achieved the extension, without time limits, of the Baltic Air-Policing Mission. Jointly with the allies we also outlined a further path towards achievement of progress in Afghanistan after 2014. Our soldiers are still serving in that country, and we all wish for the situation in Afghanistan to become stable. Our servicemen and civilian experts are doing their duty in Afghanistan and other locations with a sense of responsibility, and for this I want to extend my deepest gratitude.

In 2012, Latvia and Riga were highlighted on the world map as part of the transport artery connecting the Baltic Sea, Afghanistan and Central Asia, the so-called Northern Distribution Network. Since the route began to operate, about sixty thousand containers have been shipped through Latvia thereby generating 30 million euro in additional revenue for the state budget. A NATO exercise named "Steadfast Jazz" will take place this year on the territory of Latvia and in our Baltic region; this will be the largest exercise we have hosted since joining the Alliance. This exemplifies how our military, in cooperation with Allies, are honing their skills on a day-to-day basis thus strengthening the security of Latvia and the whole trans-Atlantic area.

The enhancement of the U.S. bonding and presence in Europe will remain important for Latvia. Close cooperation and coordination of positions on matters of international politics was ensured by the visit of U.S. Secretary of State Hillary Clinton. Our goal, both this year and the next, will be the advancement of relations in the field of economy and education, thus adding to the already existing close political and security cooperation.

Latvia's relations with Russia in 2012 were marked by contradictory trends. On the one hand, indicators of economic cooperation, interest in investment opportunities in Russia and the number of tourists, were on the rise. The Latvian-Russian Double Taxation Convention took effect and that offers vital support for Latvia's entrepreneurs.

At the same time, sharp rhetoric was directed against Latvia in international organisations including absurd allegations of the revival of Nazism in Latvia. Destructive elements were introduced into the dialogue by Russia's position regarding the national language referendum and its outcome, and this was a cause of well-founded indignation among the general public in Latvia. The Ministry of Foreign Affairs has been categorical in refuting such attempts by Russia to discredit Latvia through the issuance of clarifications and firm statements as well as through work in international organisations.

I would like to voice hope that this new year in the relations between the countries will focus more on constructive elements in cooperation, such as the dialogue on modernization and continued work of the intergovernmental commission, the border demarcation commission and the commission of historians. Russia's membership of the World Trade Organisation should open a new perspective for our economic cooperation.

Last year, we implemented a policy to be active in the Eastern Partnership and Central Asian countries. These countries see Latvia as a model for their institution-building, and we shall continue providing them with our support and experience. I would like to accentuate in particular the significance of the Central Asian Region, which acquires an increasingly prominent role due to its economic and energy potential.

Latvia will do all it in its power so that the European Union signs Association Agreements with Georgia, Moldova and Ukraine. We believe that integration of these countries in Europe will foster their further development and offer additional opportunities for

forging more active relations as economic and political partners.

We are also proceeding with work to enhance relations with other significant partners. We want to open an embassy in India this year. South Korea has opened its embassy in Riga. We shall work with China and Japan, as well as with other countries and regions.

Esteemed members of the Saeima!

In 2013, Latvia's foreign policy will be targeted at safeguarding fundamental interests of our country in the areas of security and economy. I see that as active participation in the European Union and NATO, and closer integration in the sectors of finance, transport and energy. The agenda still includes the topic of the European Union's multiannual budget, joining the euro, as well as the Presidency of the Council of the European Union.

We shall work on the further strengthening of the political and economic competitiveness of Latvia by entering new markets. We hope to receive an invitation to join the OECD this year. In 2013, Latvia holds the Presidency of the Baltic Council of Ministers and the Baltic Assembly. The priorities we have set out within these organisations are the enhancement of competitiveness and business environment in the region, including the establishment of a single digital market and the Baltic Innovative Research and Technology Infrastructure (BIRTI), strengthening cooperation with the Nordic countries, and energy and transport issues. We shall carry forward work on diaspora-related topics; the role of these activities in the Foreign Service is expanding. One of the major events of the year in this field will be the World Latvian Economic and Innovation Forum in Riga. The event aims at creating a platform for the exchange of ideas on how to make a better and more effective use of the diaspora potential in the development of Latvia's economy.

Esteemed members of the Saeima!

In 2013, Latvia is expected to make pivotal decisions on its readiness to join the Eurozone.

Why is the euro vital for the future development of Latvia and Europe? Present-day global challenges compel European countries to seek closer forms of integration. The ever-increasing competition in the global market has led to decline in the share of Europe in the total global gross domestic product. This is confirmed by economic figures. In 1990, the European Union's GDP amounted to 29 per cent of the gross world GDP. The figure could drop to barely nine per cent in 2017. In order to mitigate the potentially negative consequences of those trends, the final barriers should be removed thereby enabling formation of a European Union built by nation states in genuine unity and solidarity. It is only by joint efforts that we can safeguard the welfare and security we have enjoyed so far. The euro and its successful evolution is one of the prerequisites for the ability of Europe to retain its place in global processes and remain one of the world's economic levers.

I am confident that the accession to the single currency is in Latvia's best interests. The history of the European Union has clearly demonstrated that a closely integrated Europe is the best guarantee for the development of small and medium sized states. More integration means a stronger Europe as a whole and more strength for each individual member state.

Three of the new European Union member states – Estonia, Slovakia and Slovenia have introduced the single European currency, and its popularity, for instance, in Estonia is constantly high. The accession to the single currency has not affected the national identity in any of those countries. It would also be wrong to assume that the process of adopting the euro would come to a standstill when Latvia accedes. Our neighbour, Lithuania, has officially announced that it intends to follow in the footsteps of Estonia and Latvia. Poland, too, has launched a serious debate on joining the eurozone. The euro is a conscious political choice in line with Latvia's course of development and inclusion in the core of Europe.

Latvia's opinions will gain considerably greater weight in the global arena by being in the Eurozone, rather than staying on its periphery. Certain Western countries that have opted against the euro cannot be a model for Latvia in view of their differing historical traditions, the specific character of their financial sector, as well as their economic potential. We are neither an island, nor a country that has succeeded in preserving its neutrality for centuries. A successful development of our nation is not based on self-isolation but on a tight union with other European countries.

A potentially more urgent question we can ask today is not about the very usefulness of introducing the euro, but why is this the right time for Latvia to join the euro?

Several arguments can be highlighted here. First, we currently meet the criteria for the introduction of the euro. This has been achieved by hard work. We are where we are, and each new day is a geopolitical choice. The euro is also a geopolitical choice. Second, doomsday scenarios for the euro have not materialized. The euro currency, as demonstrated by the experience of the past two years, has preserved its stability. The euro adoption will eliminate the devaluation risk, which means that people could stop worrying about the safety of their savings and income in this regard. Third, the EU member states still retain their firm political commitment to keep the single currency. This ambition is voiced not only by Europe itself but also by other countries, the United States of America, China and Russia. The demise of the euro is not in the interests of any country or region. It must be taken into account that 25 percent of global currency reserves are stored in euros. Fourth, the economy of Latvia has demonstrated dynamism for several quarters, and the government wishes to preserve this growth. At the time when various countries of the region compete for attracting investments, the accession to the single European currency would be yet another sign of Latvia's successful development as well as raising Latvia's profile in other European Union member states and beyond. It is worth mentioning that the accession to the euro is also supported by Latvia's business organisations including, for instance, the Employers' Confederation of Latvia, the Chamber of Commerce and Industry, the Farmers' Saeima.

At the same time, we must not relax our efforts with structural reforms in economy and education. Our competitiveness depends directly on fundamental change in these sectors.

Esteemed members of the Saeima!

The other major package of issues we are addressing in the Saeima for the first time today is Latvia's preparation for the Presidency of the Council of the European Union in the first half of 2015.

The presidency will be a serious challenge for Latvia and the professional qualities of its public administration, given our limited experience in managing so complex an institution. Therefore, the involvement and coordination of all Latvia's institutions – the Government, the Parliament and non-governmental organisations will be even more important. Time and again it has been proved that a small country, by using its resources wisely, can run the Presidency more successfully than large countries. In 2013, we must formulate and elaborate our offer, which Latvia will propose to be included in the European Union agenda for 2015.

The initial discussions held in 2012, outlined several prospective packages of the Presidency priorities.

First, the debate broadly addressed issues related to a balanced development of environment, economy and man. The theme is becoming increasingly visible on a global scale. In view of Latvia's traditional experience in this field, Latvia could offer solutions at the European level, targeting the need to harmonise economic development with the environment.

Second, the Baltic Sea region is home to eight European Union member states and the Baltic Sea region is automatically an important topic for each of them. During its Presidency Latvia will organise a forum on the European Union Strategy for the Baltic Sea Region. This is an opportunity to raise awareness amongst all European Union member states of the scope of our regional issues.

Third, as concerns foreign policy, Latvia wants to focus on topics where we are able to significantly contribute to, and take forward the current European Union initiatives. In my opinion these issues are the Eastern Partnership, Central Asia and the transatlantic relations. The Eastern Partnership countries have been a traditional priority for Latvia. They are important partners to Latvia in the field of politics and economy. During the Presidency, Latvia wishes to raise the profile of the Eastern partnership countries on the European Union agenda. To further highlight the Eastern Partnership topic we shall also actively work together with the like-minded countries of the region – Lithuania, Poland and Estonia.

Most of the troops in the international coalition will leave Afghanistan in 2014. Further development of the country will require economic growth and surroundings which are as stable as possible. Thus it will be vital to support mutual cooperation between Afghanistan and the region's countries, inter alia, in the sectors of trade, transit route development and the use of natural

resources. It is cooperation with the central Asian countries that could have a great potential here. Given Latvia's experience in the operation of the Northern Distribution Network, the history of relations with the Central Asian countries as well as the expertise shared, for instance, through the working with customs authorities, Latvia can offer its contribution towards pursuit of a more dynamic EU policy which will result in concrete economic gains.

Transatlantic relations, in a broader context, including the U.S. and Canada, have traditionally been in the focus of Latvia's attention. With the evolution of the concept of setting up a free trade area between the European Union and Canada and the U.S., Latvia, as part of its Presidency agenda, wishes to promote the further development of talks with those two countries, in view of the huge potential of a transatlantic free trade area for the economies of European and American countries.

Fourth, Latvia is not the only European Union member state having diasporas, due to various reasons, both inside and outside the European Union. No in-depth studies and analyses have been carried out regarding a possible contribution by the diaspora to the European Union and its member states. Together with the other European Union members Latvia will seek institutional and practical solutions towards a more active engagement of the diasporas in the European Union's interests.

Esteemed parliamentarians!

I am very happy that the foreign policy sector in 2012 benefited from a joint and coordinated contribution of top ranking officials of Latvia's Government and the Saeima. For that, I would like to offer my gratitude to the President of Latvia, Andris Bērziņš, to the Speaker of the Saeima, Solvita Āboltiņa, the Prime Minister, Valdis Dombrovskis, the Presidium of the Saeima, the Foreign Affairs and European Affairs Committees of the Saeima and their chairpersons Ojārs Kalniņš and Zanda Kalniņa-Lukašēvica as well as to my colleagues in the Cabinet of Ministers. I hope this cooperation will continue as successfully also in 2013.

With the start of the year 2013, Latvia's foreign policy is facing new tasks and challenges. I invite you to jointly contribute to addressing and solving them.

The Saeima has a significant role in formulating and implementing the foreign policy agenda. You are active participants in the process when working in the framework of the Baltic Assembly and other international organisations. I also hope that Parliamentary cooperation groups, which have been and will remain an essential element of shaping bilateral relations with other countries, will continue offering a valuable contribution to the foreign policy of this country.

Whatever political positions and differences of opinion we may have, whatever arguments may occasionally flare up in our own home, let us remember that all together, and each one of us individually represent and fight for the interests of Latvia. I wish us all success in our endeavours.

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