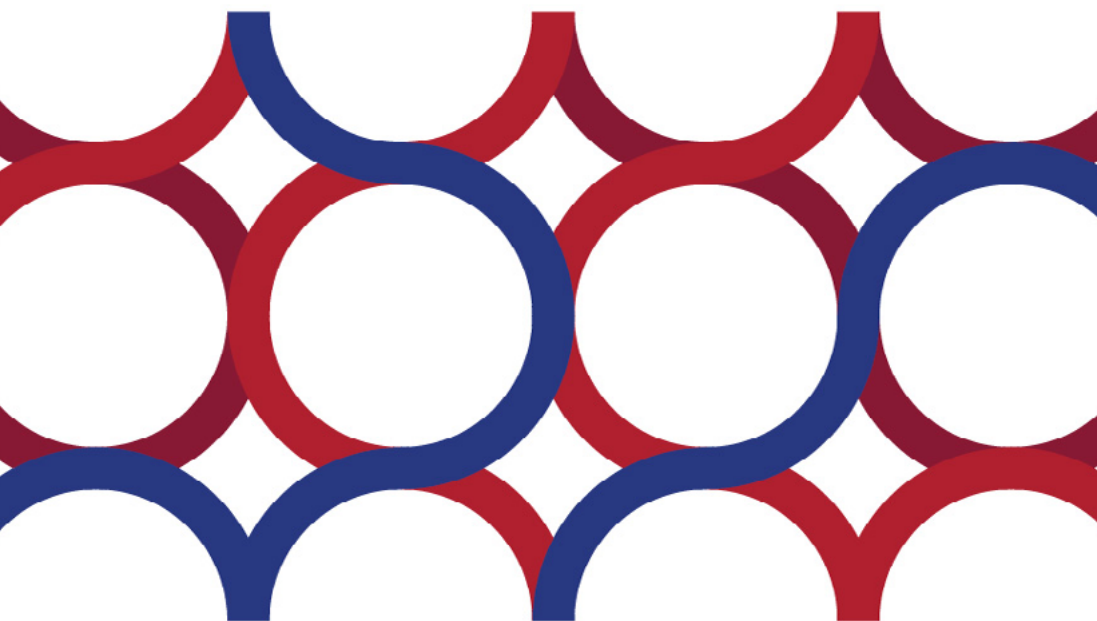


# Latvia and the United States: Revisiting a Strategic Partnership in a Transforming Environment



**Editors:** Andris Spruds  
Diana Potjomkina



# **Latvia and the United States: Revisiting a Strategic Partnership in a Transforming Environment**

**Editors: Andris Spruds and Diana Potjomkina**

Latvian Institute of International Affairs  
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This is a book about building bridges and strengthening the partnership between Latvia and the United States. The publication *Latvia and the United States: Revisiting the Strategic Partnership in a Transforming Environment* continues the tradition of a thorough and regular re-assessment of bilateral engagement between the two nations. The publication starts with an analysis of relations in a wider historical and regional context and further deals with security and defence matters and cooperation; economic cooperation; as well as trajectories of people-to-people diplomacy and the important role of Latvian diaspora in the United States. A team of prominent Latvian and US experts contribute their assessment of the last several years in Latvian-US relations and present recommendations for the future.

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# Introductory Remarks: Revisiting the Strategic Partnership

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**Andris Spruds**

**T**his is a book about building bridges and strengthening partnership between Latvia and the United States. The publication *Latvia and the United States: Revisiting the Strategic Partnership in a Transforming Environment* continues the tradition of a thorough and regular re-assessment of the bilateral engagement between the two nations. Although Latvia and the United States diverge considerably in their international weight, reach and role, relations have become increasingly dynamic, steadfast and mutually committed in recent years. The US provides indispensable support to Latvia in a multitude of ways; Latvia, in turn, is one of the most consistent and like-minded of US allies in Europe, and an increasingly influential regional and international player. This cooperation reflects a solid basis of strategic partnership established, revisited and expanded during the last two decades. At the same time, re-assessment of the prospects of this developing strategic partnership has become even more important in the transforming global and regional environment.

We are experiencing a dynamic and considerable shift in the tectonic plates of global politics and economics. The Transatlantic community of the like-minded nations is facing a number of fundamental challenges. The European Union members, including Latvia, are attempting to find a common approach and deal with an unbalanced financial system, protracted migration crisis and intensifying terrorist threats in Europe. The United States is being tested in a partly similar manner. The current decisions and a quality of political leadership may influence considerably the future of the European and Transatlantic visions that would have a lasting impact on the whole Western community. There are concerns that neither European nations nor the United States are fully immune against the voices of populism, national assertiveness and isolationism. The lack of solidarity



would be a disturbing trend in the context of geopolitical challenges in the proximity of Transatlantic alliance.

We have seen a conspicuous re-emergence of geopolitical ambitions and great power assertiveness in the recent years. Russia's assertiveness and adventurism in Ukraine and beyond, annexation of Crimea and perceived competition of integration projects in the neighbourhood has been a strategic game changer. Now with a protracted conflict in Ukraine, the "win-win" approach in a wider Euro-Atlantic area from Vancouver to Vladivostok is increasingly difficult to achieve and insecurity perceptions are omnipresent. Perceptions of engagement and expectations of wider regional cooperative frameworks have apparently been replaced by growing mistrust, mutual deterrence strategies and great power rivalry. Under these challenging circumstances, a political and economic sustainability of the European project and a strong Transatlantic linkage appears in a persistent need to be reassured, reinvigorated and strengthened. And the United States and Latvia have an important role to play in promoting solidarity, mutual reassurance and common vision in the community of the shared values.

*Latvia and the United States: Revisiting the Strategic Partnership in a Transforming Environment* aims to contribute with a thorough assessment and recommendations for further productive engagement and mutual understanding between the two nations. The publication starts with an analysis of relations in a wider historical and regional context. The second part of the book focuses extensively on security and defence matters and cooperation. The economic cooperation has been rather modest but considerable potential and windows of opportunities exist in the fields of trade, energy and transportation. Economics is becoming increasingly more central as Latvia is about to join the US in two more exclusive international clubs, through acceding to the OECD and becoming a member of the largest economic agreement in the world, the impending Transatlantic Trade and Investment Partnership between the US and EU. The prospects of economic cooperation are dealt with in the third part of the publication. Last but not least, mutual perceptual frames, trajectories of people-to-people diplomacy and the important role of the Latvian diaspora in the United States are discussed in the concluding part of the book.

The partnerships are always instrumental in achieving a positive outcome and promoting shared values and interests. This publication is a manifestation of significance of partnerships as it benefited considerably from the enthusiasm of our American and Latvian colleagues to share their insights and advice. In the process, the generous support by *Latvijas Dzelzceļš*, a leading regional transportation company, has been instrumental to the successful accomplishment of this book. *Latvijas Dzelzceļš* demonstrates both an understanding and willingness to support analytical endeavours on a formative bilateral relationship and regional dynamics in a politically and economically transforming setting. Other public and business entities such as the European Crabbing Association and the company PATA also has contributed to the publication. The support by the American Latvian Association underlines once more the valuable role the diaspora organizations play in promoting a strong basis for the strategic partnership between Latvia and the United States strengthened by a mutual understanding and friendship on a societal level. Last but not least, the Latvia's Embassy in the United States and Latvian MFA in general has been strongly supportive from the very beginning to accomplish this analytical and policy-oriented endeavour.

Beyond doubt this publication also benefits from a reader interested in understanding the challenges and prospects for Latvia and the United States to cooperate successfully in the demanding regional and international environment. The strategic partnership between the two nations and a broader Transatlantic community faces years of numerous home-works, difficult decisions and windows of opportunities. These merit in-depth discussion, but there is already fertile soil for this conversation: previous successful cooperation and trust between Latvia and the United States provides a strong foundation and confidence that this strategic partnership can be strengthened and expanded.



# Welcome Remarks

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**Andris Razans**

Ambassador of Latvia to the United States

Dear reader!  
In front of you is a publication dedicated to the partnership between Latvia and the United States of America – an evaluation of the current substance of these relations and a view on the perspective of this relationship in upcoming years. I am especially pleased to have collaborated closely with the Latvian Institute of International Affairs, the result being this particular publication. This will be a useful guidebook for those who are concerned with relations between Latvia and the countries of the Baltic Sea region, and the US.

Following its restoration of independence, Latvia, by taking advantage of its unprecedented dynamic return to the community of democratic European nations and in working together with these countries in various formats, has consistently enjoyed the support of the US. Europe's recovery from the devastating effects of World War II was largely possible due to the stabilization and security policy extended to Europe by the United States. Without a doubt, the Marshall Plan and the establishment of NATO were two of the most important steps taken by the US to strengthen the security of the nations of Europe. Political leaders on both sides of the Atlantic clearly recognized that the well-being and security of the US and Europe are closely intertwined.

Europe, as perceived by the US, was much more than its most important economic partner or security ally. The United States was shaped by Americans of European origin. Democratic ideals, equality and the rule of law – the fundamental values of the US – originated in Europe. The United States, geographically separate from the continent of Europe, was modeled on values born in Europe. That is why the Europe and US partnership is a strategic one and cannot be replaced.

In the case of Latvia, the half century of Soviet occupation resulted in an interruption of Latvia-US relations. Although the US did not recognize the illegal incorporation of Latvia and other Baltic countries into the USSR in 1940, in practice, all practical, political, economic and other bonds of cooperation between the US and these countries were severed for many decades.

At a time when the remaining European countries with direct support of the US were able to strengthen their democratic societies, restore their frail economies and form a transatlantic system of collective security – NATO, the yearning for democracy, rule of law, security and well-being of Latvia’s population was not taken into account.

If in many places in Europe and the rest of the world this essential nuance – the sacrifice of the Baltic countries for the achievement of a larger goal – was mostly forgotten during the Cold War period, then the US always kept this choice between moral principles and Realpolitik in mind. The US did not recognize the incorporation of Latvia and other Baltic countries into the USSR. Thanks to the policies of presidents Ronald Reagan and George H. Bush, what was referred to as “the Evil Empire” by President Reagan collapsed in 1991. Latvia regained its independence, thus opening the way for the transition from a captive nation to a member of the Euro Atlantic family of democracies.

This explains why it is in Latvia’s interest to promote close cooperation between the US and the countries of Europe. It is the foundation of Latvia’s external security. The US is a global democratic superpower with its own interests throughout the world. However, it is not only the breadth of these interests and its physical presence that strengthens Latvia’s desire for deepening its cooperation with the United States. US foreign policy is based on a firm foundation of solid values, including that of the rights of nations to decide for themselves how and with whom to construct their future. This coincides with Latvia’s vision of the world’s order.

Russian aggression in 2014 against the sovereign country of Ukraine, the annexation of Crimea, and the inciting of military conflict in Eastern Ukraine has radically changed existing security structures in Europe for the long term. The positive impact of Europe’s achievements following the Cold War is being called into question. The rights of European nations to determine their

own fate are openly challenged. There are attempts to draw boundaries of geopolitical influence. Methods of psychological intimidation are being implemented.

In coming years it is of extreme importance to safeguard democratic gains in Europe which were attained after the collapse of the Soviet Union, thanks to reforms achieved in countries which had newly restored their independence. The substance of the current Europe-US relationship, possibly, has a larger meaning now than it did in the previous decade. Europe's NATO Member States must complete their homework, including increasing defense expenditures and elevating the internal resilience of these countries. Russia's revanchist threat towards Europe will be long-lasting and preparations must be made accordingly.

This is why Europe requires a long-term US military presence in Europe, especially in the Baltic Sea region. Latvia stands ready to welcome even more NATO allied forces. This kind of development would leave a positive influence on stability in the Baltic Sea region.

Looking ahead, the NATO countries of Europe must also commit to their fair share and take greater responsibility for its security. Latvia is well aware of this. That is why this year Latvia has increased its defense expenditures by 40 percent and the Parliament has by law instructed the government to increase the defense budget to 2 percent of the GDP.

But it's not only the area of defense that clears the way for new perspectives of cooperation in the upcoming years. At a time when we are regularly confronted with so-called hybrid threats of various manifestations, there are endless possibilities for the US and Latvia to strengthen collaboration against all kinds of displays of hybrid warfare. For example, limiting the propaganda of undemocratic regimes. Limiting internal weaknesses caused by corruption. Together improving the capabilities of cybersecurity. Reducing vulnerabilities in the economic and financial sectors caused by external political pressures. It is my firm belief that close cooperation with the US in all these spheres will only increase in the upcoming years. In 2017 Latvia will open up its natural gas market. This means that Latvia, like Lithuania and Estonia, will no longer be dependent on a single source of natural gas – Russia. This opens up magnificent new opportunities for the US energy business in Latvia and the Baltic Sea region.

Latvia is a Northern European country with an open view on free trade and competition so characteristic to Northern Europeans. Latvia has proven to be a very dynamic location for the development of start-up companies and new technologies. We are known for that and we are proud of that. Latvia is interested in a free and transparent foreign trade regime. That is why it is interested in concluding the Transatlantic Trade and Investment Partnership (TTIP) Agreement as soon as possible. This strategic agreement will have an enormous impact on the standards of global trade and investment. It will fortify the strategic character of EU and US relations even more. And that is beneficial to Latvia.

# Welcome Remarks

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**Nancy Bikoff Pettit**

Ambassador of the United States to Latvia

I have worked in this region for many years, and in the span of my career I have witnessed dramatic and sometimes surprising change. When I began my career at the US embassy to the Soviet Union, it was a dream to think that I would eventually serve as U.S. Ambassador to a free and independent Latvia. A dream that the Latvian people, with the constant support of the American people, brought to reality through their hard work to become independent once again.

The United States has always stood steadfastly by Latvia in its right to self-determination. On July 23, 1940, Acting Secretary of State Sumner Welles issued a statement that read, in part:

“ *The people of the United States are opposed to the predatory activities no matter whether they are carried on by the use of force or by the threat of force. They are likewise opposed to any form of intervention on the part of one state, however powerful, in the domestic concerns of any other sovereign state, however weak.*”

When we read these words today, we are moved by their weight and power. For five decades they served as the foundation of the United States’ refusal to recognize Soviet occupation of the Baltics and reiterated to the world U.S. support for these countries’ perpetual right to independence and sovereignty. The Welles Declaration is a testament to our longstanding support of the Baltic States and a tribute to our countries’ commitment to the ideals of freedom and democracy: every individual has the right to liberty, freedom, and self-determination.

The relationship between the United States and Latvia is stronger today than it has ever been. The U.S. is committed to the Latvian state, our longtime friend and ever-closer NATO



ally. The persistent presence of U.S. troops in the region is a tangible testament of this commitment. Joint military exercises demonstrate our commitment to a resolute and unified response to those who would use force to redraw international borders. The United States is committed to the collective security of Latvia and our NATO allies to ensure peace and stability in the region.

We are also linked by our robust economic relationship. Whether it is partnering to expand investment between our two countries or promoting entrepreneurship programs, our economic ties grow closer each day. Increasing trade between our two countries is a top bilateral priority, and the Transatlantic Trade and Investment Partnership Agreement will open unprecedented doors to businesses in both of our countries. The United States is also working to educate American businesses about the advantages of investment in Latvia. We need to work together, however, to improve Latvia's investment climate by increasing transparency and creating a level playground for all businesses.

Ultimately, what makes our relationship so unique and rich are our shared national values, which are founded on democracy, human rights, and the rule of law. These fundamental principles bind us together and lead us toward a prosperous future.

The final sentence of the Welles Declaration reads:

“ *The United States will continue to stand by these principles because of the conviction of the American people that unless the doctrine in which these principles are inherent once again governs the relations between nations, the rule of reason, of justice and of law - in other words, the basis of modern civilization itself - cannot be preserved.*”

We will continue to stand shoulder-to-shoulder to preserve the values and ideals we hold dear. Only together, through hard work and a continued commitment to furthering our nations' shared values, can we together ensure our vision of a Europe whole, free, and at peace.



The background features a pattern of overlapping circles in two shades of red and one shade of blue. The circles are arranged in a grid-like fashion, with some overlapping others, creating a dynamic and abstract design. The colors are vibrant and the lines are thick, giving it a modern, graphic feel.

## **I. Latvia-US Relations in a Historical and Regional Context**

# A Strategic Appraisal of a Centenary of US-Latvian Relations: The Baltics in American Policy from Wilson to Obama

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**Edijs Boss**

The past century saw transitions between at least three configurations of global power. The international system prior to the Second World War had multipolar attributes; then the Cold War system was effectively bipolar before it was transformed into an apparent American unipolarity in the 1990s. This article will observe the correlation between these transitions in the distribution of international power and stages of development of the US-Baltic “strategic” relationship. If accurate, these observations hold relevance for long-term policy planning in the Baltic States, in particular as the global system appears again to be in the process of a gradual transformation into something other than an American-dominated unipolarity.

Indeed, American relations with the Baltic States date back a hundred years since the establishment of Estonian, Latvian and Lithuanian independence. However, America’s strategic presence in this North-Eastern European neighbourhood is a relatively recent phenomenon. The purpose of this analysis is to highlight the fact that, based on the historical record, the availability of the United States as an alliance partner for Latvia and the other Baltic States appears to have been linked to the post-Cold War “unipolar moment”, i.e., the US’ achievement of a preponderant power position in the international system. The unipolar environment allowed the United States to pursue, in G. John Ikenberry’s terms, a “milieu-based” grand strategy<sup>1</sup> – such as expansion of the liberal democratic portion of the international community through NATO enlargement – relatively low risk and ignoring opposition from second-tier great powers. “If it is possible to do good at a bearable cost,” said US President

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1 G. John Ikenberry, *Liberal Leviathan: The Origins, Crisis, and Transformation of the American World Order* (Princeton: Princeton University Press, 2011), 164-5.

Barack Obama on a related note discussing American foreign policy, “we will do it.”<sup>2</sup>

## **Alignments between Giants and Dwarfs: A Theoretical Remark**

It should go almost without saying (but it nevertheless needs to be briefly explained) why analysis here will focus mainly on the US approach to the Baltics and not vice-versa. The reason is the US-Baltic “strategic relationship” is a vastly asymmetrical one. We are talking about a super-power in an alignment, well, with micro-powers. The superpower has the widest possible range of policy options whereas the small guys have very few, if any.

International relations theories on alliance formation delve into detailed conceptualisations of the causes and effects of power asymmetry among states in an alliance<sup>3</sup> but, for our purposes, it would suffice to imagine a giant and a dwarf on a children’s seesaw. “A dwarf is as much a man as a giant”, asserted one patriarch of international law.<sup>4</sup> While that may be true, it is also true that it is mostly up to the giant to determine how fast the seesaw will move and whether the game will be played at all.

Latvia as well as the other Baltic States sought allies among Western democracies since the very moment they emerged from the ruins of the Russian Empire in 1918. There was a bout of nominal neutrality and non-alignment prior to World War II but this

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2 Jeffrey Goldberg, “The Obama Doctrine”, *The Atlantic*, April 2016, <http://www.theatlantic.com/magazine/archive/2016/04/the-obama-doctrine/471525/>

3 See, among other, George Liska, *Nations in Alliance: The Limits of Interdependence* (Baltimore: Johns Hopkins Press, 1962), 3-60; also *Small Powers in Alignment*, ed. Omer de Raeymaeker (Leuven: Leuven University Press, 1974); Raimo Väyrynen, “Small States: Persisting Despite Doubt” in *National Security of Small States in a Changing World*, eds. Efraim Inbar and Gabriel Sheffer (London: Frank Cass, 1997); Erling Bjøl, “The Small State in International Politics” in *Small States in International Relations*, eds. August Schou and Arne Olav Brundtland (New York: Wiley, 1971); Trygve Mathisen, *The Functions of Small States in the Strategies of Great Powers* (Oslo: Universitetsforlaget, 1971); and Laurent Goetschel, “The Foreign and Security Policy Interests of Small States in Today’s Europe” in *Small States Inside and Outside the European Union*, ed. Laurent Goetschel (Boston: Kluwer Academic Press, 1998).

4 Emmerich de Vattel, *The Law of Nations* (1758), preliminaries, section 18, [http://www.constitution.org/vattel/vattel\\_pre.htm](http://www.constitution.org/vattel/vattel_pre.htm)

was clearly a result of a lack of credible alternatives rather than a preference. The Balts' foreign policies returned to the same track of Western-oriented alliance policy when they re-emerged on the international stage from the wreckage of the Soviet Union in the post-Cold War period. Then the quest for EU and NATO membership was also motivated by the desire to "rejoin Europe" in a cultural and socio-economic sense. Geopolitics, however, is the transcending explanation for this century-long Western-oriented alliance behaviour of the Baltic States.

Small countries in the vicinity of large, potentially revisionist powers desire to ease their existential fears and are bound to seek powerful external allies to try and do so.<sup>5</sup> The question is whether such partners will be interested and decide to make themselves available. In other words, will the giant come and play with the dwarf on the seesaw, defying other giants on that playground who might see it as an unwelcome intrusion?

### **Not America's Playground: Woodrow Wilson and the Baltics**

The First World War was one of the twentieth century's pivotal moments. The old international order expired and Europe's map was redrawn. It was also the time when, after more than a century of non-participation, the United States began to emerge among the other centres of international power as a force capable of shaping global politics. This early stage in the emergence of the American superpower was steered by President Woodrow Wilson and it coincided with the birth of the Baltic States.

The Versailles peace conference and the liberal peace program that Wilson offered to the world is perhaps one of the most extensively researched – and still the most hotly debated – topics in diplomatic history. Some analysts trace back to Wilson the conceptualisation of America as a "liberal Leviathan" providing some degree of benevolent order to international affairs.<sup>6</sup> Liberals commend Wilson's early emphasis on the promotion of democratic domestic

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5 For more detailed conceptualisations, see, among others, Robert L. Rothstein, *Alliances and Small Powers* (New York: Columbia University Press, 1968); also Stephen M. Walt, "Alliances in a Unipolar World", *World Politics* Vol. 61, Iss. 1 (2009), 86.

6 G. John Ikenberry, *Liberal Leviathan...*, 159-69.

regimes and national self-determination as well as international law and collective security as cornerstones of a stable, peaceful and just international order.<sup>7</sup> On the other hand, the ‘realist’ tribe of international relations scholars blame Wilson for attempting to construct a utopia in the dangerous jungle of international power politics.<sup>8</sup> Ideological as they are, even a hundred years later these remain important debates for students of international affairs.

There should be no controversy, however, about the historical record which shows nothing Wilson said or did was even superficially intended to lead in the direction of American politico-military involvement in the Balts’ neighbourhood. It was not just about the Balts’ neighbourhood, of course. Early American internationalist as he was, Wilson shared the view of most Americans at the time that the United States was not supposed to be a European power at all. A century ago it was still a different era and global multi-polarity, though shaken by the First World War, was the order of the day. By Wilson’s time the United States had become a continental-size power in North America. It had also become the arbiter of the Western Hemisphere. But the realities of power and strategic thinking were far removed from the idea that America was bound to be a global superpower and play a hands-on role in places other than its vicinity.

Even if America had decided to participate in the League of Nations collective security arrangements in the aftermath of the First World War – which it refused to do to Wilson’s dismay – it was pointless to think the US was supposed to be involved in sorting out problems, for example, in Europe’s East. “If you want to put out a fire in Utah you do not send to Oklahoma for the fire engine,” Wilson argued in late 1919. “If you want stomp out the smouldering flame in some part of central Europe, you do not send to the United States for troops...the United States would in no such circumstances conceivably be drawn in unless the flame spread to the world”.<sup>9</sup>

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7 Among others, Tony Smith, *America’s Mission: The United States and the Worldwide Struggle for Democracy* (Princeton: Princeton University Press, 1995); Frank Ninkovich, *The Wilsonian Century: US Foreign Policy Since 1900* (Chicago: University of Chicago Press, 2001).

8 Among others, Henry Kissinger, *Diplomacy* (New York: Simon & Shuster, 1994), chapter 9; George Kennan, *American Diplomacy* (Chicago: University of Chicago Press, 1951), chapter 4.

9 Quoted in Arthur S. Link, *Woodrow Wilson: Revolution, War, and Peace* (Wheeling: Harlan Davidson, 1979), 116.

More than that, even as Woodrow Wilson championed the concept of national self-determination and he had purposefully included the creation of an independent Poland in his famous statement of the “Fourteen Points”<sup>10</sup> as one basis for the creation of enduring peace in Europe, in practice there was a vast difference between advocating a general *idea* and actively supporting strivings for the national independence of a large number of ethnic groups that used to make up the old Russian Empire. An influential Baltic diplomat and an early Atlanticist of the post-Cold War period, Estonian Foreign Minister Jüri Luik was off-the-mark when he argued in 1994 that “from the time in 1917 when President Woodrow Wilson declared the right of all peoples to self-determination, the United States has given us the greatest amount of support among the great powers.”<sup>11</sup> In the final months of his presidency, having observed the developments in the Russian Civil war, having agonised over the issue of how to deal with the Bolsheviks, having recognised Polish and Finnish statehood, the Wilson administration concluded that it saw no American interest being served by further dismemberment the former Russian Empire with which the United States had not had any particular conflicts of interest in the past and which, under the Provisional Government formed after February Revolution of 1917, had been an American associate in the war against Germany.

“The United States is traditionally sympathetic with the national aspirations of dependent peoples,” Wilson’s Secretary of State Robert Lansing wrote in 1919, adding that it would be “unwise and unfair to prejudice in advance of the establishment of orderly, constitutional government of Russia the principle of Russian unity as a whole.”<sup>12</sup> After falling out with Wilson, Lansing published a memoir in which he explained the president and he concurred that a policy of “an undivided Russia” should take precedence over any satisfaction of independence claims from nations such as the Baltic

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10 “An Address to a Joint Session of Congress on January 8, 1918,” *The Papers of Woodrow Wilson*, ed. Arthur S. Link (Princeton: Princeton University Press, 1984), Vol. 45, 537. Note point number 6 on Russia.

11 Luik address to the *Riigikogu*, 13 December 1994, Estonian Ministry of Foreign Affairs archive, folder S.4 “Välisminister Jüri Luige kõned ja ettekanded”.

12 “The Secretary of State to the Commission to Negotiate Peace,” *FRUS 1919: Russia*, October 15, 1919, 723.



States. The only difference between the two Versailles-era American foreign policy principals in that regard, Lansing explained, had been Wilson's preference to pretend that such a policy did not clash with his advocacy of the right to self-determination.<sup>13</sup>

It is unnecessary to dwell on the intricate details of post-World War I political and military developments in Central-Eastern Europe to establish the overall logic of Washington's position on Estonia, Latvia, and Lithuania. For the United States, these were three small separatist Russian Baltic provinces with the emphasis on "Russian... provinces." In 1920 Wilson's last Secretary of State, Bainbridge Colby argued that:

“ ... *The United States feels that friendship and honor require that Russia's interests must be generously protected, and that, as far as possible, all decisions of vital importance to it, and especially those concerning its sovereignty of the former Russian Empire, be held in abeyance. By this feeling [...] the Government of the United States was guided [...] in its persistent refusal to recognize the Baltic States as separate nations independent of Russia... We are unwilling that while it is helpless in the grip of a non-representative government [...] Russia shall be weakened still further by a policy of dismemberment, conceived in other than Russian interests.*”<sup>14</sup>

This statement, more widely known as the “Colby note” was, according to the historian John Lewis Gaddis, the first announcement of a “clear-cut and comprehensive policy toward the Soviet Union”.<sup>15</sup> In a nutshell, it argued the US had an interest in seeing a non-Bolshevik, “restored, free and united Russia” returning to “a leading place in the world” and assisting the US and

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13 Robert Lansing, *The Peace Negotiations: A Personal Narrative* (London: Constable and Company, 1921), 89.

14 “The Secretary of State to the Italian Ambassador (Avezzanna),” August 10, 1920, *FRUS 1920*, Vol. 3, 465-6.

15 John Lewis Gaddis, *Russia, The Soviet Union and the United States: An Interpretive History* (New York: Wiley, 1978), 94 quoted in David W. McFadden, “After the Colby Note: the Wilson Administration and the Bolsheviks, 1920-21”, *Presidential Studies Quarterly* Vol. 25, Iss. 4 (1995), 741.

others in the creation of a peaceful international order.<sup>16</sup> This “Russia-first” approach guided Wilson’s policy toward the three small states. The Baltic independence claim was as questionable as the Bolshevik government of Russia was illegal. It was repeatedly stressed in the Colby note that “territorial integrity and true boundaries of Russia shall be respected” the exception being Poland, Finland, and, perhaps, an Armenian state. As opposed to the Baltics, “the aspirations of these nations for independence are legitimate,” Colby argued.<sup>17</sup> “Each was forcibly annexed and their liberation from oppressive alien rule involves no aggression against Russia’s territorial rights.”<sup>18</sup>

It was only when the prospects of a re-installment of a non-Bolshevik government in Russia had receded and Wilson had departed from the White house that Washington altered its policy and granted recognition to Estonia, Latvia, and Lithuania in 1922. Shortly before that, the American representative in the region had argued the primary American interest was still the continuance of a strong and unified non-Bolshevik Russia but that scenario was no longer realistic.<sup>19</sup> Thus the Warren Harding administration had reversed Wilson’s policy to some extent but this was not a result of some broader reconceptualization of America’s future role in Russia’s former Baltic provinces. It was a rather low-key acknowledgement of the fact the Baltic States were there and were there to stay. By 1922 the Balts had conquered their independence and achieved diplomatic recognition from almost everyone else, including Soviet Russia, and the Americans followed suit.

The first strategic signpost was thus erected at the side of the road of Latvian-American relations. It informed of a very superficial relationship and a tacit American acknowledgement that in a world of multiple centres of power the Balts’ neighbourhood was essentially another giant’s playground. This was a by-product, no doubt, of the relative shallowness of the United

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16 “The Secretary of State to the Italian Ambassador (Avezzanna),” 465.

17 Ibid., 467.

18 Ibid. See also Wilson’s *Prinkipo Proclamation*, *FRUS Russia 1919*, 30-1.

19 “The Commissioner in Rīga (Young) to the Secretary of State,” April 6, 1922, *FRUS 1922*, Vol. 2, 869-73.

States' overall global engagement. As far as they were interested in the region at all, American policy-makers saw a larger stake in the existence of a coherent and predictable Russian state, a stabilising factor in the multipolar European and global makeup.

Having said that, it must also be borne in mind that the American approach to international politics has never been a product of just pure *realpolitik* and detached calculations of the balance of power. Once established and recognised as fully-fledged sovereign and independent states, the Baltics were beginning to benefit from the “legalistic” and *idealpolitik* aspects of American foreign policy behaviour. These presuppose some degree of genuine American disdain for the brutal practices of international power politics and some degree of genuine attachment to the idea that a just and sustainable international order could not be built unless both the powerful and the powerless members of the state system are subjected to the same rules of civilised conduct.

### **Still not America's Playground: Strategic Realities beyond the Non-Recognition Policy**

American policy toward the Baltic States during the fateful years of the Second World War and the Cold War period has been a subject of rather conflicting assessments.<sup>20</sup> On the one hand, it was one of the finest hours in US-Baltic relationships. The “legalistic” facet of the US approach to international affairs reigned supreme in the fateful year 1940 and produced the so-called “Welles Declaration” which paved the way for the much-praised US non-recognition policy of Soviet sovereignty over the Baltic States due to unlawful occupation and annexation.<sup>21</sup> That US-led policy was followed by most Western countries during the entire Cold War period. As put by one international law scholar, “non-recognition of the Soviet annexation by so many states during such a long period was an unprecedented phenomenon in the

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20 The most recent treatment is Kaarel Piirimäe, *Roosevelt, Churchill, and the Baltic Question* (New York: Palgrave, 2014). But, in English, also *The Baltic Question during the Cold War*, eds. John Hiden, Vahur Made and David J. Smith (London: Routledge, 2008); James T. McHugh and James S. Pacy, *Diplomats without a Country: Baltic Diplomacy, International Law, and the Cold War* (Westport: Greenwood Press, 2001).

21 “Statement by the Acting Secretary of State,” 23 July 1940, *FRUS 1940*, Vol. 1, 401-2.

history of international relations.”<sup>22</sup> Despite the fact that at times during the long years of the Cold War the non-recognition principle seemed hopelessly dogmatic even to some of the most influential pundits,<sup>23</sup> that uniquely protracted policy turned out to be justified in that, after the collapse of the Soviet Union, it was of utmost legal importance for the re-constructed Baltic States, with regard to their international status and their internal constitutional order.<sup>24</sup>

Uncomfortably coupled with the powerful legalism of the non-recognition policy, there was, however, on the part of American policy-makers, also an acknowledgement of the merciless strategic realities of an international system in which the Soviet Union could not be prevented from playing a major role. It is well-documented that, for example, towards the end of the Second World War, US President Franklin Delano Roosevelt came close to acknowledging the Baltic States as Stalin’s legitimate, if not legal, war spoils. Soviet sources used to claim that Roosevelt had even shared President Wilson’s view that Baltic separation from Russia at the end of the First World War had been a mistake.<sup>25</sup> But a wide selection of Western sources also acknowledge that, in effect, Roosevelt did not particularly mind “about the Russians taking quite a chunk of territory; they might

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22 Lauri Mälksoo, *Illegal Annexation and State Continuity: The Case of the Incorporation of the Baltic States by the USSR* (Leiden: Martinus Nijhoff, 2003), 125.

23 See, for example, George Kennan’s testimony in the US Senate, “Excerpts from the Transcript of Hearings before the Senate Foreign Relations Committee,” April 4, 1989, LVNA 648 f. 2 ap. 130 b. 115op p.); also Strobe Talbott, “America Abroad,” *Time*, September 25, 1989, <http://www.time.com/time/magazine/article/0,9171,958599,00.html>

24 For studies of non-recognition from the perspective of international law, in addition to Mälksoo, also W.J.H. Hough, “The Annexation of the Baltic States and its Effect of the Development of Prohibiting Forcible Seizure of Territory,” *New York Law School Journal of International and Comparative Law* 6 (1985), 301-533; Ineta Ziemele, “State Continuity and Nationality in the Baltic States: International and Constitutional Law Issues,” PhD Dissertation, University of Cambridge, 1999; Thomas D. Grant, “United States Practice Relating to the Baltic States, 1940-2000” in *Baltic Yearbook of International Law* 1 (2001).

25 “Телеграмма посла СССР в США в Народный комиссариат иностранных дел СССР [Soviet Envoy’s Telegram to the USSR. Commissariat of Foreign Affairs],” March 12, 1942, *Советско-американские отношения во время Великой отечественной войны, 1941-1945* [Soviet-American Relations During the Great Patriotic War, 1941-1945] (Moscow: Politizdat, 1984), Vol. 1, 155. Also *War and Diplomacy: The Making of the Grand Alliance*, ed. Oleg A. Rzheshesky (Amsterdam: Harwood Academic Publishers, 1996), 173.

have the Baltic republics, and eastern Poland, and even perhaps the Bukovina, as well as Bessarabia.”<sup>26</sup> At the Tehran Conference in late 1943, Roosevelt described the fate of the Baltics to Stalin as nothing more serious than a potential electoral liability for him.<sup>27</sup>

Roosevelt’s views on the Baltics should be assessed in the context of his vision of the post-war world’s architecture. That architecture was still supposed to be multi-polar rather than based on *Pax Americana*. Roosevelt entertained ideas about a new global security organisation, the United Nations, which would prevent future wars by ensuring trusting cooperation among the world’s great powers. He therefore sought an understanding rather than a confrontation with Moscow. According to the historian Warren Kimball, “A restoration of what Stalin claimed were historic Russian boundaries was a means of getting the Soviets to participate in the world system envisaged at Tehran.”<sup>28</sup> Specifically with regard to the Baltic question, Kimball argues that:

“ Roosevelt’s apparent willingness to sacrifice the Baltic States in order to ‘appease’ Stalin is, at first glance, hypocritical. But the President’s thinking about the post-war international order suggests otherwise. Roosevelt believed in self-determination, but on a world scale. To argue in short-term for democracy in the Baltic States would jeopardize the longer-term hopes he had for bringing the Soviet Union into the community of responsible leadership... Hence [...] the President tried to accustom Stalin to the idea that nationalities ought to have some voice in their own affairs, even if that voice was carefully controlled in the interests of Soviet geopolitical security.”<sup>29</sup>

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26 *Navigating the Rapids, 1918-1971: From the Papers of Adolf A. Berle*, eds. B. B. Berle and T. B. Jacobs (New York: Harcourt Brace Jovanovich, 1973), 412.

27 “Roosevelt-Stalin Meeting, December 1, 1943, 3:20 P.M., Roosevelt’s Quarters, Soviet Embassy,” *FRUS 1943, Conferences in Cairo and Tehran*, 594-5. Also Vladislav Zubok and Constantine Pleshakov, *Inside the Kremlin’s Cold War: from Stalin to Khrushchev* (London: Harvard University Press, 1996), 33-4; Robert Dallek, *Franklin D. Roosevelt and American Foreign Policy, 1932-1945* (Oxford: Oxford University Press, 1995), 418; Robert E. Sherwood, *Roosevelt and Hopkins: An Intimate History* (New York: Harper & Brothers, 1948), 709.

28 Warren F. Kimball, *The Juggler: Franklin Roosevelt as Wartime Statesman* (Princeton: Princeton University Press, 1991), 17.

29 *Ibid.*, 17, 183, emphasis added.

Another prominent historian, Arthur Schlesinger, noted that Roosevelt was “a universalist with occasional leanings toward spheres of influence [thinking].”<sup>30</sup>

Thus, as the world was torn to shreds during the Second World War and the Americans found themselves in the pre-eminent position to come up with concepts about a new international order, they made clear that, specifically with reference to Russia’s position in the Baltic States, they seconded the idea of Baltic “Finlandisation” even though that term had not yet entered the vocabulary of international affairs. Max Jakobson defines “Finlandisation” as “prudent appeasement of the strategic interests and prestige of the Russian Empire”.<sup>31</sup> In other words, the view from Washington was that, with certain qualifications such as nominal respect for their statehood, the Baltics were nevertheless still Russia’s legitimate sphere of influence.

US Assistant Secretary of State, Adolf A. Berle, wrote in early 1942 that he advised for the Baltics the same future relationship with Russia that nations like Costa Rica and Honduras had with the United States. “There should be some basis of adjustment whereby the safety and international interest of the USSR will be assured without their claiming to dictate the method of life, cultural development and the type of civilization to be enjoyed by these [smaller countries of Eastern Europe],” Berle wrote.<sup>32</sup> As illustrated by Roosevelt’s contacts with Stalin during wartime conferences and statements by other Washington foreign policy insiders, this sort of thinking was widespread in Washington. Henry Stimson, the Secretary of War, admitted in his memoirs that he thought highly of Roosevelt’s bargain with Stalin and “was not disposed to contest the Russian claim that there must be no anti-Russian states along the Soviet borders.”<sup>33</sup> Sumner Welles,

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30 Arthur Schlesinger, “A Realistic Attempt to End Spheres of Influence” in *The Roosevelt Diplomacy and World War II*, ed. Robert Dallek (New York: Holt, Rinehart and Winston, 1970), 81.

31 Max Jakobson, *Finnish Neutrality: A Study of Finnish Foreign Policy Since the Second World War* (New York: Praeger Publishers, 1968), 33.

32 *Navigating the Rapids, 1918-1971...*, 401; also Sumner Welles, *The Time for Decision* (London: Hamish Hamilton, 1944), 257-8.

33 Henry L. Stimson and McGeorge Bundy, *On Active Service in Peace and War* (London: Hutchinson, c. 1948), 355-6.

the much-praised figurehead of the non-recognition principle and FDR's main adviser on strategy, went even further and argued publicly that in his "considered judgement [...] the frontiers which the Soviet Union demands as its permanent northern and western borders (the Baltic republics, Finnish Karelia, Eastern Poland, etc.) are justified from the standpoint of its security."<sup>34</sup>

After FDR's death in the spring of 1945, the Truman administration initially continued Roosevelt's approach.<sup>35</sup> Before US-Soviet relations were irreparably damaged by larger issues and the two superpowers descended into the Cold War, Truman encouraged the USSR to act in Eastern Europe in the same manner as the US saw itself acting in its own neighbourhood. "We do not seek for ourselves one inch of territory in any place of the world," Truman said. "Outside of the right to establish necessary bases for our own protection, we look for nothing which belongs to any other power."<sup>36</sup> Washington may have disliked Moscow's totalitarian manner of behaving in its sphere of influence and its total disrespect for established national boundaries, but it did not object to the idea that Russia was nevertheless supposed to have a "backyard" in which it was entitled to be the dominant giant. Despite genuine American sympathies for the feisty Finns, even Finland was within Moscow's strategic perimeter and had to live with that.<sup>37</sup>

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34 Sumner Welles, *Where Are We Heading?* (London: Hamish Hamilton, 1947), 102.

35 See "Protocol of the Proceedings of the Potsdam Conference," 1 August 1945, in *Dynamics of World Power*, 156 on a tentative acknowledgment of the location of U.S.S.R. Western boundary. Also Dean Acheson address, "Problems of Security and Understanding," November 14, 1945, in *Alternative Concepts of United States Foreign Policy 1943-1947: Documents*, eds. Karl Drechsler and Christa Link (Berlin: Akademie Verlag, 1992), 136.

36 "Speech by President Truman on the Foreign Policy of the United States," October 27, 1945, in *The Dynamics of World Power: A Documentary History of United States Foreign Policy 1945-1973, Vol. 2: Eastern Europe and the Soviet Union*, ed. Arthur Schlesinger (New York: Chelsea House Publishers, 1973), 170. Also "Report by Secretary Byrnes, October 18, 1946" in *A Decade of American Foreign Policy: Basic Documents, 1941-1949* (Washington: Government Printing Office, 1950), 91; James F. Byrnes, *Speaking Frankly* (London: William Heinemann, 1947), 114; and "The Acting Secretary of State to the United States Delegation at the Council of Foreign Ministers, at Paris," July 27, 1946, *FRUS 1946*, Vol. 3, 23-4.

37 See R. Michael Berry, *American Foreign Policy and the Finnish Exception: Ideological Preferences and Wartime Realities* (Helsinki: Studia Historica, 1987). Cf. John L. Harper, *American Visions of Europe* (Cambridge: Cambridge university

As will be evidenced by events at the end of the Cold War, this strategic reality, even if obscured, did not substantially change until the 1990s. As the Cold War *status quo* in Europe became increasingly accustomed, the urgency of the Baltic question faded away and non-recognition became a formality which, nevertheless, could not be easily disposed. Because of the ideological nature of the Cold War confrontation, the Baltic non-recognition policy remained a small and yet significant public measurement of every successive American leader's domestic trustworthiness as an anti-Communist, not least because of the activities of the vocal Baltic-American community. Arguably, however – before it was unexpectedly vindicated by the collapse of the Soviet Union – the non-recognition policy lacked a clearly-defined policy purpose for most of the time it existed. US President Ronald Reagan, for example, always keen to throw “rhetorical missiles”<sup>38</sup> at the Soviets, may have announced during his election campaign in 1980 that upholding the non-recognition policy “will ensure that America can retain its position of moral leadership in the world”<sup>39</sup> but his State Department made no secret of the fact that, in practical terms, non-recognition was of no consequence.<sup>40</sup>

These little-understood nuances of the interplay between *idealpolitik* and *realpolitik* impulses in American Cold War Baltic policy made the Cold War end-game a traumatic period to Baltic-US relations. As the Soviet Union was expiring in the late 1980s and early 1990s, the Baltic States were able to gradually restore sovereignty. Numerous accounts of the diplomatic processes taking place in that period make it plain that, in general, Washington as well as all the major European powers pragmatically treated the Baltic issue as a subset in the overall Soviet-Western relationship, notwithstanding the long history of non-recognition, a factor which at least outwardly seemed to

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Press, 1996), 97 where this is referred to as the “Czech model”.

38 The phrase “rhetorical missiles” is used in to describe Reagan’s Baltic policy in Condoleezza Rice and Philipp Zelikow, *Germany Unified and Europe Transformed* (Cambridge: Harvard University Press, 1998), 19.

39 “Statement by Governor Ronald Reagan on the Baltic States,” *Reagan-Bush Committee*, October 25, 1980, LVA 2197. f. 1v. a. 125. l. 266. lp.

40 “US Policy: the Baltic States” in *Gist* (Washington: US Department of State, 1984).



require a much more pointed effort in support of the independence drive of Estonia, Latvia, and Lithuania.<sup>41</sup>

Peaceful co-management of the collapse of communism in Central and Eastern Europe, the unification of Germany, the Gulf War, the future of the nuclear-armed Soviet Union – in the Cold War end-game period these were all issues that ranked higher than the Baltic question in the West’s list of priorities and the key to handling all these issues seemed to be the preservation of Mikhail Gorbachev as the Soviet leader. In Western analysis, pushing Gorbachev too much on the Baltic issue risked undermining his hold on power against conservative communist opposition. President George H. W. Bush’s Secretary of State, James Baker, acknowledged in his memoirs that the Baltic issue was an instance where Washington had to “juggle” America’s principles and her interests.<sup>42</sup> Policy-makers in Washington never found a way out of this conundrum until the question about the future shape and form of the Soviet Union was resolved by its internal collapse in the aftermath of the August coup of 1991.

As a result, repeating the history of 1920-1922, in 1991 the United States hesitated regarding the issue of recognising Baltic independence.<sup>43</sup> Bush and his National Security adviser Brent Scowcroft later argued the delay was meant to motivate Moscow to do the right thing. “A permanent resolution of the issue,” they

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41 Most political memoirs and other accounts of the diplomatic process during the Cold War endgame years include sections on the Baltic question. See, among others, Jack F. Matlock, Jr, *Autopsy on an Empire* (New York: Random House, 1995); Anatoliy Cherniayev, *Shest let s Gorbachovym* [Six Years with Gorbachev] (Moscow: Progress Kultura, 1993); Pavel Palazchenko, *My Years with Gorbachev and Shevardnadze: The Memoir of a Soviet Interpreter* (University Park: Pennsylvania State University, 1997); James A. Baker III, *The Politics of Diplomacy* (New York: G.P.Putnam's Sons, 1995); George H.W. Bush and Brent Scowcroft, *A World Transformed* (New York: Alfred A. Knopf, 1998); Robert M. Gates, *From the Shadows* (New York: Simon and Shuster, 1996); Michael Beschloss and Strobe Talbott, *At the Highest Levels* (Boston: Little, Brown and Company, 1993); Kristina Spohr Readman, “Between Political Rhetoric and Realpolitik Calculations: Western Diplomacy and Baltic Struggle for Independence in the Cold War Endgame”, *Cold War History* Vol. 6, Iss. 1 (2006).

42 James A. Baker III, *The Politics of Diplomacy*, 381.

43 Washington did finally move on September 2, 1991. See “The President’s News Conference in Kennebunkport, Maine”, September 2, 1991, <http://www.presidency.ucsb.edu/ws/?pid=19931>

explained, could only be achieved “through voluntary Soviet recognition of Baltic independence.”<sup>44</sup>

Participants of these events, pundits and scholars will continue arguing about the diplomatic minutiae of the Cold War end-game but taken together this again points toward a larger strategic logic. Richard Pipes, the renowned Harvard Russianist observed it was true at the end of the Cold War as well as during Woodrow Wilson’s administration that, when push came to shove, Washington’s approach to the Baltics was guided by a “Russia-first” logic. “It has been a constant factor in US policy since 1917 that America’s interests are best served by the preservation of [Russia and] the Soviet Union’s territorial integrity,” Pipes argued.<sup>45</sup> While this interpretation might be disputed, diplomatic records make it clear that American policy-makers never envisaged Soviet retrenchment at the end of the Cold War leading to the US’s strategic involvement in the Baltics, irrespective of the statehood status of Estonia, Latvia and Lithuania.

Numerous sources attest to the fact that Americans – but also, for example, Swedish and British diplomats that dealt with the USSR – viewed Finlandisation of the Baltics as the best case scenario for the three republics.<sup>46</sup> “Three more countries like Finland as neighbours to the Soviet Union would be much better for everyone,” Baker is reported to have said to his interlocutors in Moscow.<sup>47</sup> During a meeting in 1990, Baker advised Latvian

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44 George H.W. Bush and Brent Scowcroft, *A World Transformed*, 538.

45 Richard Pipes, “The Soviet Union Adrift,” *Foreign Affairs* Vol. 70, Iss. 1 (1990/91), 75; also *The Independence of the Baltic State, Origins, Causes and Consequences: A Comparison of the Crucial Years 1918-1919 and 1990-1991*, eds. Eberhard Demm, Roger Noel, and William Urban (Chicago: Lithuanian Research and Studies Center, 1996); also Jan Arveds Trapāns, “The West and the Recognition of the Baltic States: 1919 and 1991. A Study of the Politics of the Major Powers,” *Journal of Baltic Studies* Vol. 25, Iss. 2 (1994), 153-73.

46 See a Swedish Foreign ministry memo, dated 18 September 1989, reproduced in Lars Freden, *Baltijas brīvības ceļš un Zviedrijas diplomātija* (Rīga: Atēna, 2007), 45-6; also Rodric Braithwaite, *Across the Moscow River* (New Haven: Yale University Press, 2002), 153.

47 Pavel Palazchenko, *My Years with Gorbachev and Shevardnadze...*, 150. Baker also described the “three new Finlands” concept to Baltic representatives on a number of occasions: “Meeting Report #1 – Secretary of State Baker and the Latvian Government”, 2 August 1990, LVA 2197. f. 1v. a. 17. l. 72. lp.; “Ühendriikide välisminister Baker võttis vastu kolme Balti riigi praeguste valitsuste välisministrid [US Foreign Minister Baker Receives the Foreign Ministers of the Current Governments of the Three Baltic States]”, October 2, 1990, ERA f 1608 / n 2 / s 2379 / lk 86. On the American side, with or without the encouragement of the

leaders not to forget Soviet military sensitivities, their strategic “paranoia,” and to offer Moscow “something cosmetically as a security blanket” in any prospective independence talks.<sup>48</sup> Estonian Foreign Minister Lennart Meri, having also had meetings in Washington around the same time, returned to Tallinn declaring that “Finland has done more good to Estonia than any other country in the world... The US President Bush, too, speaks of Finland and advises to learn from Finland.”<sup>49</sup>

We have thus arrived at another signpost in the century-long road of US-Latvian relations. It informs of the development of a more nuanced relationship as a result of the events during the Second World War and Cold War. The non-recognition policy did create a bond and inject a dose of powerful symbolism which made that policy last for longer than anyone ever thought it would. This should not conceal the fact, however, that the non-recognition policy was never meant to be a testimony of an American intention to participate in the region’s geopolitical arrangements.

Since the Second World War the US had, of course, become the most influential actor in international affairs. It had relentlessly pursued a policy of anti-Soviet containment and, in the process, projected America’s immense power across the world. Through the NATO alliance the Americans had also become a major European power. And yet, in order to sustain a certain degree of stability in the US-Soviet Cold War relationship, the two nuclear-armed superpowers had also learned to exhibit basic respect for one another’s sensibilities. The historical record seems to quite clearly suggest that, in strategic terms, in this

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administration, the Finlandisation model for the Baltics seems to have been best developed publicly by William G. Hyland, editor of *Foreign Affairs*, a former CIA official and deputy national security adviser to President Ford: William G. Hyland, “A Deal For Baltic Independence”, *International Herald Tribune*, May 2, 1990, 27.

48 “Meeting Report #2 – President Bush”, 2 August 1990, LVA 2197. f. 1v. a. 17. l. 66-9. lpp.

49 Meri interview with Eve Osa, “Kannatliku kannatamatusesega edasi [Onwards with Patient Impatience]”, August 4, 1990, clipping in Estonia Ministry of Foreign Affairs archive (folder “Info- ja Pressiosakond: ajaleheväljalõiked visiitide kohta; L. Meri USA juuli 1990a”); “Protokoll Eesti Vabariigi Välisministri hr. L. Meri ja USA riigisekretäri hr. J. Bakeri kohtumisest Washingtonis 19.07.90.a. [Protocol of the Meeting Between the Foreign Minister of the Republic of Estonia and the US Secretary of State in Washington, 19 July 1990]”, c. July 1990, Estonian Ministry of Foreign Affairs archive (folder “Minister. Märkmed ja memod osakondadest (VM sisene kirjavahetus 1990-1991). Memod 1992”).

world of two superpowers, Washington was ready to acknowledge – at least implicitly – Russia’s position in the Baltics where Moscow’s regional hegemony was not supposed to be challenged.

### **It Is America’s Playground, after All: A Window of Opportunity of the “Unipolar Moment”**

Even prior to the final collapse of the Soviet Union, influential American pundits like Charles Krauthammer had been arguing that there was an urgent need to reconceptualise the American global strategy to make the most out of the “unipolar moment.”<sup>50</sup> However, it took a while for Washington policy-makers to come to grips with what the US triumph in the Cold War actually meant, what sort of circumstances it had created and what sort of a policy all of that required.

Specifically with regard to envisioning an American post-Cold war strategy towards the former Soviet Union, there is evidence of old mind-sets surviving into the first year of the Bill Clinton administration. In early 1993, an influential adviser to the new president reflected on a conversation with a Baltic diplomat that “Russia was the sole superpower [in the post-Soviet space].”<sup>51</sup> Towards the end of 1993, however, things were beginning to change quite radically. This was a result of the Clinton administration’s conceptualisation of the immense opportunities presented by the US’s pre-eminent position in the post-Cold War international system. Policy-makers in Washington decided to use unprecedented clout to expand the reach of the Western liberal order and American-led security community. It would do so primarily in places where there was an insistent demand for it.

Thus in 1993-1995 Americans elaborated a new strategy for post-Cold War Europe. The leitmotif of these pronouncements was that the world had indeed become unipolar, that the United States would retain and expand its role in European security

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50 Charles Krauthammer, “The Unipolar Moment”, *Foreign Affairs: America and the World* (1990/91).

51 EE Washington embassy memo, “E.V. Washingtoni saatkonna aruanne 18-25.5.93 [The Republic of Estonia Washington Embassy Report 18-24 May 1993]”, May 25, 1993, Estonian Ministry of Foreign Affairs archive (folder “Eesti Vabariigi saatkond Ameerika Ühendriikides. Poliitilised memorandumid, aruanded N1S1-1/2”).

architecture and that it will help consolidate the new geopolitical reality in Central and Eastern Europe that had resulted from the Soviet collapse. In late 1993, Clinton's national security adviser Anthony Lake summed up the administration's review of American foreign policy for the post-Cold War era and concluded quite straightforwardly "we are its dominant power."

“ *Around the world, America's power, authority, and example provide unparalleled opportunities to lead... If NATO is to remain an anchor for European and Atlantic stability, as the President believes it must, its members must commit themselves to updating NATO's role in this new era... The second imperative for our strategy must be to help democracy and markets expand and survive in other places where we have the strongest security concerns and where we can make the greatest difference... The most important example of this is the former Soviet Union... The new democracies in Central and Eastern Europe are another clear example.*”<sup>52</sup>

Clinton echoed Lake's observations a couple of days later in his own address to the United Nations. "The United States occupies a unique position in world affairs today," the US President said. "We recognize it and we welcome it."<sup>53</sup> In early January 1994 Al Gore, Clinton's Vice President, explained that Washington's purpose was to "lock in the end of the Cold War... The new NATO must address the concerns of those nations that lie between Russia and Western Europe, for the security of these states affects the security of America." Gore recapped this point. "Let me say that again: the security of the states that lie between Western Europe and Russia affects the security of America."<sup>54</sup>

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52 Anthony Lake address at Johns Hopkins University, "From Containment to Enlargement", September 21, 1993, <http://www.mtholyoke.edu/acad/intrel/lakedoc.html>

53 Clinton address at the United Nations General Assembly, "Globalism and Interdependence", September 27, 1993, *The Clinton Foreign Policy Reader*, eds. Alvin Z. Rubinstein, Albina Shayevich, and Boris Zlotnikov (London: M. E. Sharpe, 2000), 15-6.

54 Gore address to the Institute of World Affairs, "Forging a Partnership for Peace and Prosperity", January 6, 1994, in *US Department of State Dispatch*, January 10, 1994, [http://findarticles.com/p/articles/mi\\_m1584/is\\_n2\\_v5/ai\\_15225586](http://findarticles.com/p/articles/mi_m1584/is_n2_v5/ai_15225586). See also Clinton address, "Address Before a Joint Session of the Congress on the State of the Union",

The Americans had thus accepted Central-Eastern Europeans' invitations<sup>55</sup> to provide them with the same strategic assistance that the US had provided to Western Europeans after the Second World War. And the Baltic States specifically were beginning to be seen as a test-case for Russia's willingness to participate in this construction of a Europe 'whole and free'. This line of thinking about the Baltics, apparently adopted by policy-makers in Washington, was summarized at the time in an important article by Swedish Prime Minister Carl Bildt titled the "Baltic Litmus Test" in which he argued that Moscow's conduct toward Estonia, Latvia and Lithuania will show post-Cold War Russia's "true nature". "If Moscow fully accepts the independence of the Baltic States and fully respects their rights, one can be sure that Russia has entered the family of nations."<sup>56</sup> The first practical result of this new hands-on American strategic involvement in the Baltics was their successful intervention in negotiations over Russian troop-withdrawals from Latvia and Estonia.<sup>57</sup>

Meanwhile, NATO enlargement took off. This process was clearly the centrepiece of Washington's effort to consolidate the liberal transformation of post-Communist Central-Eastern Europe. In early 1995, one of the main architects of the Clinton administration's European policy, Richard Holbrooke, published an article titled "America, a European Power" in *Foreign Affairs* in which he reiterated the fundamentals of this US-centred post-Cold War European security order that was being set up. "The central security pillar of the new [European] architecture is a venerable organisation: NATO," Holbrooke argued. "It should be remembered that each new NATO member constitutes for the United States the most solemn of all commitments: a bilateral defence

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January 25, 1994, <http://www.presidency.ucsb.edu/ws/?pid=50409>, and "A National Security Strategy of Engagement and Enlargement", February 1995, <http://www.au.af.mil/au/awc/awcgate/nss/nss-95.pdf>

55 I allude here to the historian Geir Lundestad's notion of American "empire by invitation" in Europe. See Geir Lundestad, "Empire by Invitation? The United States and Western Europe 1945-52", *Journal of Peace Research* Vol. 23, Iss. 3 (1986), 263-77.

56 Carl Bildt, "The Baltic Litmus Test", *Foreign Affairs* (September-October 1994), <https://www.foreignaffairs.com/articles/baltics/1994-09-01/baltic-litmus-test-revealing-russias-true-colors>

57 See, for example, John Beyrle, "Case Study: The Withdrawal of Russian Military Forces From the Baltic States", National Defense University, 1996, <http://www.dtic.mil/dtic/tr/fulltext/u2/a441390.pdf>

treaty that extends the US security umbrella to a new nation”.<sup>58</sup> It was also becoming clear the newly formulated American agreement allowing them to be available as a strategic partner to countries in Moscow’s former perimeter of influence applied not only to Central Europeans such as the Poles and the Czechs but also to the Baltic States. On a visit to Tallinn in spring 1995, Al Gore pledged to Estonian, Latvian, and Lithuanian leaders that the Baltic States were viewed “as Central Europe” in Washington and they “were not excluded” from the process of NATO enlargement.<sup>59</sup>

Thus by the mid-1990s the US had discarded the earlier mind set according to which the US was supposed to have no serious business deep in areas that Moscow considered its backyard. Compared with anything that had earlier happened in US-Baltic relations, this was now a remarkably different signpost. Always hungry for a powerful alliance partner to help them balance against a potentially revisionist Russia, the Balts, of course, jumped at the opportunity.

By the second half of 1996 the process was in full swing through which, step-by-step almost a decade later, the Baltic States qualified for a fully-fledged, formalised alliance with the United States in the shape of NATO membership. In 1998 the *US-Baltic Charter* was signed. The document announced that “The United States of America has a real, profound, and enduring interest in the independence, sovereignty, and territorial integrity, and security of Estonia, Latvia, and Lithuania.”<sup>60</sup> As the Clinton administrations’ final groundwork for the Balts’ accession to NATO, in 1999 the Baltic States were given *Membership Action Plans* at the alliance’s Washington summit.<sup>61</sup>

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58 Richard Holbrooke, “America, a European Power”, *Foreign Affairs* Vol. 74, Iss. 2 (1995), 38-46.

59 Memorandum of a conversation, “JAV viceprezidento Al Gore Susitikimo su Baltijos valstybių premjeraiis, įvykusio 1995 kovo 13 d., atmintinė [Memorandum of the US Vice President Al Gore Meeting with Prime Ministers of the Baltic States, March 13, 1995]”, c. March 1995, Lithuania Chancery of the President archive (1 f. 2 ap. 54 b. 15 p.). Also Gore address, “Remarks by Vice President of the United States Al Gore, Town Hall Square, Tallinn, Estonia”, March 13, 1995, <http://estonia.usembassy.gov/algore.php>

60 “A Charter of Partnership Among the United States of America and the Republic of Estonia, Republic of Latvia, and Republic of Lithuania, January 16, 1998”, [http://1997-2001.state.gov/www/regions/eur/ch\\_9801\\_baltic\\_charter.html](http://1997-2001.state.gov/www/regions/eur/ch_9801_baltic_charter.html)

61 “Membership Action Plan”, [http://www.nato.int/cps/en/natolive/topics\\_37356.htm](http://www.nato.int/cps/en/natolive/topics_37356.htm)

Taking over from Clinton, the George W. Bush administration made the final push for the second wave of post-Cold War NATO enlargement. In a much-awaited address in Warsaw in 2001, Bush actually announced an even more expansive agenda for a US-led “democratic enlargement” in the post-Soviet space that professed to pay no attention whatsoever to the “old” ideas about great power spheres of influence.

“ *I believe in NATO membership for all of Europe’s democracies that seek it and are ready to share the responsibility that NATO brings... No nation should be used as a pawn in the agendas of others. We will not trade away the fate of free European peoples: No more Munichs; no more Yaltas... Russia [...] does not need a buffer zone of insecure states separating it from Europe.*”<sup>62</sup>

Thus in 2004 the Baltic States acceded to NATO and the alliance’s “door” was supposed to remain open. At the Bucharest summit in 2008 it was announced that, if they so wished, Ukraine and Georgia “will become members of NATO” also.<sup>63</sup> This, however, was already a time when the post-Cold War unipolar phase in Eastern Europe was over. By going to war in Georgia in 2008 and Ukraine in 2014-2015, Russia showed conclusively that it wished to reclaim her old prerogatives. Russia was once again determined to fight for what it regarded as its region of “privileged interest”<sup>64</sup> effectively re-establishing multi-polar conditions in its neighbourhood.

Arguably, the two wars have now frozen any future prospects of NATO enlargement to countries in Russia’s vicinity. However, as far as those new “strategic relationships” that had already been established were concerned, the Americans

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62 “Address at Warsaw University”, June 15, 2001, <http://www.presidency.ucsb.edu/ws/?pid=45973>

63 “Bucharest Summit Declaration”, April 3, 2008, [http://www.nato.int/cps/ic/natohq/official\\_texts\\_8443.htm](http://www.nato.int/cps/ic/natohq/official_texts_8443.htm), article 23.

64 “Интервью Дмитрия Медведева телеканалам “Россия”, Первому, НТВ” [Interview by Dmitri Medvedev to the TV Channel Rossiya, First Channel, NTV], August 31, 2008, [http://archive.kremlin.ru/appears/2008/08/31/1917\\_type63374type63379\\_205991.shtml](http://archive.kremlin.ru/appears/2008/08/31/1917_type63374type63379_205991.shtml)



made clear they stood by them. Even in the period of US President Barack Obama administrations' attempt to "reset" relations with Russia, US leaders made it clear it would not come at the price of recognising a Russian "sphere of influence."<sup>65</sup> After the outbreak of the Russian war in Ukraine, the US has made good on that promise with regard to its more vulnerable NATO allies. The alliance's eastern flank has seen a significant increase of American – and to a lesser extent other allied – military presence for the purpose of reassuring exposed allies such as the Baltics and to enhance deterrence capacities. President Obama even travelled to the Baltics to underscore that these strategic commitments are taken very seriously in Washington.

“ *Countries like Estonia and Latvia and Lithuania are not “post-Soviet territory”... No other nation gets to veto your security decisions... And we will defend the territorial integrity of every single ally... We have a solemn duty to each other. Article 5 is crystal clear: An attack on one is an attack on all. So if, in such a moment, you ever ask again, “who will come to help”, you’ll know the answer – the NATO Alliance, including the Armed Forces of the United States of America.*”<sup>66</sup>

Remember how in 1919 Woodrow Wilson ridiculed the thought that one could send firefighters from Oklahoma to put out a fire in Utah? Well, what a difference a century makes.

## Concluding Remarks

It is very difficult and always contentious to draw long historical parallels and to search for a unifying logic for events that have occurred in such a long and tumultuous time span as these hundred years of Baltic-American relations. And yet as the present analysis hopefully makes clear, there are some instructive

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65 “Remarks by Vice President Biden at 45th Munich Conference on Security Policy”, February 7, 2009, [http://www.whitehouse.gov/the\\_press\\_office/RemarksbyVicePresidentBidenat45thMunichConferenceonSecurityPolicy/](http://www.whitehouse.gov/the_press_office/RemarksbyVicePresidentBidenat45thMunichConferenceonSecurityPolicy/)

66 “Remarks by President Obama to the People of Estonia”, September 3, 2014, <https://www.whitehouse.gov/the-press-office/2014/09/03/remarks-president-obama-people-estonia>

correlations to be observed between the dynamics in the development of the US-Baltic “strategic relationship” and the changing models of global power distribution.

No major outside power – including the United States – ever found it possible to commit itself to the security of Estonia, Latvia and Lithuania in defiance of Russia except in the period when Russia was at its weakest and the extent of US unipolarity was the greatest in the 1990s and early 2000s. Such a commitment to security-hungry dwarfs on giant Russia’s doorstep was never imaginable under the multipolar and bipolar conditions in the global distribution of power. The context of unipolarity created a favourable environment for the pleas of the dwarfs to be heard.

Presently, as Russia’s wars in Georgia and Ukraine show, dynamics in the post-Soviet space is once defined again by multiple centres of power. Russian assertiveness has increased the costs to other actors. And clearly, with reference for example to Georgia and Ukraine, the availability of the United States as a prospective alliance partner has disappeared.

The Baltic States, one the other hand, were able to exploit the window of opportunity presented by the peak of America’s international influence in the post-Cold War period. In the mid-1990s Washington included the Baltics in the circle of countries whose regional concerns it agreed to treat as its own. Under the conditions of unchallengeable unipolarity the US consented to committing diplomatic and military resources to issues in which no primary American national security interest was discernible but it did so nevertheless because it served the more general purpose of extending and strengthening institutions supporting the American-led liberal international order, and the risks associated with such a policy were relatively insignificant.

A wide-ranging interpretative overview such as this does not permit elaborating on detailed policy recommendations that could be of use to Atlanticist-minded foreign policy-makers in Riga, Vilnius, Tallinn and Washington. On a general note, however, there are probably good reasons to suggest the US’s geopolitical activism in Russia’s vicinity – one of the defining features of the post-Cold War period – is, most likely, well beyond its peak and this change of heart will not just be something peculiar to the Obama administration’s foreign policy. Correspondingly, Baltic Atlanticists would

probably be well advised to reassess, for example, the practicality of their long-standing advocacy for continued NATO enlargement in the former Soviet space and focus their energies instead on a careful solidification of the existing transatlantic relationship to ensure its continuation in the post-unipolar era.

This will not be an easy task, as the growth of other centres of global power such as China will demand an increasingly hard-nosed selection of US strategic priorities which will, in all likelihood, result in a gradual re-direction of American diplomatic and military resources away from the European theatre. This context will require painstaking attention to NATO's burden-sharing debate on behalf of Baltic Atlanticists as well as, in a more general sense, their commitment to be steadfast yet low-maintenance allies.

Meanwhile, the security dynamic in Eastern Europe will in the foreseeable future be defined by a Russia which has re-acquired the dangerous habit of compensating its internal fragility with external assertiveness. In contrast to the pre-1990s era, however, Moscow's ambition to possess a *droit de regard* in the Baltics should remain balanced if European and transatlantic alliance systems endure.

## Obama, Europe and Russia: Catching Up to Europe's Evolving Security Threats

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**Donald N. Jensen**

President Barack Obama visited two important US allies in mid-April, Germany and the United Kingdom, in what is likely his last trip to Europe before he leaves office. On April 22 he had lunch with Queen Elizabeth in honor of her 90<sup>th</sup> birthday. He expressed solidarity with British Prime Minister Cameron and urged the UK to remain in the European Union. In Germany Obama and German Chancellor Merkel urged speedy agreement on the stalled Transatlantic Trade and Investment Partnership. The president also criticized Europeans for being complacent about their own defense. He urged European countries to increase defense spending and urged that sanctions against Russia for its invasion of Ukraine be left in place until the Minsk II agreement is implemented. Obama's message came on the eve of a summit with EU leaders, including Merkel, Italian Prime Minister Renzi, and French President Hollande. The latter two leaders are widely considered to be unhappy with the current poor state of relations between Russia and the West and said to favor the relaxation of sanctions.

White House officials have stressed that the purpose of the visit was to build bridges to the country's closest partners. But Obama's foreign policy priorities and the president's own words have complicated that task. For most of his presidency Obama has tried to pull the US out of the Middle East and refocus attention away from Europe so he could pivot toward more promising horizons in Asia. Now, in his remaining months in office, Europe is intruding on his foreign policy. Britain and Germany are both plagued by domestic political problems and fear another wave of immigrants from the Middle East. Europe has been scarred by bloody terrorist attacks in recent months. Several EU economies, Greece in particular, are shaky. On his trip Obama urged British voters to vote to keep their country in the EU in a referendum

scheduled for this June, but many Britons reportedly do not like a US president telling them what to do.<sup>67</sup>

Many observers have long viewed the US pivot to Asia as a downgrading of Europe's importance, a perception reinforced by Obama's recent interview in *The Atlantic* magazine. There the President complained that the UK and France have been the beneficiaries of an international order guaranteed by the United States without contributing much to it. Obama said he led an "anti-free rider campaign" in 2011 in which he pushed European leaders to lead the NATO intervention in Syria "in order to prevent the Europeans and the Arab states from holding our coats while we did all the fighting."<sup>68</sup>

The President's defenders claim Obama has been a good friend to Europe. He has supported the EU during its debt crisis, they argue, and compromised over climate change. Moreover, they point out that that he has requested more than US\$ 3 billion in additional military spending in 2017 for heavy weapons, armored vehicles and other equipment in Central Europe to deter Russian aggression. But to many observers, Obama's interest and instincts lie elsewhere. He seems more interested in climate change or engaging Cuba's aging Castro brothers, a country of marginal security interest to the US, than visiting besieged Ukrainian leaders in Kiev or showing US support for the Baltic republics worried about Russian aggression. Obama's reassurances of US support during his Europe trip thus likely did little to assuage the concerns of Europe's leaders, who privately are even more alarmed at who might succeed Obama after the next US presidential elections.<sup>69</sup>

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67 Mark Landler, "Obama Heads to Europe, Its Stability and His Priorities in Question", *New York Times*, April 17, 2016, <http://www.nytimes.com/2016/04/18/us/politics/obama-heads-to-europe-its-stability-and-his-prioritiesin-question.html>

68 Jeffrey Goldberg, "The Obama Doctrine", *The Atlantic* (April 2016), <http://www.theatlantic.com/magazine/archive/2016/04/the-obama-doctrine/471525/>

69 Anne Applebaum, "Obama and Europe: Missed Signals, Renewed Commitments", *Foreign Affairs* (September / October 2015), <https://www.foreignaffairs.com/articles/europe/obama-and-europe>

## Background

That Obama would eventually disappoint the Europeans was probably inevitable. He began his presidency by saying “what the Germans and so many other Europeans wanted to hear,” according to commentator Anne Applebaum, reaffirming the US commitment to Europe and praising the virtues of allies willing to work with and trusting each other. What is surprising, commentator added, was the rapidity with which the Europeans became disillusioned and, in turn, disappointed Obama.<sup>70</sup>

Three events speeded the disenchantment: first, the US-Russia Reset, whereby relations between Washington and Moscow, allegedly damaged by the Bush Administration, would now begin afresh (an approach which some European officials quietly believed naïvely disregarded history and which they feared might come at the expense of European interests); second, the April 2009 NATO summit, at which little was decided and a US request for more troops for Afghanistan met little response from Washington’s European partners; third, Washington’s decision five months later to cancel the east European missile defense program, which had been supported by the Bush Administration and would have placed systems in the Czech Republic and Poland. To many observers the ABM cancellation signaled a lowering of US interest defending Europe. The result, writes Applebaum, was that until nearly the second half of Obama’s second term neither the president nor his foreign policy team seemed to take European security seriously. “NATO, which even then was desperately in need of radical institutional change,” argues Applebaum, “was thought too uninteresting to bother reforming... The security fears of central Europe and the Baltic states were an afterthought, while “Ukraine scarcely figured in US thinking...”<sup>71</sup>

## Russian Aggression

Russia’s invasion of Ukraine put the question of European security squarely and unexpectedly on the agenda. Moscow

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70 Anne Applebaum, “Obama and Europe: Missed Signals, Renewed Commitments”.

71 Ibid.

intervened for two reasons. First, it wished to halt Ukraine's move toward integration into Europe political, economic and security structures, which in its view would have strengthened US influence on the continent to the detriment of its national interests. Second, the Kremlin feared that the future of the Putin regime itself would be threatened if grass roots movements for change in neighboring countries, especially Ukraine spread to Russia. Russia's ambitious military reforms, under way since 2008, showed the Kremlin was willing to use force to protect its interests.

At bottom, the invasion reflected a clash between two visions of Europe: the first, embodied by the European Union, is based on rights, rules and freedom of choice. The second, embodied by the Kremlin, is based on spheres of influence and the merger of money and power. Its model for Europeans security is thus fundamentally at odds with the Western community. Foreign Minister Lavrov spelled out Moscow's views in a recent article in the when he stated that the Kremlin wants a formal, treaty-based say in Europe's political and security architecture.

Events in Crimea and Donbas, moreover, were part of a wider set of Kremlin moves to undermine European security that included non-military weapons. Anxious about losing ground to Western influence in the post-Soviet space and the ousting of pro-Russian elites in Georgia and Ukraine by popular electoral uprisings, the Kremlin developed a wide range of tools in support of its foreign policy objectives.

- A network of pro-Kremlin groups promoted the idea of the Russian World (Russkiy Mir), a flexible concept that would unite ethnic Russians in the post-Soviet space. Russian groups were particularly active in Ukraine, Georgia and Moldova – countries that have declared their intention to integrate with the West.
- Moscow sponsored pro-Russian pseudo-NGOs to undermine the social cohesion of neighboring states through the consolidation of pro-Russian forces and ethno-geopolitics, the denigration of national identities, and the promotion of anti-US, anti-EU Eurasianist values.

- The Kremlin used information confrontation to establish alternative narratives to confuse decision-making and promote aggressive propaganda.<sup>72</sup>

Despite Putin's longstanding concern about deepening of EU integration based on norms of business, law and administration at variance from those emerging in Russia, Russia's trade with the EU increased rapidly in the first years of the his presidency. By 2012, the EU accounted for 52 percent of Russia's exports, 68 percent of which consisted of fuel and energy. But the deterioration in relations between Moscow and Brussels had started years before:

- The EU's Third Energy Package (2011), a robust series of measures against monopolistic practices, was viewed in Moscow as a blatantly hostile act.
- The Kremlin viewed the Eastern Partnership (2009), with its offer of association agreements to Russia's neighbors, as a threat equal to that posed by NATO enlargement.
- In summer 2013, the EU Council sharply condemned Russia's mounting pressure on Eastern Partnership countries.<sup>73</sup>

## Allied Response

While most Europeans opposed the annexation of Crimea and Russia's invasion of Ukraine, many initially were reluctant to push back strongly, largely due to their deep economic links with Russia, especially on the energy sector. But the shoot down in July 2014 of a Malaysian civil airliner carrying many Dutch citizens – apparently by Russian-backed separatists – demonstrated that Moscow's pressure on Ukraine threatened the entire European community.

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72 Orysia Lutsevych, "Agents of the Russian World: Proxy Groups in the Contested Neighbourhood" (Chatham House, The Royal Institute of International Affairs: April 2016), <https://www.chathamhouse.org/sites/files/chatham-house/publications/research/2016-04-14-agents-russian-world-lutsevych.pdf>

73 James Sherr, "How Russia's Relationship with Europe Has Evolved", BBC, 05.01.2016, <http://www.bbc.com/news/world-europe-35154633>



In Washington, Russian actions in Ukraine and the Kremlin's crackdown on human rights at home finally forced the Obama Administration to shelve its Reset policy. Although Washington sought to punish Russia for its misbehavior in Europe, however, it did not wish to jeopardize its ability to work with the Kremlin on other issues such as the Iran nuclear program and terrorism nor did it wish to become too directly involved in a problem, European security, it still did not see as part of its core foreign policy agenda. As a result, the US let Germany take diplomatic lead against Russia. Vice President Biden, not Obama himself, was the Administration's point man on the Ukraine crisis. In some ways, in fact, Washington still seemed to regard events in Europe as a distraction. US officials continued to refer to the Ukraine crisis as a "regional problem," which seemed to stress the US distance from the Continent.<sup>74</sup>

The US and its European allies agreed on four steps in response to Moscow's aggression. These moves were designed to punish Moscow for its misbehavior, discourage it from further confrontational moves, and create incentives for it to pull back. First, Washington and Brussels imposed sanctions on the Russian government and specific Russian leaders for their involvement in the annexation of Crimea and invasion of Ukraine. Second, NATO responded in kind to Russia's stepped up military exercises and deployment of forces close to the alliance's frontline states. Third, individual NATO states upgraded their own military capabilities and increased their defense budgets. Finally, the EU suspended virtually all cooperation with Russia. Conflicting statements by US officials continued to suggest that many people in the Obama Administration continued to regard Russia as only a "regional problem."

The Western approach necessarily conceded the tactical initiative to Putin, since it was the product of a ponderous process which had to take into account the views of almost 30 alliance members, many of whom had strong economic or other incentives not to antagonize Russia. But so far the approach appears to have worked. Russia has not pushed further westward in Ukraine than the lines agreed to in the Minsk II agreement of

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74 Anne Applebaum, "Obama and Europe: Missed Signals, Renewed Commitments".

2014. Unclear, however, is whether the halt in Russian offensive operations is due to the Western countermeasures, Russia's economic problems as a result of global oil prices, or other considerations, such as a preference for nonmilitary means to destabilize Ukraine. Western capitals have understandably if not wholly convincingly taken credit for the success of their sanction policies. There is little sign, however, that Russia is pulling back from either eastern Ukraine or that will rescind its annexation of Crimea anytime soon.

But new challenges have emerged in the management of the US-European security relations. The European Union has been wracked unexpected challenges that have made the Ukraine crisis fade in importance: terrorism; waves of immigrants from the Middle East; continued economic problems for some EU members; the growth of anti-EU populism (some of which is encouraged by Russia); and domestic political differences, including over whether and how to re-engage Russia. Europe's Russia policy has been reduced to the "periodic drama" over renewing sanctions – the latest round expires in July – plus measures to improve resilience at home: improving energy flows across Europe, countering Kremlin propaganda, and helping weak non-EU states like Moldova. Ukraine's slowness in implementing needed political and economic reforms has given those who advocated a softer approach to Russia – such as Germany's SPD party and the Italian government – an excuse to avoid dealing with Europe's pressing security problems.<sup>75</sup>

## **Baltic Concerns**

The countries of the EU Eastern Partnership – Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine as well as Estonia, Latvia and Lithuania are understandably nervous about the uncertain security situation in Europe. More fundamentally, Obama's delegation of leadership in the Ukraine crisis to Merkel and growing domestic pressures in Europe to relax sanctions make them unsure of US and NATO resolve. The concerns are

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75 Charlemagne, "Quantum of Silence", *The Economist*, April 21, 2016, <http://www.economist.com/news/europe/21697239-europe-and-russia-no-longer-know-how-talk-each-other-dangerous-quantum-silence>

rooted in the fact that the alliance's overall military superiority vis-à-vis Russia is not reflected in the Baltic Sea region nor is the alliance's military power also is not sufficiently available in the region.<sup>76</sup> Credible NATO deterrence in the eastern flank of the alliance requires an optimum balance between deterrence by punishment and deterrence by denial NATO plans to remedy the situation by stationing about 5,000 more troops in the Baltic states, Poland, Bulgaria and Romania, a decision likely to be formalized at the Warsaw summit in July. NATO will get around the ban on "permanent" bases contained in the 1997 NATO-Russia Founding Act by regularly rotating its troops.

That will not please the Kremlin. Aleksandr Grushko, Russia's ambassador to NATO, told the press recently that such actions contradicted the principles and logic of the act. The likely result likely to be more Kremlin exercises focusing on Baltic states and their separation from the rest of the alliance. The most likely worst scenario thus may not be a "hybrid crisis" or limited incursion, but the separation and possible conquest of the Baltic states by conventional military means. In the run-up to the Warsaw summit it cannot be excluded that there may be more crises in the region. The Moscow is likely to continue to build up arms in Kaliningrad.<sup>77</sup>

## Prospects

With his April trip and the forthcoming NATO summit, Barack Obama has a chance to leave office with a strong display of his commitment to Europe. The Russian threat has to be clearly acknowledged, treated as a strategic long-term challenge and taken fully into account in NATO's defense planning and future posture in the Baltic Sea area. But the EU and NATO also can take steps to bolster the security situation on the Continent, especially among Russia's neighbors.

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76 Henrik Praks and Kalem Stoicescu, "Strengthening the Strategic Balance in the Baltic Sea Area", International Centre for Defence and Security (Estonia), 19.04.2016, <http://www.icds.ee/publications/article/strengthening-the-strategic-balance-in-the-baltic-sea-area-1/>

77 Charlemagne, "Quantum of Silence".

- They need positive statements that the Baltic states' sovereignty and independence matter, backed with concrete programs designed to integrate them into Western security structures.
- Although US concerns about European free riding are largely unwarranted, the United States should take a more central leadership role by providing an overall framework and key capabilities, which then would be complemented by contributions from key allies.
- Effective deterrence in the Baltic region requires NATO forward defense move from primarily symbolic to a more meaningful presence. They would require military effectiveness and multinationality.
- European and US leaders can better coordinate their message. The Secretary General of NATO, the President of the European Commission should not take diametrically opposed positions, as is often the case.
- They can refuse the calls of some Europeans to reengage Russia "as it is." That approach would suggest to the Russian leadership that an aggressive foreign policy that violates Western norms and principles can work.
- The West should not offer Moscow a "grand bargain" – for example, offering guarantees of Ukraine's nonaligned status or no further NATO expansion.
- The West can more assertively take a stand against Russian companies operating in the West and Russian elites who park their money in Western financial institutions.<sup>78</sup>

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78 Henrik Praks and Kalev Stoicescu, "Strengthening the Strategic Balance in the Baltic Sea Area".







## **II. Latvia-US Security and Defence Cooperation**

# Confronting a Common Threat: Reinvestment in Bilateral Defense Relations

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**Jeffrey Rathke and Matthew Melino**

**T**he United States' partnership with Europe is essential to pursuit of the US national interest; Europe is a center of the US alliance system on which Washington's global influence substantially depends. Europe's stability, prosperity, and outward focus is crucial to European nations' readiness to act in concert with the United States in addressing global threats and challenges. This reality has been thrown into starker relief in recent years by the Syrian civil war with its ensuing flows of migrants, the Russian intervention in Ukraine and annexation of Crimea, and the Eurozone crisis, all of which affect Europe's internal dynamics as well as the ability of the European Union, NATO, or individual European states to engage externally.

The security of members of the NATO alliance is therefore a priority for the United States, not only because of the binding treaty commitment but because of abiding national interest, as the 2015 US National Security Strategy outlines.<sup>1</sup> This is particularly true of Latvia and its neighbors, bordering an increasingly assertive Russia that has displayed the ability and willingness to use force to change borders in Europe and coerce its neighbors. This understanding was expressed clearly by President Obama before the Wales NATO Summit, when he asserted in Tallinn that "the defense of Tallinn and Riga and Vilnius is just as important as the defense of Berlin and Paris and London."<sup>2</sup>

If rhetoric equaled reassurance, that sentence alone might suffice for security in the northeastern corner of NATO

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1 "US National Security Strategy", February 2015, [https://www.whitehouse.gov/sites/default/files/docs/2015\\_national\\_security\\_strategy.pdf](https://www.whitehouse.gov/sites/default/files/docs/2015_national_security_strategy.pdf)

2 The White House, "Remarks by President Obama to the People of Estonia", Nordea Concert Hall, Tallinn, Estonia, 03.09.2014, <https://www.whitehouse.gov/the-press-office/2014/09/03/remarks-president-obama-people-estonia>



territory. But the United States' approach to NATO and to the bilateral defense relationship with Latvia represents a rediscovery of deterrence and a reinvestment in defense presence and partnership that is tuned to the requirements of security in the post-post-Cold War period. The convergence of views on the threat in recent years, and accelerating since 2014, is notable, and the relationship increasingly is a mutual effort to deter aggression and to build the ability to resist coercion across the civilian-military spectrum.

### **US Security Policy: Europe and the Baltic Region Rise to Prominence**

The aggression by Russia in Ukraine frames the US security response in Europe, through a combination of enhanced US presence and readiness and strengthened efforts to build the defense capabilities of US allies such as Latvia. The recognition of the threat from Russia to European security was explicit in the presentation by Secretary of Defense Carter of the defense budget request for 2017 – he listed Russia first of the five main challenges confronting the United States, requiring “a strong and balanced approach to deter Russian aggression” and additional US presence in Europe.<sup>3</sup> The commitment to collective action, renewal of alliances, and expanded US participation thus characterizes the evolution of US policy in recent years. This develops further the themes that President Obama outlined at the outset of his first term in his April 2009 speech in Prague. While the speech drew most attention for the Obama Administration’s priority to seek a world without nuclear weapons, it also highlighted the US commitment to Article 5 of the North Atlantic Treaty, “An attack on one is an attack on all. That is a promise for our time, and for all time.” More specifically, the President addressed the need for NATO to be prepared for a crisis, “we must work together as NATO members so that we have contingency plans in place to deal with new threats, wherever they may come from.”<sup>4</sup> Bilateral

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3 Ashton Carter, “Remarks Previewing the FY 2017 Defense Budget”, 02.02.2016, <http://www.defense.gov/News/Speeches/Speech-View/Article/648466/remarks-previewing-the-fy-2017-defense-budget>

4 Barack Obama, “Remarks by President Barack Obama in Prague as Delivered”,

US-Latvian initiatives as well as experience participating in US-led and NATO-led military exercises promote a greater sense of trust and common purpose that will continue to guide bilateral relations in the coming years.

Russia's 2014 annexation of Crimea tested renewed US commitment to the region. In response, President Obama proposed to Congress the 2014 European Reassurance Initiative (ERI), which allocated up to US\$ 1 billion as an emergency response to Russian aggression. The initiative was designed to reassure allies of the US commitment to their security and territorial integrity as members of the NATO alliance, and called for increased investment across five categories: presence, training and exercises, infrastructure, prepositioned equipment, and building partner capacity.<sup>5</sup> The ERI was renewed for FY 2016, but officials publicly acknowledged the need for a bolder US presence across Europe. In August 2015, US Secretary of Defense Ash Carter pointed out that Russia by virtue of its nuclear arsenal was an existential threat to the United States, but that the new element in Russian policy was its increasingly antagonistic approach that required a strengthened US response,

“ *adjusting our capabilities qualitative and in terms of their deployments to take account of this behavior of Russia. We are also working with NATO in new ways, a new playbook, so to speak, for NATO, which has been preoccupied with Afghanistan for the last decade or so, more oriented towards deterrence on its eastern border and with hardening countries at the – on the borders of Russia, NATO members and non-NATO members, to the kind of hybrid warfare influence or little green man kind of influence that we see associated with Russia in Ukraine.*”<sup>6</sup>

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05.04.2009, <https://www.whitehouse.gov/the-press-office/remarks-president-barack-obama-prague-delivered>

5 Lisa Sawyer Samp and Mark F. Cancian, “The European Reassurance Initiative”, CSIS, February 9, 2016, <http://csis.org/publication/european-reassurance-initiative>; Kathleen H. Hicks and Heather A. Conley, et al. “US Army Force Posture in Europe”, CSIS, February 2016, 20, [http://csis.org/files/publication/160203\\_Hicks\\_ArmyForcePosture\\_Web.pdf](http://csis.org/files/publication/160203_Hicks_ArmyForcePosture_Web.pdf)

6 Ashton Carter, “Department of Defense Press Briefing with Secretary Carter in the Pentagon Press Briefing Room,” 20.08.2016, <http://www.defense.gov/News/News-Transcripts/Transcript-View/Article/614330/departement-of-defense-press-briefing-with-secretary-carter-in-the-pentagon-pres>

The US rediscovered its security interests in the region, and to demonstrate its commitment, the administration expanded its ERI request for FY 2017 to USD \$3.4 billion, quadrupling the FY 2016 amount. By increasing its request, the administration signaled the US' return to Europe to address conventional threats from state actors like Russia.<sup>7</sup> And while the financial assistance is significant in size, it reflects an equally important desire by the US military to take a multi-year approach to deterrence in Europe. It represents not just an increase in training exercises and the deployment of an additional rotational brigade combat team but also the repositioning of warfighting equipment (Army Prepositioned Stocks, or APS), which is a multi-year effort and supports longer term planning.<sup>8</sup> This is the essence of a shift from reassurance to deterrence and demonstrates a more forward-looking, sustained, and proactive approach to the security challenges, which was lacking prior to 2014.

## **US-Latvian Military Relations**

One of the most critical components of countering the new threats and challenges is to reinvest in the capabilities of regional allies and to forge a unified approach to collective defense. Defense cooperation between the US and Latvia dates back decades, and in the face of a resurgent Russia it has again become a cornerstone of today's bilateral relationship.

The defense relationship between the US and Latvia is based on a common perception of the threat. Military training exercises as well as US programs like ERI send a strong message to Russia of the US' commitment to Latvia's sovereignty and territorial integrity. Since the annexation of Crimea, Latvia has matched the US' forward looking posture, increasing its defense spending and further developing the necessary capabilities to confront the potential for Russian aggression. Coordination in bilateral and NATO military exercises strengthens the coopera-

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7 Ben Booker, Katharine Conlon and Afzal Bari, "European Reassurance Initiative Fiscal Year 2017: Deep Dive", *National Journal*, February 19, 2016.

8 Andrew Tilghman, "More US Troops Deploying to Europe in 2017", *Military Times*, February 2, 2016, <http://www.militarytimes.com/story/military/2016/02/02/more-troops-deploying-europe-2017/79693680/>

tion between the two countries, promoting greater integration and enhancing Latvia's defense capabilities.

Until very recently, the national resources that Latvia devoted to the task were insufficient. This began to change in 2014, with Latvia's Stability Program for 2015-2018 and the State Defense Financing Law, which established a rising level of defense funding as a percentage of GDP. It was a clear sign of intent to not only boost Latvia's domestic capabilities but also a signal to the US that Latvia was serious about deepening defense relations and carrying its share of the burden as envisioned in Article 3 of the North Atlantic Treaty, which calls on allies to "maintain and develop their individual and collective capacity to resist armed attack."<sup>9</sup> It called for levels of spending equivalent to 1% of GDP in 2015, 1.1% of GDP in 2016, 1.3% of GDP in 2017, 1.5% of GDP in 2018, 1.75% of GDP in 2019, and 2.0% of GDP in 2020, anticipating to maintain 2.0% during the decade.<sup>10</sup> While this funding increase satisfied the NATO Wales Summit Declaration, stepped-up displays of Russian military potential in the form of unannounced "snap" military exercises near the Latvian border prompted additional funding for the period of 2016-2019. During this period, defense spending will increase 0.3%, 0.4%, 0.5%, and 0.25% above the level set in the State Defense Financing Law, ensuring that Latvia reaches the 2% threshold by 2018.<sup>11</sup> This increase in defense spending is welcomed by the US and it will enhance relations from both a bilateral and multilateral perspective.

Bilateral relations have also benefitted from cooperation in multilateral fora, namely NATO and international coalitions engaged in the Middle East. As a smaller nation with limited resources, Latvia's contributions to NATO seem small relative to the more populous and economically robust allies. However such factors have not impacted Latvia's commitment to NATO and coalition missions, particularly those led by the US, in particular Afghanistan and Iraq. Latvia's involvement in these two operations was a function of bilateral relations with the US and a

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9 "North Atlantic Treaty", April 4, 1949, [http://www.nato.int/cps/en/natolive/official\\_texts\\_17120.htm](http://www.nato.int/cps/en/natolive/official_texts_17120.htm)

10 Ministry of Finance Republic of Latvia, "Latvia's Stability Programme for 2015-2018", 2015, 26, [http://ec.europa.eu/europe2020/pdf/csr2015/sp2015\\_latvia\\_en.pdf](http://ec.europa.eu/europe2020/pdf/csr2015/sp2015_latvia_en.pdf)

11 Ibid, 26.

commitment by Latvia to support and further improve cooperation with its strongest ally. Whereas opinions of the greatest security threat vary within the alliance, the differences between the US and Latvia are narrow. Finally, while Latvia's personnel and financial contributions do not reach the level of other allies, the experience gained in high-intensity environments as a result of its participation is valuable towards furthering defense relations.

Latvia has also gained valuable experience through its hosting and participation in bilateral and NATO exercises. There are too many activities to list comprehensively; a representative example is the bilateral May 2014 Namejs exercise, which included US Army forces from the 173rd Airborne Brigade and the Michigan Army National Guard alongside Latvia's 1st Infantry Battalion and Land Forces Infantry Brigade. Namejs was one of the largest joint and combined military exercises in Latvia up to that point.<sup>12</sup> The exercise focused on the interoperability of the US and Latvian militaries and was part of a series of land-forces and naval training exercises taking place in Latvia.<sup>13</sup> Latvia has featured prominently in region-wide exercises with the US, such as the annual Saber Strike, which involves joint field exercises as well as command-and-control training, building Latvia's interoperability with neighbors and key allies.<sup>14</sup> Latvia also participated in NATO's largest exercise in over a decade, the fall 2015 exercise Trident Juncture. The exercise took place in Spain, Italy, and Portugal and included more than 36,000 personnel from more than 30 nations, in addition to more than 230 units, more than 140 aircraft, and more than 60 ships.<sup>15</sup> Latvia's contingent was part of a 1,000-troop Baltic Battalion. Trident Juncture tested the alliance's ability to work together and with partner nations and organizations to address a wide range of security challenges including special operations forces and

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12 Capt. Charles Calio, "Michigan Soldiers in Latvia for joint exercise", *Michigan National Guard*, May 29, 2014, <http://www.nationalguard.mil/News/ArticleView/tabid/5563/Article/575689/michigan-soldiers-in-latvia-for-joint-exercise.aspx>

13 Ibid.

14 United States Army Europe, "Exercise Saber Strike", <http://www.eur.army.mil/SaberStrike/>

15 North Atlantic Treaty Organization, "Trident Juncture shows NATO capabilities are real and ready", 04.11.2015, [http://www.nato.int/cps/en/natohq/news\\_124265.htm](http://www.nato.int/cps/en/natohq/news_124265.htm)

complex maritime exercises.<sup>16</sup> Notably, it tested the Very High Readiness Joint Task Force (VJTF) – the spearhead brigade-sized element of the NATO Response Force.<sup>17</sup> Latvia also took part in BALTOPS 2015, the alliance’s largest ever naval exercise in the Baltic Sea. Nearly 5,600 troops engaged in anti-submarine warfare, mine warfare, anti-air warfare, and amphibious landing.<sup>18</sup> Through these multilateral exercises, Latvia is building its territorial and defense capabilities as well as its ability to operate in multinational units and with key allies such as the United States. Again, while numerical contributions may be small, the experience is extremely valuable and offers further opportunities to enhance bilateral defense cooperation with the US.

## **The Future of Military Relations and Recommendations**

The increase in frequency, size, and scope of US and NATO presence, coupled with a re-engaged US signals a growing focus on the region for the coming years. The NATO Defense Ministers have identified the objective of a deterrent presence on the eastern flank, and the US will play a significant role in conventional deterrence in the east. Latvia has significant experience in multinational units and can bring the lessons from those endeavors to the NATO deliberations on constructing the most effective formations. However, presence alone will not meet the required deterrent effect. Demonstrated capabilities on a range of operational and tactical fronts are also required. The challenge lies in Latvia’s absorptive capacity. The size and scope of its national defense apparatus and its budget will impact Latvia’s ability to address numerous capability gaps. Continued bilateral exercises between the US and Latvia that continue to develop Latvia’s niche capabilities as well as translate them into the most

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16 North Atlantic Treaty Organization, “Trident Juncture shows NATO capabilities are real and ready”, 04.11.2015, [http://www.nato.int/cps/en/natohq/news\\_124265.htm](http://www.nato.int/cps/en/natohq/news_124265.htm)

17 North Atlantic Treaty Organization, “Trident Juncture 2015”, [http://www.nato.int/nato\\_static\\_fl2014/assets/pdf/pdf\\_2015\\_10/20151021\\_151021-tj15-infograph.pdf](http://www.nato.int/nato_static_fl2014/assets/pdf/pdf_2015_10/20151021_151021-tj15-infograph.pdf)

18 North Atlantic Treaty Organization, “Key NATO & Allied Exercises”, [http://www.nato.int/nato\\_static\\_fl2014/assets/pdf/pdf\\_2015\\_10/20151007\\_1510-factsheet\\_exercises\\_en.pdf](http://www.nato.int/nato_static_fl2014/assets/pdf/pdf_2015_10/20151007_1510-factsheet_exercises_en.pdf)

effective national defense should thus be a key objective of the defense relationship. The ERI will underwrite a physical US presence and will require closer bilateral collaboration.

Among the issues that require ongoing attention are: improving logistical support and freedom of movement for US and other allied forces, in conjunction with Latvia's neighbors, and building cooperation between civilian and military authorities that would respond in a crisis. As Latvia's defense spending increases, it should take into account the Article 3 requirements for national self-defense as well as key capability shortfalls such as air defense, and the need for harmonized defense approaches with neighboring allies – if a crisis occurs, it will affect all of the Baltic allies. The Baltic countries have distinct strategies to defend their respective states. It is recommended that Latvia spend wisely and seek to acquire capabilities that boost regional defense as part of a harmonized approach in addition to improving its national defense. Sustainability will be an additional challenge. Through continued exercises, financial, and material support from the US, Latvia and its neighbors must develop the capacity to sustain new and potentially costly systems. The ongoing US commitment depends in large measure on support within the US Congress, for which a sustained commitment by allies to meet NATO's 2% spending target is an important indicator. This is especially important as a new US administration takes office in 2017 and the US executive and legislative branches will examine allies' contributions to collective defense and burden-sharing to match the increased US commitment to the region.

# A Fresh Start for US-Latvia Relations is Needed

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**Gunda Reire**

**T**he post-Cold War era has ended. The war in Ukraine has dramatically changed the post-Cold War international settlement – the beautiful *fata-morgana* about the end of history.<sup>19</sup> Cooperation between the West and Russia on the basis of international law, mutual understanding, and principles of democracy have faded away. Instead of this, the already forgotten ghosts of history – the balance of power, political realism, geopolitics, and ideological buffer zones of influence – shadow over Europe again.

Surprisingly, the West still tries to engage in rational, international dialogue with Russia, but such self-deception is a fool's paradise, where the results are good only for the one who sets them. This time it is Russia and its Janus-face behavior in regard to Ukraine, Syria, exodus, rising radicalization and terrorism in Europe, and proposals for relations with the US leads the West only deeper into obscurification.

Despite being relatively low on the agenda for many years, it is high time the US recognized Europe, and particularly the Baltic States, is still on the map. Latvia together with Lithuania and Estonia form the external border of the European Union and NATO. The European Union's Eastern Partnership initiative,<sup>20</sup> launched seven years ago, was intended to be a buffer zone against Russia. Nevertheless, the European Union's Eastern Partnership initiative came too late and appeared too weak, but Barack Obama's policy to turn away from Europe was a strategic failure. Therefore, nowadays,

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19 See more: Francis Fukuyama, "The End of History?", *The National Interest* (Summer 1989); Francis Fukuyama, *The End of History and the Last Man* (Free Press, 1992); Francis Fukuyama, "At the 'End of History Still Stands Democracy,'" *The Wall Street Journal*, June 6, 2014, <http://www.wsj.com/articles/at-the-end-of-history-still-stands-democracy-1402080661>

20 See more: European Union, "European External Action Service," [http://www.eeas.europa.eu/eastern/index\\_en.htm](http://www.eeas.europa.eu/eastern/index_en.htm)



US–Latvia relations meet at one focal point, and it is Russia. Baltic countries are now in the front line, face to face with Russia,<sup>21</sup> and the US must recognize the Baltic States are still on the map.

The aim of this article is to outline the complex setting of Russia's foreign policy principles, existing and possible responses from the US and NATO, and Latvia's place in the middle of the information war, and hybrid<sup>22</sup> warfare situation.

The article is structured in the following way. Firstly, Russia's main foreign policy principles are examined in international policy. They prove this country's rationality (despite a dominant perception that Russia's politics are chaotic, non-predictable and irrational) and show the pattern of its global thinking. Secondly, the global vision of international relations regarding the recent years of the US is addressed, paying special attention to US politics towards Central and Eastern Europe where Latvia is situated. Thirdly, the possibilities and weaknesses of NATO to protect its external border are analyzed, adding great emphasis on the upcoming NATO Warsaw Summit and this organization's ability to transform itself and adapt to the new international environment, as it did just after the breakdown of the bipolar world order. The article also includes recommendations and conclusions, which serve as an explanation of the existing dif-

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21 See more: Gunda Reire, "From Borders to Frontiers: The Inescapable Fate of Eastern Europe" in *Eastern Partnership: On the Way to the Riga Summit*, *Latvian Interests in the European Union, Special edition* (January 2015), 9-16, <http://www.spcentrs.lv/document/gunda-reire-from-borders-to-frontiers-the-inescapable-fate-of-eastern-europe/>

22 Although some like to argue that hybrid warfare is nothing new, and it is true, it is evident that parallel to military force Russia uses a wide range of non-military – soft power, smart power, propaganda, cyber and psychological activities in its foreign policy. The term "hybrid warfare" therefore is useful in separating a purely military action from a combination of complex military and non-military activities. The NATO Wales Summit Declaration speaks about hybrid warfare threats as such where a wide range of overt and covert military, paramilitary, and civilian measures are employed in a highly integrated design. See more: "Wales Summit Declaration", issued by the Heads of State and Government participating in the meeting of the North Atlantic Council in Wales, September 5, 2014, [http://www.nato.int/cps/en/natohq/official\\_texts\\_112964.htm](http://www.nato.int/cps/en/natohq/official_texts_112964.htm). See also *Hybrid Warfare: Fighting Complex Opponents from the Ancient World to the Present*, eds. Williamson Murray and Peter R. Mansoor (Cambridge: Cambridge University Press, 2012), and Lawrence Freedman, *Strategy: A History* (Oxford: Oxford University Press, 2013).

facilities to respond to Russia's foreign policy adequately, and the encouragement to develop new tools and policies in the arsenals of the US, NATO and Latvia.

## Setting the Rules: Russia and the Balance of Power

An analysis of strategic documents from the Russian Federation proves Russia is predictable and performs in a rational manner, but this rationality differs from the Western one – “we have fundamentally different understandings not only of what constitutes as an acceptable international behavior, but also of the goals and “natural” drivers that underpin it.”<sup>23</sup>

Russia's goals and interests are clearly listed in this country's national security and defense documents, starting in 1993. These documents uncover a broad spectrum of information laid out on paper since the fall of the Iron Curtain, but appeared a surprise for the Western world in 2014. These documents reveal the development of strong traditions in Russia's military thinking: fear for the alien – a feeling of being surrounded by enemies;<sup>24</sup> an insatiable desire for security, which expresses itself in expansion and buffer zones,<sup>25</sup> a feeling of superiority<sup>26</sup> and a return to politics of the balance of power, where alliances can be changed depending on an existing constellation of international affairs (see Table 1. Core principles of Russia's foreign policy (the last six years)).

Conceptually, if broadly accepted or complied with, such international affairs doctrine would mean a return to history. The next step back would deconstruct the system of collective security fundamentally and lead to a frantic conversion of global

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23 Kadri Liik, *How to talk with Russia*, ECFR Policy Memo, December 2015, 1.

24 As Marcel de Haas points out: “A *first* tradition in Russian security thinking is fear for the alien, a feeling of being surrounded by enemies [...]” See more: Marcel de Haas, *Russia's Foreign Security Policy in the 21st Century. Putin, Medvedev and beyond* (Routledge, 2010), 3.

25 Ibid.

26 Marcel de Haas describes it in a following way: “A *third* characteristic of traditional Russian security thinking is a feeling of superiority, which is expressed in references to the unique status of Russia and its leading role in the world.” See more: Ibid, 3.

international relations to the robust form of *ius bellum iustum*<sup>27</sup> – the sacred rights to go to war and conduct in just war – with all consequential outcomes.

**Table 1.** Core principles of Russia’s foreign policy (the last six years)

Document	Contents (excerpts from documents)
Conceptual Foreign Policy Document of the Russian Federation (2013) <sup>10</sup>	Russia maintains a negative attitude towards NATO enlargement and displacement of NATO infrastructure close to Russia’s borders.
	Polycentric model of international system.
	Traditional political alliances are not able to cope with contemporary trans-border threats. The approach of blocks must be replaced by net diplomacy, based on flexible forms of participation in multilateral structures.
	The possibilities of the historic West to dominate the world’s economy and politics are diminishing. The potential of power and development of the world is shifting towards the East.
An important resource to promote Russia’s national interests in European and world affairs is the activation of mutually beneficial bilateral relations with Germany, France, Netherlands, and other countries of Europe. Russia’s wish is to cooperate in the same manner with Great Britain.	

27 Just war theory’s (*ius bellum iustum*) purpose is to ensure that war is morally justifiable through a series of criteria. The criteria are divided into two groups: the right to go to war (*ius ad bellum*) and the right conduct in war (*ius in bello*). After World War II, bilateral and multilateral non-aggression pacts and treaties have defined entirely new restrictions against going to war. The three most important documents in this realm are the Kellogg-Briand Pact outlawing war as an instrument of national policy, the London Charter defining crimes against peace as one of three major categories of international crimes to be prosecuted after World War II, and the United Nations Charter which binds nations to seek resolution of disputes by peaceful means and requires authorization by the United Nations before initiating any use of force, although reserving the inherent right of self-defense against an armed attack.

28 Концепция внешней политики Российской Федерации [Foreign Policy Conception of the Russian Federation], 2013, <http://archive.mid.ru/bdomp/ns-osndoc.nsf/e2f289bea62097f9c325787a0034c255/c32577ca0017434944257b160051bf7f!OpenDocument>

	<p>“Soft power” together with global competition and growing crisis potential as a threat can lead to a destructive and illegal use of it with the aim to execute pressure on sovereign countries and intervene in their internal affairs, destabilizing the situation and manipulating public opinion, including the financing of humanitarian projects connected with the defense of human rights abroad.</p> <p>Work on a positive image of Russia, including systems of “soft power”, cooperation with civil society and experts.</p>
<p>National Security Strategy of the Russian Federation until 2020<sup>29</sup></p>	<p>Reserves right to use force in the event of an outbreak of conflicts in close proximity to Russia’s borders that could directly threaten Russia’s security or lead to the creation of a hostile environment near its territory.</p> <p>Growing distrust in other actors in international relations.</p> <p>Main national security priorities - territorial integrity, democratic development, economic competitiveness, strengthening its position of superpower in an international system.</p>
<p>National Security Strategy of the Russian Federation (31.12.2015)<sup>30</sup></p>	<p>The role of Russia in solving the most important international problems, regulating military conflicts, ensuring strategic stability and superiority of international law in interstate relations has grown.</p> <p>The position of the West, oriented to counteract integrational processes and create tensions in the Eurasian region, poses a negative influence on the implementation of Russia’s national interests.</p> <p>Threat to national security: the growing force potential of NATO and assignment of global functions to it, implemented by violating the norms of international law, activation of war performance by members of the bloc, further enlargement of the alliance, and approach of its military infrastructure to Russian borders.</p>

29 *Стратегия национальной безопасности Российской Федерации*; (National security strategy of the Russian Federation), <http://kremlin.ru/supplement/424>

30 *Стратегия национальной безопасности Российской Федерации* [National Security Strategy of the Russian Federation], <http://m.rg.ru/2015/12/31/nac-bezopasnost-site-dok.html>

Anti-constitutional *coup d'état*, which is supported by the US and the European Union, has led to a deep split in Ukrainian society and the emergence of an armed conflict. Consolidation of an ultra-right nationalistic ideology, determined formation of the image of Russia as an enemy in Ukrainian society, unconcealed aim to solve internal

discrepancies with the use of force, deep socio-economic crisis makes Ukraine the factor of instability in Europe in the long term, and directly at the border of Russia.

The possibilities of maintaining global and regional stability are significantly reduced with placement of components of the US missile defense system in Europe, Asia Pacific and the Middle East. In a situation of practical implementation of the "global strike" concept, the deployment of strategic non-nuclear systems of precision weapons, as well as in the case of the deployment of weapons in outer space.

The block approach for solving international problems is not conducive to the full range of modern challenges and threats. Activation of migration flows from Africa and the Middle East to Europe show the failure of the regional security system in the Euro-Atlantic region, built on the basis of NATO and the European Union.

Readiness to develop relations with NATO on the basis of equality in order to strengthen global security in the Euro-Atlantic region. The depth and content of such relations will be determined by the readiness of the alliance to take into account the legitimate interests of the Russian Federation in the implementation of military-political planning and respecting the rules of international law.

Interest in building a fully-fledged partnership with the US on the basis of shared interests, including the economic sphere, and taking into account the key influence of Russian-US relations on the state of the international situation at large.

It is evident that in Russia's strategical thinking, hostility towards the West grows and expands with the years. In the above mentioned documents, one can find clear references to the buffer zones (Latvia and its neighboring countries) and unconcealed antagonism towards the US and NATO. Moreover, Russia does not see itself in the system of collective security and prefers flexible coalitions. In turn, its references to multipolarity and a

polycentric world order is in loud contradiction with the idea of building a fully-fledged partnership with the US on the basis of shared interests, because the latter international setting is anything but a return to bipolarity.

If implemented in life, such US and Russia's "shared interests" equipollent would include Russia's control over the Baltic States, and this clearly reflects in Russia's conceptual documents. Conceptual Document of the Foreign Policy of the Russian Federation (1993) claims that "third parties, who would assert their power in post-Soviet space should respect Russian interests as the Russian government will be carefully evaluating and diplomatically reacting to the activities of these parties".<sup>31</sup> National Security Strategy of the Russian Federation until 2020 reserves the right to use force in the event of an outbreak of conflicts in close proximity to Russia's borders that could directly threaten its security or lead to the creation of a hostile environment near its territory.<sup>32</sup> One must remember, this point was put into force with the annexation of Crimea and the still ongoing war in Ukraine.

One must also not forget the Baltic States are geopolitically located "in close proximity to Russia's borders". Since these countries are members of NATO and the European Union, a military intervention is highly unlikely to happen, but Russia can execute other measures including soft power instruments and hybrid warfare activities also mentioned in its strategic documents and for the present do not lie under the security umbrella of NATO's Article V.

According to the Russian news agency TASS, the Foreign Ministry of Russian Federation, at the end of 2015, issued a report summing up the results of the year and it very clearly shows the

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31 "Концепция внешней политики Российской Федерации 1993 года" во *Внешняя политика и безопасность современной России. 1991 – 2002. Хрестоматия в четырех томах, том IV*, Документы, сост. Шаклейна. Т.А. (М: Московский государственный институт международных отношений (У) МИД России, Российская ассоциация международных исследований (АНО), ИНО-Центр (Информация. Наука. Образование), 2002) ["Foreign Policy Conception of the Russian Federation" in *The Foreign Policy and Security of Contemporary Russia. 1991-2002. Chrestomathy in Four Volumes, Volume IV, Documents*, ed. Shakleyna T.A. (Moscow: Moscow State Institute of International Relations (University), Russian International Studies Association, ISE-Center (Information. Scholarship. Education., 2002)].

32 *Стратегия национальной безопасности Российской Федерации* [National security strategy of the Russian Federation], <http://kremlin.ru/supplement/424>

desire to maintain control over Eastern Europe and the Baltic States as the buffer zone. The report declares “the course that NATO has assumed towards “detering” Russia, materialized as a buildup of military presence in the countries of Eastern Europe and the Baltic States, increased in the number and intensity of exercises close to the Russian border, and necessitated measures to counter the threats that NATO creates for Russia’s national security.”<sup>33</sup> The report also emphasizes, “The remaining channels of a political dialogue with NATO and bilateral contacts with the leadership of key member countries of the organization have been used for the explanation of negative consequences and potential risks from changes to the existing configuration of forces in Europe.”<sup>34</sup>

Therefore, Russia’s foreign policy strategy affects the security of Europe and challenges the US and NATO. Unfortunately, lack of knowledge or disinclination to accept these clearly defined points as reality is one of the main reasons why the US and the West face obvious difficulties to respond to Russia’s foreign policy adequately. Furthermore, the West has contributed to the rise of Russia’s feeling of superiority. Firstly, it has been done by an unreserved desire to have positive political conversations and the integration of Russia in Western institutions. Secondly, by a bureaucratic approach, which reflects overwhelming thinking that new strategies and institutions are the most influential tools for improving the relationship climate with Russia. Thirdly, by believing in a positive outcome which is anything but high-scale self-disillusion. Russia was willing to become a part of Western institutions, but with the right to set the rules and use these institutions in its advance.

## **Obama’s Foreign Policy Doctrine: Mixed Results**

New types of threats demand new types of responses, and it involves further development of international law and adapting to existing states of affairs – “Western planners and policy-makers must consider and plan not only for the potential threat of military attack by Russia, but also for the actual

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33 TASS, “Foreign Ministry: NATO Continues Creating Threats to Russian National Security,” 29.12.2015, <http://tass.ru/en/politics/847604>

34 Ibid.

threat of Moscow's ongoing subversion, destabilization and "active measures".<sup>35</sup> Also CEPA analysts point out "the United States need to understand the changes that are underway in its CEE [Central and Eastern Europe] alliances, and global alliances generally, in order to form a coherent strategy for responding to emerging constraints and opportunities and competing effectively with rivals in the 21st Century region."<sup>36</sup>

These warnings and advices coincide with two streams of strategic thinking in Washington, which are addressed in the second subchapter of this article. It concerns the debate of how large and what role the US should play in the security of allies. This conceptual debate also involves concerns about "free-riding", i.e. benefiting from the US security umbrella without taking appropriate political, military and financial measures to ensure one's own security. As Simon de Galbert puts forth: "The idea that Europeans are "free riders," enjoying the benefits of an international order safeguarded by the United States without contributing much to it, is well-worn in Washington."<sup>37</sup>

In regard to US-Latvia relations, it must be noted, that bilateral military actions undertaken by the US, most recently Operation Dragoon Ride in the Baltics are significant for Russia and Europe because it shows US engagement in the region where as strategic allies are struggling with political uncertainty.<sup>38</sup> Together with the European Union the US have posed economic sanctions on Russia, created a Very High Readiness Joint Task Force (VJTF) at the NATO Wales summit,<sup>39</sup> announced an increase in defense spending within NATO, and a US\$ 1 billion dollar European Reassurance Initiative (ERI). In addition, significant military air assets have been deployed to Poland and

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35 Keir Giles, *Russia's 'New' Tools for Confronting the West Continuity and Innovation in Moscow's Exercise of Power* (The Royal Institute of International Affairs, 2016), 3.

36 *Frontline Allies: War and Change in Central Europe*, US-Central Europe Strategic Assessment Group Report, December 2015 (Warsaw: CEPA), 9.

37 Simon de Galbert, "Are European Countries Really 'Free Riders'?", *The Atlantic*, March 24, 2016, <http://www.theatlantic.com/International/Archive/2016/03/Obama-Doctrine-Europe-Free-Riders/475245/>

38 See more: Rick Lyman, "An American Military Convoy in Europe Aims to Reassure Allies", *New York Times*, March 29, 2015, <http://nyti.ms/1EITlqC>

39 See NATO, *The Readiness Action Plan*, 13.10.2015, [http://www.nato.int/cps/en/natohq/topics\\_119353.htm](http://www.nato.int/cps/en/natohq/topics_119353.htm)



the Baltic States, including F22 Raptor advanced stealth tactical fighters, Predator UAVs and A-10 ground attack aircraft.<sup>40</sup>

Nevertheless, these conventional “hard security” steps are evidently not sufficient to combat Russia’s threat, because they only partly address military threats, and pass by all other realms that apply to “hybrid threats”. Therefore, firstly, Latvia and its Baltic neighbors are calling for larger-scale, potentially permanent deployments of US and allied air, ground and naval forces in the very nearest future. The Latvian Minister of Foreign Affairs Rinkevics announced, “We want to see that NATO moves from the airspace patrolling mission to the full-scale airspace defense.”<sup>41</sup>

The truth is, that without US support NATO frontline allies are not capable of dealing with Russia’s threats either in a military or information warfare domain. As Edward Lucas concludes: “Without American leadership, the region’s security will be bedeviled by squabbles about national particularities.”<sup>42</sup> Obama’s turn away from Europe, and the Baltics particularly, is a grand failure and hazardous seed which can potentially create a political domino-effect, if not exterminate it fully. The European Union and the US cannot afford any form of crisis, tensions and wars slipping out of their grasp.

## **NATO Transformation is Needed**

In the US, which is the strategic partner of Latvia, two mainstream thoughts dominate regarding the future role of NATO in existing hybrid situations. The first one emphasizes the purely mili-

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40 White House, *Fact Sheet: European Reassurance Initiative and Other US Efforts in Support of NATO Allies and Partners*, 03.06.2014, <https://www.whitehouse.gov/the-press-office/2014/06/03/fact-sheet-european-reassurance-initiative-and-other-us-efforts-support>; “F-22 Inaugural Deployment to Europe,” *US Air Forces in Europe* 28 (August 2015), [http://www.usafe.af.mil/news/story\\_print.asp?id=123457085](http://www.usafe.af.mil/news/story_print.asp?id=123457085); Richard Sisk, “US Deploys Two MQ-1 Predator Drones to Latvia”, *DoD Buzz*, August 31, 2015, <http://www.dodbuzz.com/2015/08/31/us-deploys-two-mq-1-predator-drones-to-latvia/>; “US Air Force A-10 attack Planes Have Arrived in Estonia”, *The Aviationist* (May 3, 2015), <http://theaviationist.com/2015/05/03/a-10s-have-arrived-in-estonia/>

41 LSM, “Interview with the Minister of Foreign Affairs Edgars Rinkevics”, April 20, 2016, <http://replay.lsm.lv/lv/ieraksts/ltv/70315/intervija-ar-arlietu-ministru-edgaru-rinkevicu/>

42 Edward Lucas, “Europe’s New Frontier” in *Frontline Allies: War and Change in Central Europe*, US-Central Europe Strategic Assessment Group Report, December 2015 (Warsaw: CEPA), 21.

tary character of NATO, where the information war, work with societies' resilience, and different hybrid warfare elements do not belong. This viewpoint sees the role of NATO in terms of a "battlefield".

Nevertheless, there also exists the so called "battle space", which is broader than the battlefield and capable of dealing with challenges and threats more efficiently. Although some would like to argue that hybrid warfare is nothing new, and it is partially true, it does not mean allies should be left alone with their hybrid threats and hybrid situations. NATO is a military alliance but it must adapt to the new environment rapidly and possibly undertake new tasks: "The Georgia War and Crimea crisis demonstrated Putin's ability to use bold military strikes to redraw the map to Russia's advantage. Providing a pretext for escalating Russian ambitions could heighten the military risks facing the Baltic States – risks that NATO, in its current configuration, is not positioned to counter."<sup>43</sup>

Despite the announcement that NATO will update its defense plans concerning the Baltic countries and Poland and develop a readiness plan that includes a review of joint exercises, threat assessments, intelligence-sharing arrangements, early-warning procedures, and crisis response planning<sup>44</sup>, to secure the external border, military tools are not enough. Societal resilience must also be addressed, because political uncertainty or even political subversion is not only highly possible, but also as dangerous as a military intervention in the region.

Paul Goble emphasizes that "Russia's special services are increasingly active in Latvia, not only in gathering intelligence, but also in carrying out influence operations intended to split the population and weaken the authorities. [...] Much of it involves active measures designed to influence the public opinion in Latvia, to promote divisions within the Latvian population and to weaken the government. [...] The efforts of Russian special agents to influence public opinion in Latvia now form "a whole system" involving the insertion of articles into the traditional media and on the internet designed to "cultivate the view" that Latvia is a deeply divided society

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43 *Frontline Allies: War and Change in Central Europe*, 8.

44 See White House, *Fact Sheet: European Reassurance Initiative and Other US Efforts...*

and is economically incapable of survival if it continues its current anti-Russian course.”<sup>45</sup>

The Latvian Prime minister’s report to the Saeima (Parliament) on national security in 2015 says that Russian agents are “trying to create a controlled network of agents in the mass media as well as in government and municipal organizations, public organizations and among politicians and businessmen. Ever greater attention is being devoted to the virtual milieu and to social networks.”<sup>46</sup>

This calls for another approach in Western leadership and the necessity to start looking at Baltic countries from a different angle. NATO must recognize its vulnerability to Russia’s hybrid warfare strategy against Latvia. Major Francisco X. Zavala is even stricter: “The proposed threat and pursuit of limited Russian objectives that violate the sovereignty of the Baltic States is therefore, neither extreme nor irrational. The threat is rational, calculated and promising, given Russia’s anticipation of NATO’s disjointed response. Putin will methodically advance Russian interests in defiance of NATO.”<sup>47</sup>

In 2014, the NATO Wales Summit Declaration already emphasized the seriousness of Russia’s executed foreign policy, the need to adapt to the current situation and to find proper answers to hybrid threats. NATO’s willingness to find adequate response mechanisms to Russia’s hybrid threats is the only right path if one thinks about resilience in the Baltic Countries, because “it is clear that avoiding clear Article 5 violations is in Russia’s interests. As a result, a form of strategic competition targeting the political, economic, and societal vulnerabilities in the West, while remaining concealed and below the thresh-

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45 Paul Goble, “Russian Special Services, Ever More Active in Latvia, Threaten that Baltic Country’s National Security, Riga Says,” *UpNorth*, December 14, 2015, <http://upnorth.eu/russian-special-services-ever-more-active-in-latvia-threaten-that-baltic-countrys-national-security-riga-says/>

46 “Ministru prezidenta pārskats Saeimai par Latvijas nacionālo drošību”, reported January 21, 2016, <http://tap.mk.gov.lv/lv/mk/tap/?pid=40376828&mode=mk&date=2015-12-08>

47 Major Francisco X. Zavala, “The NATO Wales Summit is Not Enough: A Case for a Pre-Emptive Counter Insurgency Strategy in the Baltic States”, *Luce.nt., A Journal of National Security Studies*, 53, <https://www.usnwc.edu/Publications/-Luce-nt-/Current/Pdfs/THE-NATO-WALES-SUMMIT-IS-NOT-ENOUGH---A-CASE-FOR-A.aspx>

old of conventional response, is the most viable option for Russia to achieve its goals today.”<sup>48</sup>

In the Meeting of NATO Ministers of Foreign Affairs in Brussels on 1 December 2015, NATO adopted a new hybrid warfare strategy. As the Latvian Minister of Foreign Affairs Rinkevics emphasized: “NATO Member States have admitted that the fight against hybrid war elements is within the competence of the alliance’s Article Five. This holds true whether threats are posed by ‘little green men’ or cyber-attacks. [...] The most important aspect is that, in a manner that’s binding officially, politically and legally, NATO may react not only to the classic military threat, but also to this phenomenon of the twenty first century – different asymmetric attacks to Member States, their critical infrastructure”.<sup>49</sup>

NATO’s new hybrid war strategy is a classified document, and this is good because in this way it allows broader flexibility when a new types of Russian hybrid warfare elements appear. If NATO has no red lines, it has no stability. Nevertheless, under the circumstances of hybrid threats, these red lines must not be public and discussed internationally – Member States of the Alliance must agree about them in silence.

The document is based on several principles, including preparation, prevention and defense, and involves consultations under Article 4, which allows any NATO Member States that face hybrid war elements to ask other members for assistance. “Less classical capabilities that are essential if NATO wants to firmly ascertain its stance in a hybrid conflict are: cyber; information operations; strategic communication; key leader engagement; and psychological operations. [...] A key observation is that NATO and/or NATO members have gathered a large amount of experience with these functionalities in the recent past when engaging in security operations globally.”<sup>50</sup>

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48 Julio Miranda Calha, *Hybrid Warfare: NATO’s New Strategic Challenge*, General Report, NATO Parliamentary Assembly – Defence and Security Committee, January 7, 2015, 4.

49 BNS, “Foreign Minister: ‘Green Men’ Covered by NATO Article 5”, December 2, 2015, <http://www.lsm.lv/en/article/societ/society/foreign-minister-green-men-covered-by-nato-article-5.a157727/>

50 Margriet Drent, Rob Hendriks, and Dick Zandee, *New Threats, New EU and NATO Responses*, Clingendael Report (July 2015), 34.

At the same time, it is also true that every international organization can be effective only at a level which Member States are willing and ready to allow. Therefore, there exist doubts about NATO's capability to enforce Article 5 in a hybrid situation. The reason for these doubts is connected with NATO's decision-making procedures, which lies in the consensus principle, ensuring that in order for any action to be taken, all members have to agree on it. Therefore, the spirit of the Western community and solidarity is challenged nowadays.

Now NATO must prove it is capable to implement and make provisions for the Wales declaration and the new hybrid war strategy to be operational, which also includes strengthening the capabilities of the NATO Strategic Communications Centre of Excellence. The upcoming Warsaw Summit will be a litmus test of NATO's readiness to adapt to the new international environment. There will be debates in the Warsaw Summit about the expansion of NATO's presence in the region, response to hybrid threats and involvement of the US and other players. It is important for NATO not to stop there and to show the Alliance is able to expand the Article 5 and is capable for more than drafting visionary documents.

The environment that Western leaders must deal with is very complex (Syria, refugees, Russia, ISIL, Grexit, Brexit, Ukraine, a.o.), therefore there is a variety of opinions, priorities, limitations and interests. As a result the decision making process becomes longer, more complex and more difficult. Even in situations where interests of the West and Russia coincide a clear focus and ability of multitasking must remain, and none of the crisis should become a part of bargaining with Russia.

## **Conclusion and Recommendations**

An analysis of strategic documents of the Russian Federation proves that Russia is predictable, and it performs in a rational manner, but this rationality differs from the Western one. Russia's executed annexation of Crimea in 2014, constant efforts to control situations in the Baltics, creation of the Eurasian Economic Union and CIS, and repetitive threats to NATO regarding the alliance's recurring enlargement, proves that buffer zones of ideological influence are still relevant in interna-

tional politics. In order to maintain control over the Baltic States, Russia has used various strategies but the most influential one is dependency. The degree of dependence on Russia among the Baltic countries varies, but together it can be considered as high.

The most significant trigger points for Latvia's and Baltic countries' security are secure borders, a willingness and ability from the US and NATO to defend allies, defense spending (NATO's aspiration for members to spend 2 percent of the GDP for defense), national tensions and societies' receptiveness to Russia's waged information warfare. This leads to the following recommendations:

- **Russia as a military threat**

The US and NATO must recognize that Russia reveals itself as a military threat, and is willing to create stable buffer zones, challenge Western solidarity and unity and establish specific international relations with the US, where Russia's national and international interests are fully accepted.

- **Awareness of Russia's hybrid tools**

The West must be aware of the means and tools which Russia uses in information and hybrid warfare, and be ready to address a variety of new challenges and, hence, defend its foundational values.

A very precise and firm policy and message must be developed in the framework of NATO deterrence activities. Even in situations where the interests of the West and Russia coincide, a clear focus and ability to multitask must remain, and none of the crisis should become part of bargaining with Russia.

- **Applicability of the principle of self-defending democracy**

Today we experience renewed interest in the concept of self-defending or militant democracy<sup>51</sup> and its applicability

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51 Although originally "militant democracy" is a post-war response to a particular constitutional history: the vulnerability of the pre-War Weimar Republic, in the twenty first century, today we experience renewed interest in the concept of self-defending or militant democracy and its applicability to hybrid threats. It involves the idea that democracy has its own boundaries and the democratic state under certain circumstances can be regarded as an object of protection. If it is possible to indicate that there are attempts to change the nature and identity of the state,

ty to hybrid threats with the help of national constitutional law and further development of international law. “Militant democracy is a political and legal structure aimed at preserving democracy against those, who want to overturn it from within or those, who openly want to destroy it from outside by utilizing democratic institutions as support within the population.”<sup>52</sup>

In the case of Baltic countries, to defend the democracy and unity of societies, tools of a self-defending democracy must include a response to Russia’s waged information war, activities of Russia’s financed NGOs who act against Baltic countries by spreading lies, disinformation, hate, and false “expertise” in international organizations, especially concerning the human rights of the Russian-speaking population. It should also include precise regulation of the mass media market.

- **Capabilities of Western institutions**

NATO must prove it is capable of implementing and making provisions for the Wales declaration and the new hybrid war strategy operational, which also includes strengthening the capabilities of the NATO Strategic Communications Centre of Excellence. War clarifies the utility of existing military instruments. The current situation asks for a revision of the existing approaches and points to a need for different doctrines and strategies. NATO must find new mechanisms and approaches to make the Alliance more effective and capable.

In addition, a new strategic EU-NATO relationship framework is needed. It involves strengthening the European Union’s military capabilities, as well as NATO’s willingness and ability to expand its role beyond the classic military alliance.

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elements of the state (territory, population, institutions, national identity), the state order (democratic order), the right for people to exercise sovereign power, the chain of the democratic legitimacy, opposition, parties, independent judiciary, guaranties of human and fundamental rights, the principle of self-defending democracy should come into force.

52 Otto Pfersmann, “Shaping Militant Democracy: Legal Limits to Democratic Stability” in *Militant Democracy*, ed. Andras Sajó (Eleven International Publishing: 2004), 7.

In May 2016, the European Commission will come up with some conclusions about making areas of the Audiovisual Media Services (AMS) Directive<sup>53</sup> more corresponding to the existing level of technology development, as well as suggestions for amendments to the Directive. This will show the willingness and capacity of the European Union to grasp information war problems in its wholeness, as well as introduce the ability to develop legal instruments against misuse of the European infosphere.

- **Media literacy skills and a strong national media in Baltic countries**

Instead, the first and best weapon for countering Russian information operations is awareness: not only among national officials and mainstream media, but throughout the society the operation uses as its medium.<sup>54</sup> National legislation or regulations designed to ensure information carried in the media is reliable and objective.

Recently, Latvia shut down the local website of Russia's foreign news channel Sputnik, calling the state media outlet a "propaganda tool" and questioning the credibility of its reporting on the Ukraine conflict.<sup>55</sup> Moscow set up Sputnik to promote its voice abroad, including Latvia whose ethnic Russian minority accounts for around a quarter of its two million citizens. Latvian Foreign Ministry spokesman Raimonds Jansons emphasized the AFP: "We don't regard Sputnik as a credible media source but as something else: a propaganda tool."<sup>56</sup>

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53 European Union, "European Union's Audiovisual Media Services (AMS) Directive", <http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=URISERV:am0005&from=LV>

54 Keir Giles, *Russia's 'New' Tools for Confronting the West Continuity and Innovation in Moscow's Exercise of Power* (The Royal Institute of International Affairs: 2016), 51.

55 Reuters, "Latvia Shuts down Pro-Kremlin Website Sputnik, Drawing Moscow Rebuke," 29.03.2015, <http://www.reuters.com/article/us-latvia-sputnik-idUSKCN0WV2CE>

56 *Euractiv.com with AFP*, "Latvia Shuts down Russian 'Propaganda' Website Sputnik," March 30, 2015, <http://www.euractiv.com/section/global-europe/news/latvia-shuts-down-russias-propaganda-website-sputnik/>



Baltic countries should use the resources UNESCO provides in the field of media literacy – a number of initiatives to engender media and information literacy as an engaging civic education movement and a tool for lifelong learning.<sup>57</sup> In addition, media literacy skills can be taught in schools and higher education institutions, as well as be promoted by NGOs and experts. The challenge is to reach the whole society, especially those people who do not attend any educational institution and are not active participants in civil society. Effective social campaigns are considerable in such cases.

An urgent task for Latvia and Estonia is unification of the infosphere and creating a competitive and attractive national media content. Both countries need clear strategies on how to attract the Russian-speaking population to Latvian and Estonian media content, and at the same time finance them adequately.

- **Baltic governments' communication must be revisited-** Despite the low trust in state institutions, Baltic governments and other state institutions must find ways to address the Russian-speaking population, and in Latvia's case part of the Latvian-speaking population. States should develop strategic communication plans to counter Russian propaganda. It involves targeting audiences, sufficiently using the Russian language and communicating through a variety of channels (printed, audio, video, internet, social media, meetings and conferences).

In reaching the Russian-speaking audience it is important to go beyond simple communication or political rhetoric; it must be supplemented with strategic communication and action. It is obvious changing the context of political rhetoric is needed since older ones have not worked. Narratives should include history, psychology, sociology, ethnology,

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57 See UNESCO, "Media Literacy", <http://www.unesco.org/new/en/communication-and-information/media-development/media-literacy/>

and images. Barthes believed that it is possible to identify common structures of society through a deductive theory.<sup>58</sup>

A whole, free and peaceful Europe can only be achieved in strong partnership with the United States and NATO. “The new strategic landscape not only offers constraints, but also opportunities — for a more capable set of indigenous forces to oppose Russian expansion. But this will only happen if they are steered in the right direction. And the only power on earth that can do so is the United States.”<sup>59</sup>

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58 Roland Barthes and Lionel Duisit, “An Introduction to the Structural Analysis of Narrative,” *New Literary History* Iss. 6, No. 2 (1975), 237-272.

59 *Frontline Allies: War and Change in Central Europe*, 12.



# US Policy toward Latvia in the Post-Crimea Era

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**Edward Rhodes**

**F**rom a US perspective, US-Latvian relations segued into a new period in 2014-15, in the wake of the Russian occupation of Crimea and of Russian political and military sponsorship of violent separatism in eastern Ukraine.

That these events would stimulate a re-examination of US policy toward Latvia and Latvia's Baltic neighbors is hardly surprising. What is surprising, however, is the clarity of the new policy and the extraordinary level of consensus within the American political establishment, including the foreign policy-making community, regarding it.

This essay thus begins by examining the post-Crimea consensus within the American political and foreign policy establishment regarding America's Latvia policy. It then explores the parallel discussions taking place within the American national security policymaking community and – of particular interest in an election year – in the American public.

## **The US Political and Foreign Policy Establishment**

Whatever concerns American foreign policymakers may have voiced over the past two decades regarding citizenship policy and corruption in Latvia, events in Crimea and elsewhere in Ukraine had a remarkable, clarifying effect on the thinking of the US foreign policy community, helping this community to put these concerns in appropriate perspective. The fundamental element of US policy toward Latvia, American decision-makers have realized and hastened to make clear, is essentially unconditional *support*. It is support for Latvia's sovereignty and freedom from external political pressures, for its distinct national identity, for its liberal democratic institutions, and for its economic development and integration in the European Union and world economy.

Not surprisingly, given the Russian military adventurism that triggered the US policy reappraisal, it has been the military dimension of the US commitment to a free and democratic Latvia that has received the greatest attention from the American political and foreign policymaking elite. In a statement delivered personally, in the Baltic region, with the presidents of Latvia, Lithuania, and Estonia present, President Barack Obama publicly re-committed the United States to Latvia's defense in blunt and unambiguous language:

“ *Countries like Estonia and Latvia and Lithuania are not ‘post-Soviet territory.’ You are sovereign and independent nations with the right to make your own decision. No other nation gets to veto your security decisions....Just as we refused to accept smaller European nations being dominated by bigger neighbors in the last century, we reject any talk of spheres of influence today.... [W]e will defend our NATO Allies, and that means every Ally. In this Alliance, there are no old members or new members, no junior partners or senior partners – there are just Allies, pure and simple. And we will defend the territorial integrity of every single Ally.... Because the defense of Tallinn and Riga and Vilnius is just as important as the defense of Berlin and Paris and London.... Article 5 is crystal clear: An attack on one is an attack on all. So if.. you ever ask again, ‘who will come to help,’ you’ll know the answer – the NATO Alliance, including the Armed Forces of the United States of America, ‘right here, [at] present, now!’ We’ll be here for Estonia. We will be here for Latvia. We will be here for Lithuania. You lost your independence once before. With NATO, you will never lose it again.*”<sup>60</sup>

Five features of this pledge are worth emphasizing. First, as already noted, this president's speech was absolutely uncontroversial. Despite the ferociously contested and viciously partisan nature of American foreign policymaking at the present time, the president's pledge attracted no criticism or even much comment. The silence is deafening – and the silence reflects

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60 Barack Obama, “Remarks by President Obama to the People of Estonia, September 03, 2014”, <https://www.whitehouse.gov/the-press-office/2014/09/03/remarks-president-obama-people-estonia>

across-the-board agreement. Democrats and Republicans, left and right: there is consensus within the political and foreign policy elite on America's Baltic policy.

Second, it is worth noting both the very explicit, high profile nature of the pledge and that it was so clearly directed to Russian audiences as well as to Baltic ones. The message was explicitly meant to deter as well as to reassure. Correctly or incorrectly, one of the lessons that American decision-makers have drawn from America's Korean and Kuwaiti experiences is the importance of avoiding any ambiguities about commitments, ambiguities that might lead a potential aggressor to engage in wishful thinking. While the mere existence of Article 5 commitments ought to be sufficient, the American foreign policy establishment clearly concluded that it was important to convey to Russian leadership in no uncertain terms that periodic US criticisms of Latvian domestic policies do not and will not place Latvia and its Baltic neighbors outside the US security umbrella.

To further underscore the seriousness of this commitment, the president coupled his verbal pledge with a "European Reassurance Initiative" that provides substantial financial support to enhance visible US defense activities in Europe. Again reflecting the bipartisan consensus on America's Baltic policy, the president was able to obtain Congressional support for the Initiative.<sup>61</sup> In the Fiscal Year 2017 budget now being considered, the White House has requested an additional US\$ 3.4 billion for the Initiative, on top of the money already committed.<sup>62</sup>

Third, while framing it within the context of NATO and NATO's Article 5, the president was explicit about the *US* aspect of the commitment. America's political commitment to Latvia is not a contingent one. Article 5 creates a bilateral commitment.

Fourth, it is worth noting the full *extent* of the pledge President Obama enunciated in Tallinn. President Obama has

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61 The White House, "FACT SHEET: European Reassurance Initiative and Other US Efforts in Support of NATO Allies and Partners," June 3, 2014, <https://www.whitehouse.gov/the-press-office/2014/06/03/fact-sheet-european-reassurance-initiative-and-other-us-efforts-support>

62 The White House, "FACT SHEET: The FY 2017 European Reassurance Initiative Budget Request," February 2, 2016, <https://www.whitehouse.gov/the-press-office/2016/02/02/fact-sheet-fy2017-european-reassurance-initiative-budget-request>

committed the United States not only to defend Latvia against Russian occupation or attempted annexation but to defend it against Russian intimidation and against possible Russian infringements on Latvian territorial integrity.

Fifth and finally, it is important to note that there has been no revision or re-visiting of this pledge. From the perspective of the American political and foreign policymaking establishment, the president's 2014 statement is the final word on the subject.

Note, however, that the United States has *not* promised to remain silent about Latvia's internal policies. Most specifically, it has not promised to be silent regarding its continuing worries about Latvia's policies toward its Russophone minority. Yes, these concerns are now voiced explicitly within the context of guaranteed American support. But even in the post-Crimea era, US concerns about successful integration of Latvia's and Estonia's Russophone minorities into civic life remain on the American foreign policy community's agenda. Indeed, the president made a point of including this issue in his Tallinn speech, even while seeking a diplomatic way to do so and even while noting that the challenge of creating "open and inclusive societies" is not unique to the Baltic nations and is one that "we" all share – or at least that all "Europe" shares.

“ *We reject the idea that people cannot live and thrive together, just because they have different backgrounds or speak a different language. And the best antidotes to such distorted thinking are the values that define us. Not just in the Baltics, but throughout Europe, we must acknowledge the inherent dignity and human rights of every person – because our democracies cannot truly succeed until we root out bias and prejudice, both from our institutions and from our hearts.... We have to embrace open and inclusive societies – because our countries are more successful and more prosperous when we welcome the talents of all our people, including minorities. That’s part of the work that we must do.*”<sup>63</sup>

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63 Barack Obama, "Remarks by President Obama to the People of Estonia, September 03, 2014."

The position of the American political and foreign policy elite is that there are still imperfections in Latvian institutions, but that Latvia is working constructively to address its institutional weaknesses and failings. At least for diplomatic purposes, the American establishment is willing to blame these lingering institutional challenges on the long Soviet occupation rather than on anything internal or intrinsic to Baltic societies or political cultures.

“ *Your experience cautions that progress is neither easy nor quick. Here in the Baltics, after decades of authoritarian rule, the habits of democracy had to be learned. The institutions of good governance had to be built. Economies had to be reformed. Foreign forces had to be removed from your territory. And transitions of this magnitude are daunting for any nation. But the Baltics show the world what’s possible when free peoples come together for the change that they seek. And in that great contest of ideas – between freedom and authoritarianism, between liberty and oppression – your success proves – like that human chain 25 years ago, that our way will be stronger.*”<sup>64</sup>

In 2016, of course, the unmentioned elephant in the room in any discussion about openness, inclusion, bias, and prejudice is how the European Union and its individual member nations will handle the Middle Eastern refugee crisis. The current silence reflects Americans’ own ambivalence on this issue and uncertainty on how best to deal with it. Despite the clearly hypocritical nature of such complaints, however, Latvia and its EU neighbors should be prepared to hear criticism from the American political elite regarding any unwillingness they might voice about taking their “fair share” of refugees. More to the point, Latvia should be prepared to be scrutinized for signs that the refugee crisis is stimulating explicitly nationalist or xenophobic political movements; fairly or unfairly, any such movements will be condemned by the US political and foreign policy elite, and any Latvian government that draws support from right-wing, nationalist parties is likely to find itself subject to criticism, as for example various Slovak and Hungarian governments have been.

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64 Barack Obama, “Remarks by President Obama to the People of Estonia, September 03, 2014.”



## The US Defense Establishment

While President Obama's 2014 Tallinn speech definitively enunciated America's politico-military commitment to Latvia and effectively terminated discussion of Baltic policy within the American political and foreign policymaking elite, subsequent conversation within the American national security community – among military officers, civilian defense professionals, and academics with close ties to them – has been energetic. Again, however, remarkable consensus emerged quickly on five key points.

The first is that in the post-Crimea period, the Latvian, Estonian, and Lithuanian armed forces by themselves, or even with modest assistance from “light” NATO forces, would be insufficient to prevent a Russian *coup de main*. This conclusion is in no way disrespectful of the Baltic military establishments or of the commitment and patriotism of their officers and enlisted ranks. It simply reflects a calculation that given the weight of armor and infantry that Russia could throw against Latvia or Estonia with very little warning, the Baltic and other NATO forces in place in 2014 were too small and too lightly armed to stop a serious Russian attack. Best estimates suggested that without a strengthened NATO presence in the region, Russian units could sweep Baltic forces from the field and close in on Riga and Tallinn in as little as three days – or even faster. The quick defeat of Latvia's regular military forces and occupation of critical infrastructure nodes would present Latvian and American political leaders with difficult decisions about how best to carry out Article 5 commitments and to preserve the independence of the Latvian nation – as well as making the longer-term military problem far more difficult for Latvia and its NATO allies.<sup>65</sup>

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65 See, for example, David A. Shlapak and Michael W. Johnson, “Reinforcing Deterrence on NATO's Eastern Flank: Wargaming the Defense of the Baltics” (RAND Corporation), [https://www.rand.org/content/dam/rand/pubs/research\\_reports/RR1200/RR1253/RAND\\_RR1253.pdf](https://www.rand.org/content/dam/rand/pubs/research_reports/RR1200/RR1253/RAND_RR1253.pdf). (Although undated, RAND indicates a 2016 date for this study. The wargaming discussed in this report took place between summer 2014 and spring 2015.) For an interesting alternative analysis, which starts with the assumption that “prepositioning sufficient forces would be politically difficult” and that although “both limited prepositioning efforts and planning for crisis deployments are already well underway” it makes sense to consider “what else could be done to deter aggression,” see Jan Osburg, “Unconventional Options for the Defense of the Baltic States: the Swiss Approach”

Second, the consensus within the US defense community is that the regional force augmentation required to prevent a Russian *coup de main* and to buy sufficient time, during an actual war, to bring additional forces to Latvia and Estonia would be significant but not unreasonably large. Preventing a Russian *coup de main* is not, the defense community has concluded, an impossible task. Wargaming exercises suggest that with about three armored, “heavy” brigades, the NATO alliance could deny Russia a quick victory. Because tanks and other armored equipment can not be moved quickly, however, at a minimum the equipment for these heavy brigades needs to be pre-positioned in the Baltic region before any trouble actually starts. Reflecting this conclusion, and with considerable publicity, beginning in summer 2015 the United States has therefore moved forward with stockpiling armored equipment in Latvia and its Baltic neighbors and with establishing a persistent rotational troop presence.<sup>66</sup>

Third, to ensure that NATO would be able to exploit this initial defense, the US defense community has concluded that NATO’s European members, too, need to enhance their abilities to respond quickly and has worked to facilitate this improved capacity. The United States has both pressed for the creation of a NATO Very High Readiness Joint Task Force (VJTF) and has committed intelligence and reconnaissance capabilities, special operations forces, airlift, and other unique or specialized US military assets.<sup>67</sup>

Fourth, the US defense community has also concluded that to ensure the security of the Baltic states, NATO needs to be prepared for “hybrid war” of the sort that Russia has

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(RAND Corporation), [http://www.rand.org/content/dam/rand/pubs/perspectives/PE100/PE179/RAND\\_PE179.pdf](http://www.rand.org/content/dam/rand/pubs/perspectives/PE100/PE179/RAND_PE179.pdf). (Although undated, RAND indicates a 2016 date for this study.)

66 See, for example, US Department of Defense, “Readout of Secretary of Defense Ash Carter’s Meeting with Estonian President Toomas Hendrik Ilves and Estonian Prime Minister Taavi Rõivas”, Press Release No. NR-247-15, June 24, 2015, <http://www.defense.gov/News/News-Releases/News-Release-View/Article/605577/readout-of-secretary-of-defense-ash-carters-meeting-with-estonian-president-too>

67 See, for example, Phil Stewart, “US Pledges Troops, Equipment for NATO Rapid Response Force”, Reuters, 22.06.2015., <http://www.reuters.com/article/us-usa-europe-defense-ashcarter-idUSKBN0P20TK20150622>

waged in Ukraine – aggression which combines cyber warfare, propaganda, economic attacks, and insertion of “unofficial” troops. The “old playbook” for deterring or defeating aggression thus needs to be updated, and the US defense community emphasizes the importance of working closely with NATO allies in developing appropriate new strategies and responses.<sup>68</sup> Expanded and enhanced joint training exercises, like the 2015 BALTOPS and Siil/Steadfast Javelin ones, are viewed as an essential part of preparation for a hybrid war. And leaders in the US defense community have highlighted American support for the Estonian-based Cooperative Cyber Defense Center of Excellence.<sup>69</sup>

Fifth, a quiet consensus appears to have emerged in the US defense community that enhanced cooperation with non-NATO states Sweden and Finland is also essential – not as a substitute for NATO and American security guarantees to the Baltic States, but as a complement to these. Clearly, active Swedish and Finnish support would facilitate any US or NATO effort credibly to guarantee the safety of Latvia and its Baltic neighbors. Equally to the point, Russian occupation of strategically important Swedish and Finnish territory, most obviously Gotland and the Aland Islands, would gravely complicate any NATO effort to defend Latvia or Estonia. Improving Nordic-NATO cooperative planning and moving forward with joint exercises that promote interoperability is thus clearly seen as an important agenda item.<sup>70</sup> Equally to the point, any Latvian or Estonian actions or statements that might make Nordic-NATO

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68 See for example, “Carter, NATO Defense Chiefs to Focus on Russia,” Voice of America News, June 22, 2015, <http://www.voanews.com/content/carter-no-desire-for-conflict-with-russia/2832074.html>. See also, US Department of Defense, “Remarks by Secretary of Defense Ash Carter in Plenary Session at World Economic Forum in Davos, Switzerland”, January 22, 2016, <http://www.defense.gov/News/News-Transcripts/Transcript-View/Article/644253/remarks-by-secretary-of-defense-ash-carter-in-plenary-session-at-the-world-econ>

69 See, for example, US Department of Defense, “Carter Salutes Estonia for NATO Contributions,” June 24, 2015, <http://www.defense.gov/News-Article-View/Article/604877>

70 For a valuable Swedish perspective on these issues, see Johan Raeder, “Enhanced Defense Cooperation: New Opportunities for US Engagement in the Baltic Sea Region”, Atlantic Council, February 2016, [http://www.atlanticcouncil.org/images/publications/Enhanced\\_Defense\\_Cooperation\\_0218.pdf](http://www.atlanticcouncil.org/images/publications/Enhanced_Defense_Cooperation_0218.pdf)

defense cooperation more difficult are likely to be perceived by the US defense community as distinctly unhelpful and counter to Latvia's and Estonia's true national interests.<sup>71</sup>

None of this is to suggest that the American defense community thinks fulfilling Article 5 commitments in the event of Russian aggression will be easy, either in terms of the military preparations required or in terms of ensuring the necessary political will in key NATO states.<sup>72</sup> But the American defense community consensus is that the task is not impossible and that the United States and NATO are on track.

## The American Public

The surprising popularity of Donald Trump in the 2016 presidential campaign highlights a third important arena for considering the future of US-Latvian relations: the US public. The Trump campaign has tapped into widespread public anger with the foreign and domestic policies pursued by the American political elite. This anger comes largely from those sectors of society that have felt disenfranchised and forgotten – from Americans who feel that their economic interests have been sacrificed to a global liberal order that enriches the rich but impoverishes ordinary Americans and that their culture – which is not only intensely religious but profoundly suspicious of non-Judeo-Christian faiths – is being mocked, denigrated, and undermined by an internationalist, irreligious elite which has lost its connection to traditional American values.

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71 For a useful overview see Eoin Michael McNamara, "Securing the Nordic-Baltic Region," *NATO Review Magazine*, 2016, <http://www.nato.int/docu/review/2016/Also-in-2016/security-baltic-defense-nato/EN/>. For a summary of the Swedish view on this set of relationships, see Gerard O'Dwyer, "Sweden Adopts Tougher Military Strategy Doctrine", *Defense News*, March 17, 2016, <http://www.defensenews.com/story/defense/international/europe/2016/03/17/sweden-defense-military-strategy-doctrine/81908664/>

72 For a useful, non-American analysis of the interplay of political and military-logistic issues associated with preparing for Article 5 commitments to the Baltic states, see Rainer L. Glatz and Martin Zapfe, "NATO Defence Planning between Wales and Warsaw," SWP Comments 5, January 2016, [http://www.swp-berlin.org/fileadmin/contents/products/comments/2016C05\\_glt\\_Zapfe.pdf](http://www.swp-berlin.org/fileadmin/contents/products/comments/2016C05_glt_Zapfe.pdf)

This “angry America” is highly nationalist in outlook; tends toward xenophobia, particularly with regard to culturally different “others” such as Moslems; is anti-intellectual and petulant in tone; is inclined to view the world and policy alternatives in Manichean terms; and is dismissive of complex, nuanced, or balanced visions or plans for foreign policy. It is not “isolationist” in the sense of seeking to separate the United States from the world or to reduce America’s world role or activism: indeed it tends to react hostilely to the notion of “coming home” and cutting overseas responsibilities if this would be perceived as a sign of American weakness. Nor is it particularly ideological: apart from protecting American honor from insult and ensuring that ordinary American people are not “taken advantage of” by a world of “free-riders,” it has no clear foreign policy agenda. It is, however, more unilateralist and far more prickly with regard to American prestige than is the American elite or the more highly educated portion of the American public.

Whatever the outcome of the 2016 American election – that is, regardless of who wins the White House, which party ends up in control of Congress, and what splintering and realignment of the existing political parties takes place – these angry Americans are now mobilized, self-aware, and increasingly organized. For the near future and beyond, they will be an important element in American political life. Whether America’s post-2016 elected officials subscribe to these angry views or are merely sensitive to their existence, the world’s diplomats are likely to find their jobs more difficult than in the recent past.

Lest this be regarded as something fundamentally new, however, it is important to put the voter anger of 2016 in historical perspective. Although the particular stimuli may be modestly different today than in the past, this general phenomenon of angry nationalism is not a new one in American politics. In fact, it is so deeply entrenched in the American political culture that scholars of American foreign policy have given it a name – “Jacksonianism,” after Andrew Jackson, who tapped Americans’ mistrust of economic, cultural, and intellectual elites to become America’s seventh president in 1829. Writing in 2002, Walter Russell Mead observes,

“ Largely though not exclusively Democratic through the Truman administration... the shift of Jacksonian America toward the Republican Party under Nixon is the most important political change in American life since World War II, and the future of Jacksonian political allegiance is one of the keys to the politics of this century. For all this influence, the Jacksonian school gets very little political respect and is more frequently deplored than comprehended by both American and foreign intellectuals and foreign policy scholars. That is too bad; the dynamics of American foreign policy remain indecipherably opaque without an understanding of this vital force.”<sup>73</sup>

As Mead notes, the Jacksonian tradition emphasizes American folk values rooted in the eighteenth century, including self-reliance, entrepreneurial habits and risk-taking in financial matters, traditional sexual mores, a prickly insistence on respect in all social interactions, a refusal to take orders or to have instruction imposed on one, a hostility toward any hierarchy imposed by others, proud loyalty to family and community, and a willingness to “kill or die for family and flag.”<sup>74</sup> Although waves of immigrants to America have absorbed Jacksonian values and fully embraced this socio-cultural-political tradition, the Jacksonian community is suspicious of outsiders.

“ Through most of American history the Jacksonian community was one from which many American were automatically and absolutely excluded: Indians, Mexicans, Asians, African Americans, obvious sexual deviants, and recent immigrants of non-Protestant heritage have all felt the sting. Through most of American history in most of the country, the law has been helpless to protect such people from economic oppression, social discrimination, and mob violence, including wide-spread lynchings. Legislators would not enact laws; and if they did, sheriffs would not arrest, prosecutors would not try, juries would not convict.”<sup>75</sup>

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73 Walter Russell Mead, *Special Providence: American Foreign Policy and How It Changed the World* (New York: Routledge, 2002), 224.

74 *Ibid.*, 231-35.

75 *Ibid.*, 236.

This is a tradition and community that sees the boundaries between the American nation and the outside world as clear and definite, and that assumes that hostility between the two is the normal condition. Ethics and norms that apply within the national community do not apply in dealings toward the outside world. International relations are presumed to be anarchic and violent. Reputation is both intrinsically and instrumentally valuable. Slights to national honor and assaults on national dignity can not go unavenged.<sup>76</sup>

Obviously, this Jacksonian tradition is not the only one in American society, and these views are not embraced by a majority of the American people. As the 2016 presidential campaign reminds us and American policymakers, though, they are embraced by a sufficient enough minority that they can not be ignored. America's partners – and its potential adversaries – would therefore be well advised to acknowledge the existence of Jacksonian nationalism in America and to plan accordingly.

Historically, the changing interplay between the various cultural traditions in American society, including the Jacksonian one, has resulted in shifts in two foreign policy dimensions – a realist-liberal dimension, that ranges from the view that conflict is inevitable in international politics to the view that, with the right institutions, conflict is preventable; and an isolationist-internationalist dimension, that ranges from the view that American political and cultural values are best protected by staying disengaged, politically and militarily, from the world to the view that American politico-military engagement can result in a world that is “safe for democracy,” or at least safe for America. The rise of Jacksonian sentiment pushes American policy significantly toward the realist end of the realist-liberal continuum, as well as pushing it modestly in an isolationist direction.<sup>77</sup>

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76 Walter Russell Mead, *Special Providence: American Foreign Policy and How It Changed the World*, 243-59.

77 For a discussion of these dimensions in American foreign policy and of the ideas and cultural forces influencing American foreign policy, see Edward Rhodes, “Constructing Peace and War: An Analysis of the Power of Ideas to Shape American Military Power,” *Millennium Journal of International Studies* 24 (March 1995), 53-85.

For Latvia, this suggests two, somewhat contradictory, insights. The first is that the current resurgence of Jacksonianism in America will tend to make American support for liberal states and opposition to authoritarian governments less automatic. Viewing, as it does, *all* foreigners as “others” rather than “us,” the Jacksonian tradition is less likely to see a difference between “good” foreigners and “bad” ones. And valuing, as it does, blunt speech and “manly” action, the Jacksonian tradition is relatively comfortable dealing with authoritarian foreign leaders. It is thus not surprising that candidate Donald Trump, in widely cited comments, sees Vladimir Putin as a head of state that he would “get along very well with” and as someone who is “running his country and at least... is a leader.”<sup>78</sup>

Second, however, the Jacksonian community’s sense of national honor and sensitivity to perceived – much less actual – slights makes American commitments, once made, even more binding. This is a community that tends to insist on fulfilling promises even if doing so might be self-destructive, and that views an assault on the American flag as a declaration of war. To whatever degree Jacksonian public sentiment constrains them, American political leaders and foreign policymakers will find it impossible to back away from commitments like Article 5 ones if the reason for doing so is Russian pressure.

While the rise of Jacksonian sentiment may be the most striking aspect of American public opinion today, for anyone concerned about the future of American policies in the Baltic region the American public’s negative assessment of Russia is significant as well. Though negative appraisals have rebounded slightly from the lows they hit in the immediate aftermath of Crimea, in polls taken in February 2016 only North Korea was identified more often than Russia as the country that was “the United States’s greatest enemy today.”<sup>79</sup> Similarly, in

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78 See, for example, Jeremy Diamond, “Donald Trump’s Bromance with Vladimir Putin”, CNN, December 19, 2015. <http://www.cnn.com/2015/12/18/politics/donald-trump-vladimir-putin-bromance/index.html>

79 In February 2016, 15% percent of Americans identified Russia as America’s greatest enemy, compared to 16% identifying North Korea. By comparison, more American identified Russia as America’ greatest enemy than identified “countries in which ISIS operates”, Iraq, and Afghanistan combined. In 2015, Russia was the most-often named “greatest enemy,”



response to the question “Is the military power of Russia a critical threat, an important but not critical threat, or not an important threat at all?” some 39% of Americans continue to describe Russian military power as a critical threat.<sup>80</sup>

## Conclusions

Given the angry, Jacksonian feelings of a substantial part of the American public, America’s foreign relations may be headed into a stormy, petulant period.

Fortunately, this seems to be unlikely to have much impact on the US-Latvian relationship. There is a consensus within the American political and foreign policy community that Latvia and its Baltic neighbors are clearly part of the Western political, economic, and security community. Whatever irritants there may be in US-Latvian relations, the US government sees the defense of Latvia and support for Latvian national sovereignty as being in America’s and the West’s interest. Similarly, there is a consensus within the American defense community that although the necessary improvements to NATO defense capabilities will be challenging, Latvian security can in fact be assured. And, finally, while the American public may be less eager to support the liberal international order than it has been in the recent past, it is likely to view any assault on clearly stated American commitments as a *casus belli* – and certainly to regard as any aggression that resulted in American military casualties as being one.

While significant shifts in American policy toward Latvia are thus unlikely in the near term, it is nonetheless useful to think about what developments in Latvia *might* lead to a US

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identified by 18% of Americans surveyed. Jim Norman, “Four Nations Top US’s Greatest Enemies List”, Gallup, February 22, 2016, [http://www.gallup.com/poll/189503/four-nations-top-greatest-enemy-list.aspx?utm\\_source=alert&utm\\_medium=email&utm\\_content=heading&utm\\_campaign=syndication](http://www.gallup.com/poll/189503/four-nations-top-greatest-enemy-list.aspx?utm_source=alert&utm_medium=email&utm_content=heading&utm_campaign=syndication)

80 Art Swift, “Americans See Russia Less Negatively, as Less of a Threat,” Gallup, February 18, 2016, <http://www.gallup.com/poll/189284/americans-russia-less-negatively-less-threat.aspx>. And while in announcing its findings the Gallup Poll may have given the news a positive spin – “Americans See Russia Less Negatively, as Less of a Threat” – this February 2016 polling revealed that only 30% of Americans have a favorable impression of Russians, versus 65% with a negative impression, and that these views are shared across political parties.

policy reappraisal, and therefore what problems Latvian leaders may wish to avoid. Two potential issues stand out.

The first and most likely irritant would be a failure by Latvia to address American concerns that Latvia -- like nearly all of NATO, except for Estonia -- is "free-riding." Given the current humor of the American public, the American foreign policy establishment will be under pressure to reconsider security commitments to nations that are perceived as chronically unwilling to pay what Americans regard as their fair share. Latvia's announced decision to reach NATO's defense spending target of 2% of GNP is an important step forward in this regard. It will be important, however, that Latvia carry through on this commitment.

From a US perspective, the second, less likely but more significant danger is that Latvia allows itself to be provoked into a confrontation with Russia. Were Latvia to act in such a way that, in the eyes of its Nordic neighbors and its NATO European partners, Russian demands and intimidating Russian actions short of actual invasion were seen as justified, as a practical matter it would be extremely difficult or even impossible for the United States to provide effective political and military support.

These concerns aside, however, there seems little reason to expect any weakening of US commitments to Latvia. To the contrary, US perceptions -- shared across the political spectrum and by the US political and foreign policy elite, the defense community, and the public -- regarding the increasingly aggressive character of Russia's foreign policy will tend to encourage a continued strengthening of existing commitments to Latvia. American leaders assume that Russia's long-term internal economic decay and its continuing problems of corruption, exacerbated by the financial difficulties caused by low oil prices and international sanctions, will increase the dangers of Russian foreign policy adventurism; the Russian "problem" is real and not susceptible to quick, short-term fixes. The US view is that a firm, united, nonthreatening but unyielding front of Russia's Western neighbors is the bedrock of the security of all of these neighbors, and this conception of Western security is likely to guide American policymakers in their relations with Latvia.



# Latvia-US Relations and the Changing Security Environment in the Baltic

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**Glen E. Howard**

**T**wo incidents in Latvian history offer testament to the dangers of the threat posed by the threat of Russian hybrid warfare and the resilience of the Latvian people to resist and defy the Russian/Soviet threat. The first instance occurred on June 15, 1940 when Soviet forces burned down the Latvian border post, at Maslenki on the eve of the Soviet invasion and occupation of the Baltic nation. This incident resulted in the killing, murdering, and kidnapping of Latvian border guards and their wives living at the checkpoint known as the “Maslenki incident.”

Seventy-five years later Russian forces launched a modern day equivalent of a similar type operation against Latvia’s Baltic neighbor, Estonia. On the eve of the 2014 NATO Wales summit Russian forces kidnapped an Estonian military officer by the name of Eshton Kohver on the Estonian-Russian border on September 5, 2014. The kidnapping occurred within 48 hours of the departure of the first ever visit by President Obama to Estonia. Together the 2014 kidnapping of Kohver and the incident at Maslenki in 1940 represent the level of continuity in Russian policy toward the Baltic states as demonstrated by the use of hybrid, or non-linear warfare to pursue Moscow’s strategic aims in the Baltic. In both cases Moscow’s strategic goal was to intimidate the Baltic governments in an effort to inspire psychological fear, helplessness, and an absence of outside support.

The kidnapping of Kohver demonstrates that Russian/Soviet forces have never shied away from using the same hybrid tactic against Russia’s Baltic neighbors. From seizing the Latvian border station at Maslenki in 1940, to capturing Estonian military officers, Moscow uses cross border incursions as a method for intimidating and undermining the national cohesion of the Baltic States. Nevertheless, what Moscow underestimates is the determination of the Latvian people and their Baltic neighbors to resist Soviet

occupation. No clearer example exists than the history of the Forest Brothers resistance movement in Latvia. The reemergence of the last known Latvian forest brother Janis Pinups in 1995, who survived by hiding in the forests of Latvia for 50 years should serve as an important reminder to Western policymakers about the courage of the Latvian people and their toughness in resisting Russia aggression. In the case of Pinups, it lasted for five decades.<sup>81</sup>

In terms of US-Latvian relations American policymakers not only fail to understand the martial past of the Latvian people, such as the Latvian Rifles, for example, but often lack even a basic historical understanding of Baltic security, not to mention an even basic understanding of the geography of the region in question. These examples outlined above are often lost in basic Western ignorance of the history of the Baltic states. In the event of a conflict with Russia these factors will emerge in the minds of US decision-makers in how they assess the Baltic and decide on whether to intervene or not in defending America's NATO allies. More importantly, it will be a huge factor in their decision-making on implementing NATO article V and the advice they give to the North Atlantic Council (NAC) in a time of war.

Fortunately for countries like Latvia, experts in the West like General Sir Richard Shirreff, a retired Deputy Supreme Allied Commander at NATO, are changing this narrative. General Shirreff has captured these elements in his new book, albeit a work of fiction, *War with Russia 2017*.<sup>82</sup> In this novel Latvia experiences a Russian invasion and NATO policymakers, including a newly elected female American President weigh various options for intervening in the Baltic state. The novel goes from the discussion rooms of the North Atlantic Council to scenes of Latvian guerilla forces waging war behind Russian lines from their refuge in Latvia's Gauja national park.

Fictional narratives on future war have helped to shape the western narrative about war and conflict that dates back to

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81 Latvia, like its other Baltic neighbors had a vibrant resistance to Soviet occupation that lasted well into the late 1940s, and early 1950s until the treachery of Soviet spy Kim Philby hastened the defeat of this insurgency by selling out the forest brothers to Moscow.

82 General Sir Richard Shirreff, *2017 War with Russia: An Urgent Warning from Senior Military Command* (Coronet Publishing, 2016).

the mid-1980s when Tom Clancy wrote his best-selling novel *Red Storm Rising* about a hypothetical Soviet invasion of Iceland. Informed observers like Sir Richard Shirreff will help boost public awareness in the West about the challenges the Baltic States face against the renewed Russian threat. Unfortunately, Western think tanks like the RAND Corporation will complicate our understanding of the need to defend the Baltic. RAND's 2016 report *Reinforcing Deterrence on NATO's Eastern Flank* has perhaps unintentionally highlighted the vulnerability of the Baltic to being overrun by the Russian military. The entire premise of the report is that the Baltic States would be over run in less than 36 to 72 hours in the event of a Russian attack. In many ways, this report did more damage to the view that NATO could not defend the Baltic against a determined Russian attack. The RAND narrative will likely linger over the Baltic states as US and NATO policymakers assess their options in defending the Baltic both before and after the 2016 Warsaw Summit, which will devote unprecedented attention to NATO's eastern flank.<sup>83</sup>

## **Latvia-US Security Relations and the Russian Threat**

Amidst these strategic developments lies the future of US-Latvian relations and the American and NATO response to the renewed Russian threat. Since joining NATO in 2004, Latvian security relations with Washington and Brussels have entered an era of unprecedented change following Russia's February 2014 blitzkrieg style takeover of Crimea followed six months later by its occupation of eastern Ukraine. Due to this rapidly changing security environment along the borders of the post-Soviet space, Latvia is now facing its biggest security threat since regaining independence in 1991. These factors combined with Russian military modernization that began in the late 1990s already give Russia conventional military capabilities far above those of the Baltic states, which carried out extensive downscaling of their militaries following the 2008 economic crisis.

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83 David A. Shlapak and Michael Johnson, "Reinforcing Deterrence on NATO's Eastern Flank: Wargaming the Defense of the Baltics" (RAND, 2016), [http://www.rand.org/pubs/research\\_reports/RR1253.html](http://www.rand.org/pubs/research_reports/RR1253.html)

With over 30,000 troops based in Kaliningrad, Russian forces in the Baltic are already larger than the total size of the military forces of all three Baltic States combined. This factor, combined with Moscow's creation of 3 new military divisions in its Western Military District in January 2016 will greatly accelerate the threat to Baltic security in the year ahead as Moscow devotes more men and materiel.<sup>84</sup> While neighboring Lithuania is the country most at risk to the threat from Kaliningrad, Latvia faces its own security challenge along its eastern border with Russia.

The Russian military base at Pskov, for example, which is less than an hour to two hours flying time from Riga by helicopter, represents a changing security threat to Latvia. Moscow's deployment of up to a 100 military helicopters at its base at Pskov following the 2014 annexation of Crimea has been a huge factor in Latvian security planning. Pskov is already home to the Russian 76th Guards Air Assault Division, a division of the Russian Airborne Forces that is ready for deployment at a moment's notice. The 76th is considered to be one of the most modernized forces in the Russian army. It is a major aerial threat to Latvian security that hopefully will be corrected once Latvia acquires several new air surveillance radars to increase its ability to detect Russian movements along its border. These new radars include three long-range TPS-77 Multi-Role Radars (MRRs) from Lockheed Martin, which will complement the country's existing TPS-77 air surveillance radars purchased between 2003 and 2007.<sup>85</sup>

Latvia and the other Baltic states in turn are also for the first time starting to receive unprecedented scrutiny from the United States over the issue of burden sharing, particularly Latvia's defense spending which remains the lowest in the Baltic. As Western policymakers weigh the strains of defending the Baltic it has become increasingly clear to military planners that defending the Baltic is a much larger challenge than Washington expected when it invited Latvia to join the Atlantic

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84 Roger McDermott, "Russia Strengthens Western Military District", *Eurasia Daily Monitor*, January 19, 2016.

85 Lockheed Martin, "Latvia Buys 3 TPS-77 Multi-Role Radars from Lockheed Martin", October 5, 2015, [www.lockheedmartin.com](http://www.lockheedmartin.com)

Alliance. In some cases Western analysts argue that American forces in any conflict in the Baltic will likely be outnumbered, outranged, and outgunned.<sup>86</sup>

Precisely for this reason when officials in Riga ignore U.S. requests for Latvia to boost defense spending to 2 percent of GDP then this issue starts to become a point of friction between the two allies. A senior Latvian foreign affairs official told the author in a private discussion in early 2016 that 1.3 percent of defense spending is sufficient and need not go any higher. At the same time one should not ignore the fact that the Latvian parliament unanimously approved an increase in its defense budget from 220 million euros in 2013 to 550 million euros by 2015 and will achieve 2 percent defense spending as part of their GDP by 2018. Moreover, the *Saïema*, or Latvian parliament, passed its increase in defense spending in a unanimous vote of public support for improving the size and posture of the Latvian armed forces.<sup>87</sup>

NATO continues to undergo a profound security shift in its defense posture toward the Baltic region as American strategic planners work with its NATO allies in trying to assess the various strategic dimensions of a military theater that senior American policymakers are deeply unfamiliar with. Key issues, such as terrain, logistics, and military capabilities of the Baltic States are being scrutinized in ways that NATO never imagined over a decade ago. Faced with a weak Russia, NATO planners in the 1990s never imagined that they would actually one day have to plan to fight a campaign in the Baltic. Since the occupation of Crimea in February 2014 and the invasion and annexation of

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86 See for example: David A. Shlapak and Michael W. Johnson, "Outnumbered, Outranged, and Outgunned: How Russia Defeats NATO", April 21, 2016, <http://warontherocks.com/2016/04/outnumbered-outranged-and-outgunned-how-russia-defeats-nato/>. This article is significant because the two authors – David A. Shlapak and Michael W. Johnson – are analysts who work at the RAND Corporation and are the authors of the RAND war game and study on defending the Baltic that concluded that the Baltic states would be overrun in 36 hours because of the poor state of their military forces. The RAND report "Reinforcing NATO's Eastern Flank: Wargaming the Baltics" by the same two authors can be found here at this link: [http://www.rand.org/pubs/research\\_reports/RR1253.html](http://www.rand.org/pubs/research_reports/RR1253.html)

87 See Sargs.Iv, "Latvian Defence Budget Expenditure in 2016", February 16, 2016, [http://www.sargs.lv/Zinas/Military\\_News/2016/02/16-01.aspx#lastcomment](http://www.sargs.lv/Zinas/Military_News/2016/02/16-01.aspx#lastcomment) and in Latvian, LETA, "2018.gadā aizsardzībai atvēlēs 2% no IKP", November 30, 2015, <http://nra.lv/latvija/politika/156890-2018-gada-aizsardzibai-atveles-2-no-ikp.htm>



Donbas, NATO planners have been updating their contingency planning in the Baltic at an accelerated rate to make up for the lack of attention to the region since the 1990s.

Of all the Baltic nations, Latvia presents a unique challenge to the United States. With a population of 2 million and a large Russian minority, Latvia is the linchpin of Baltic security because of its geographical location at the center of the Baltic. Militarily, however, Latvia is the weakest of the Baltic states with a 5,000 man standing army and a National Guard known as the *Zemessardze*, consisting of 8,000 men on paper. In reality the force is much smaller and lacks organization mobility. In a recent mobilization test only 50 percent of the Latvian National Guard showed up and some Latvian defense officials were surprised that the number ended up being this high.

Aside from having a small army, Latvia also lacks strategic depth because of its small size as 300 kilometers separate the country from the Russian border to its capital, Riga. Detractors of defending Latvia, indeed, point to this lack of strategic depth as yet another reason why it is impossible to defend Latvia in the event of a Russian invasion.<sup>88</sup> Supporters of this argument point to the US-based RAND corporation, which ran a major simulation war game in the Baltic and concluded from that exercise that Russian forces would be at the gates of Riga or Tallinn between 36 to 72 hours after the start of hostilities. With a standing military of 5,000 men and a National Guard consisting of 8,000 men (at least in theory and on paper) at least Latvia does not have the military capability by itself to resist an outright Russian invasion and at best simply has the capability to slow down a Russian attack until NATO's Very High Readiness Joint Task Force, or VHJTF can respond quick enough to defend the country. By most estimates, American forces would require 72 hours to arrive in the Baltic and at best these forces would be in the form of the 82nd airborne. In short, American paratroopers versus Russian armor and its state of the art T-90s or Armata tanks. Not exactly the type of force needed to slow down a Russian advance on Riga.

Ironically, the US based Potomac Foundation ran a war game in Latvia in early 2016 with Latvian defense officials and one of

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88 See for example the article by Doug Bandow, "Why on Earth Would Russia Invade the Baltics?", *National Interest*, February 7, 2016.

the major conclusions of that war game was that the creation of between 1 to 2 Latvian tank brigades would slow down or actually impede a Russian invasion of Latvia due to the Russian tendency to avoid straying from major roads in any armored thrust from Russian territory. Such a finding is highly controversial in Latvia because of the large expenditure that an armored force might pose to the Latvian defense budget, which by western standards is quite small. What the gamers at Potomac likely learned from their interaction with Latvia defense planners is that Latvian forests are dense enough to restrict off-road tank movements, hence the Latvian terrain and its unique soil conditions, combined with its numerous forests and rivers would strongly favor defensive warfare. To back up this claim Latvian defense officials proudly note that during the battles of the Courland pocket during the Second World War German forces and their Latvian units repulsed Soviet attempts to penetrate the Courland pocket on six different occasions and managed to hold out against the Soviets until the final days of the Allied war with Nazi Germany.<sup>89</sup>

### **Latvia's Strategic Predicament**

The Latvian armed forces now stand at a major strategic crossroads after a decade of stagnation and decline caused by the 2008 economic crisis. Having abolished conscription in 2007, Latvia is now in the middle of a new effort to modernize its military from top to bottom. With a paltry defense budget of US\$ 280 million, Latvia's defense spending remains the smallest of any of the Baltic states and its National Guard, which would serve as the backbone of the country's defense in wartime sorely lacks new equipment, reliable motorized transport and uniforms. As the weakest link in Baltic defense, NATO planners face a major strategic challenge in Latvia. For this reason the United States likely dispatched the 3rd Armored Brigade to Latvia in 2015 as part of the rotational presence of American forces that was accompanied by [L1] M1 Abrams tanks and the first ever deployment of two MQ-1 American Predator UAV's outside of Afghani-

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89 Howard D. Grier, *Hitler Donitz and the Baltic Sea: The Third Reich's Last Hope* (Annapolis, MD: Naval Institute Press, 2007), 47.

stan as part of the European Reassurance Initiative (ERI).<sup>90</sup> These deployments, however, were only a temporary solution aimed at reassuring America's NATO allies in the Baltic and sending a signal to Moscow that the United States was serious about its intentions to defend the region from potential Russian aggression.

Becoming members of NATO may be viewed in hindsight as the easy part for Latvia and the other Baltic states. Their entry into NATO came at a time when Russia was weak in the 1990s but now that the Baltic States are members of NATO they will have to increasingly contend with making the argument that their region can be defended and will not be a "Bridge to Far" in NATO defense planning.

Baltic policymakers should keep in mind that there may be a time when the American public may question the idea of putting US boots on the ground in the Baltic. American and NATO assistance may not always be a given. The issue of perception among US and European policymakers may one day be the biggest enemy that the Baltic states have to contend with in the post-Crimea era when NATO intensifies its military posture in the Baltic and updates its contingency plans for deterring Russia. Increasingly, countries like Latvia will have to create the impression in Washington and Brussels that they are serious about defense and begin spending 2 percent of their GDP on defense in order to demonstrate they are ready to defend themselves against the Russian threat – conventional or hybrid.

Perhaps the biggest challenge in US-Latvian defense relations will be in the realm of public perception. In order to develop true deterrence capabilities Latvia should focus more of its efforts on territorial defense and bolster the size of its defense forces. Estonia, for example, has been meeting the 2 percent threshold for years and has continued to maintain military conscription. It has continuously upgraded its reserve system known as the Home Guard, a force modeled after the Finnish armed forces. With a population of 1.4 million, a quarter of

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90 Jennifer H. Swan, "Predators and Airmen Arrive in Latvia on Reassurance Mission", Stars and Stripes, September 1, 2015, <http://www.stripes.com/news/predators-and-airmen-arrive-in-latvia-on-reassurance-mission-1.365643>. As part of this deployment American Predators and about 70 US airmen arrived at Lielvarde Air Base, Latvia on August 24, 2015.

whom are ethnic Russian, Estonia has a military twice the size of Latvia and a high readiness reserve force of 15,000 men. It also offers a refresher course every five years for every person who has ever served in the Estonian armed forces, which creates a force multiplier effect for its population. The notion of a native population prepared to resist a Russian invasion by itself creates a deterrence effect that conveys the message to Moscow that it would likely experience heavy losses should it invade Estonia.

Latvia is perceived by many Western defense experts to be the weakest link in Baltic defense due to the small size of its armed forces of 5,000 men. With new increases in defense spending, the Latvian Ministry of Defense hopes to add another 1,000 men to its armed forces as a part of the increased defense spending. This has simultaneously also created a shortage of housing for new recruits as the ground forces expand to 6,000. Internally some defense officials have lamented that defense expansion should be slowed down in Latvia until new housing for these forces could be found.

### **Latvia's Achilles Heel: Information Deterrence**

As the Baltic states receive increasing attention in the West they will be receiving greater scrutiny of their security thinking and defense policies and will be asked the hard question: why should America risk American lives in a war with Russia over the Baltics when these states are not prepared to make the tough choices to defend themselves and meet the challenges of spending 2 percent of their GDP on defense.

Indeed, one of the biggest challenges for the Baltic States in the event of a conflict with Russia will be in the information sphere. Overcoming the tendency among some officials in America's foreign policy elite to think that the US military buildup in the Baltic or even a minor conflagration with Russia will spark a larger war should be an issue of concern in Riga. There is the belief in some quarters in Washington that the Baltic states are receiving a free ride on defense and doing nothing to take care of their own security by failing to take so long to increase their defense spending to 2 percent of GDP, especially when Latvia was spending 20 percent of its GDP on defense even in the late

1930s. On the other hand, Latvia should be applauded for trying to achieve this goal by 2018, particularly in light of the addition of 3 new Russian divisions in the Western Military District.

The issue of perception and information, however, is a key ingredient in hybrid warfare used by the Russians and was masterfully used by Moscow during the war in eastern Ukraine when officials in Kyiv were labeled as fascists and neo-Nazis. According to Timothy Thomas, one of the leading American experts on the Russian military, Russian military sources frequently argue that the weaponization of information is 2-3 times more powerful in some cases than standing Russian armies. For this reason American public perception of being dragged into a conflict with Russia in the Baltic and not being able to defend the region is an important one that could make a major difference in the span of 36 hours, which was in fact the key finding of the recent RAND report released in early 2016.

Latvia's biggest challenge in its relations with the United States is in the information sphere. It has taken the initiative along with NATO in creating in January 2014 a NATO Strategic Communications Centre of Excellence (NATO StratCom COE) based in the Latvian capital of Riga. Commonly referred to as STRATCOM, the new center of excellence, one of several established by NATO, has a brand new facility and an ample budget. STRATCOM has been deemed by many in NATO as the panacea to countering the Russian information challenge posed by the Russian news agency Sputnik and the *Russia Today* television network and the other information resources of the Russian Federation. In the event of any Russian move on the Baltic, STRATCOM could end up being more of a strategic embarrassment and burden on Latvia and NATO than a strategic asset. The center is not prepared to ward off any Russian information assault which would be daily, if not hourly.

STRATCOM, for example, does not invest its resources in providing timely information but instead focuses its efforts on producing one major monograph length paper on a key topic released once every six months. Producing such information in a slow and irregular format is more the reflection of a cumbersome bureaucracy. What is needed would be a daily or even weekly hard hitting flow of analysis about Russian information operations

that could be rapidly expanded in the event of a crisis in the Baltic between Russia and one of the Baltic states. Recent reports produced by STRATCOM, such as “The Next Phase of Russian Warfare” written by Keir Giles, a noted defense expert from the United Kingdom, are worthy and deserving of attention. Yet few, except for a small group of dedicated experts, actually have the time to wade through and read such in-depth reports. On the one hand, at one level STRATCOM is supposed to fill one side of the information gap in an attempt to serve certain audiences at NATO, yet on another Latvia has completely ignored the largest field of all, the information sphere of its one indispensable ally – the United States.

More precisely, Latvia’s biggest concern should not be in winning hearts and minds in the Baltic, or in Brussels, but in convincing the American public and US policymakers that the Baltic states are capable of being defended. In this respect the Baltic states could be doing much more in their efforts to educate the American public about the strategic importance of the Baltics. For example, one former policymaker in the Obama Administration who now is a senior fellow at a prominent DC think tank, argued that the United States should avoid undertaking a military buildup in the Baltics because it can defend the region by relying on the deployment of US aircraft carriers into the Baltic which would be a sufficient deterrence against Russia. What the “expert” failed to take into consideration is the shallowness of the Baltic and the poor maneuverability of carrier battle groups in the narrow confines of the Baltic Sea. Putting aircraft carriers into the Baltic, according to one expert, would be the equivalent of “trying to navigate an aircraft carrier into in a sack.” Educating the American foreign policy elite should be a major concern for officials in the Baltic, but lack of focus and strategic thinking and vision prevent this from happening because most officials are too busy with their day to day affairs to plan for something so important as thinking about America’s foreign policy elite.

Another mistake that policymakers in the Baltic make is one of thinking they can rely on their vast diasporas in the United States to help Latvia narrow the information playing field in the event of a conflict with Russia. Officials in Riga often think that their diasporas will come to their aid in lobbying the US Congress and educating the American public about the strategic impor-

tance of US interests in the Baltic. What Latvian policymakers fail to understand is that the issue of simply obtaining objective information about the Baltic is difficult enough in peacetime and will be immensely challenging in a wartime environment. For example, to obtain basic news about the Baltic States requires that one subscribe to the Baltic New Service (BNS), which requires a US\$ 3,000 a year subscription, not to mention it is behind a major pay wall. Finding information resources from Russia about the Baltic, on the other hand, is quite easy. The American public without free and easily accessible sources will come to rely on *Russia Today* for their information resource in the event of a crisis, simply because of its ease of access and availability.

News sources like Radio Free Europe could become a major counter-weight to Russian information media dominance but that raises the question of why the Baltic states should not step up to the plate (to use the American baseball expression) to help offset or even challenge Russian information dominance. The Baltic states should pool their sources, for example, and create a new Baltic News Service that would provide daily, if not weekly information free of charge to every American embassy, member of Congress, and every Washington think tank and new media organization in the US capitol. Each Baltic embassy in every capital of the world should, at a minimum, create a weekly news round up of news and information on security issues in the Baltic and provide this information free of charge.

Changing the mindsets of the Baltic foreign policy decision-making elite should likewise be a key goal as well. Instead of bolstering the number of military attaches at each embassy in the event of a crisis, the Latvian Ministry of Defense should consider the idea of appointing information warfare experts at the embassy and consulates in Washington DC and other key media centers in the United States, such as Atlanta (home of CNN) or even Chicago and New York in order to flood the networks and news media with information to counter Russian disinformation. This could, for example, include the provision of Baltic defense experts to newscasts to provide proper background information on the region.

Utilizing the powerful Latvia diaspora as an information weapon should be a top priority for an effective counter disinform-

mation campaign in the United States in the event of a war in the Baltic. The Latvian government, for example, could hold a one day information civil defense seminar in Washington involving all the members of the United States Latvian diaspora to review options and plans in the event of a crisis in the Baltic. Even a rudimentary gathering of leading diaspora organization officials for 1-2 days in Washington DC to map out and discuss this issue would hold enormous strategic benefits in the information sphere in the event of a Baltic crisis. The Latvian diaspora in the United States if properly used and organized could be a powerful tool to use in countering the likes of *Russia Today* and assure that Latvia would be ready to meet the information threat that Moscow will likely mount against the Baltic states. Of all the Baltic countries, Latvia is the one state that is the most vulnerable to Russian disinformation because of its World War II history in resisting the Soviet invasion and occupation. Glimpses of this are already seen in the media campaign Moscow mounts each year against Latvia because of its commemoration of March 16 and the military significance of the Latvian Legionnaire Forces who fought along the banks of the Velikaia River in 1944 against the invading Soviet army. This is something that most western observers of Latvia fail to understand nor comprehend its importance to the modern day history of Latvia.





# Military Cooperation between Latvia and the United States: Achievements, Missing Links and Opportunities

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**Ugis Romanovs**

The importance of military cooperation for small countries has always been a significant element of their defence and security policies. Military-to-military relations, if organised effectively, have the potential to become “an important ingredient that enables more effective conversion of national resources into usable military power”.<sup>91</sup> It provides better opportunities for state defence and improves state visibility in world politics. To paraphrase Lt. Gen. Ben Hodges: “effectively established military cooperation makes 5,000 troops look and feel like 50,000.”<sup>92</sup>

With international power relations being rebalanced, Latvia along with other Baltic countries is once again subjected to pressures from Russia and has come to the realisation that peaceful coexistence has been an illusion. From their own history the Baltic States know the stakes of failing to respond adequately and timely are too high. Therefore, it is time to have a critical look back and see why 20 years of investment and partnership with the world’s largest military power has not materialised into capabilities that represent a credible deterrence module. To identify the main reasons why the Latvian Armed Forces still do not look like nor feel 50,000 strong this paper will focus on the assessment of evolution of Latvian national defence priorities in the context of Latvia-US military-to-military relations. The first section will give a general overview of Latvia-US military-to-military cooperation. The second part of the paper will elaborate how and why strategic principles and priorities of Latvian national defence have changed over

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91 Ashley J. Tellis et al., *Measuring National Power in the Postindustrial Age* (RAND Corporation, 2000), 148.

92 Stephen P. Kretsinger Sr., *Lt. Gen. Hodges Gives Sound Advice to CGSC, SAMS Students*, 2015, <http://www.army.mil/article/155609/>

the years. This assessment will highlight the main factors which have influenced the outputs of military cooperation between the two countries. The last part summarises the findings and provides general recommendations for future collaboration.

## Latvia-US Military to Military Relations

For Latvia, relations with the US, and particularly military cooperation, have always been of the utmost importance. Despite the fact the “region is too small for the global superpower to focus fully on”<sup>93</sup> since the first informal diplomatic engagements between the two countries in early 1919, US support towards Latvia gradually increased. After Soviet occupation of the Baltic States in 1940, due to the US non-recognition policy the Republic of Latvia continued its existence through 50 years of occupation in the US in the form of diplomatic representation. Later in 1991 this factor had a “profound effect” in the renewal of Latvia’s international position.<sup>94</sup>

Formal military cooperation between the two countries was initiated in the fall of 1991. The first US liaison team arrived to Riga on 2 May 1993. They described their observations as following:

“ *With fifty years of Soviet occupation and training and isolation from the West, the Latvians were a people with a pre-1940s and Soviet mind-set. After throwing off the Soviet yoke they reinstated their constitution from the 1920s era. Few people in government in 1991 had a working knowledge of the constitution. There was also a generally recognised need to update it, including those parts dealing with the military. [...] Most of the officers of the Latvian Defence Forces were citizens who had been career officers in the Soviet forces. They were distrusted by the Home Guard whom they considered amateur soldiers at best.*”<sup>95</sup>

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93 Anna Wieslander, *NATO, the US and Baltic Sea Security*, Ulpaper No. 3 (Swedish Institute of International Affairs, 2016), 6.

94 Ainars Lerhis, “Historical Overview of Relations” in *Latvia and the United States: A New Chapter in the Partnership*, ed. Ivars Indans (Riga: Centre for Eastern European Policy Studies, 2012), 23.

95 Robert T. Cossaboom, *The Joint Contact Team Program* (Washington, DC: Joint History Office, Office of the Chairman of the Joint Chief of Staff, 1997), 32.

From there military cooperation between the two parties gradually sped up. The Latvian Home Guard (Zemessardze) became the cornerstone cooperation partner for military-to-military relations with the US. The State of Michigan in April 1993 was nominated as a “partnership state” for cooperation with Latvia. The cooperation was framed within the State Partnership Programme. At this point it is important to highlight an aspect which affected the course of future cooperation. The guidance the US National Guard was following implied they needed “to advise and assist in the formation of US-style National Guard military structures”,<sup>96</sup> allowing for the assumption that US style National Guard military structures were going to work for Latvia.

Besides direct military cooperation activities, such as combined exercises and operations and small unit exchanges, the US has provided a significant contribution to the professional development of the military personnel of Latvia primarily through the International Military Education and Training (IMET) program. Furthermore, in 1995, after signing a Memorandum of Understanding on cooperation in defence and military affairs, Latvia gained access to the Foreign Military Financing (FMF) program.<sup>97</sup> For example, since 2009 with the support of the FMF program the Latvian National Armed Forces added to its inventory equipment worth approximately US\$ 15 million. To sum up, the US has invested and continues investing significant amount of effort and resources to support Latvia in building functional and credible military forces. These initiatives were particularly important at the very early stages of defence forces development as well as setting preconditions for Latvia to become a NATO Member State later.

With the security situation along the Eastern NATO border deteriorating, the US took the lead to assure its partners. European Reassurance Initiative funds allowed an increasing “capability, presence, readiness, and responsiveness to deter future destabilisa-

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96 William B. Boehm et al., *The National Guard State Partnership Program* (Arlington, VA: Historical Services Branch Office of Public Affairs National Guard Bureau, 2014), 2.

97 Airis Rikveilis, “Latvia and the US – the Policy of Defence and Security” in *Latvia and the United States...*, 75.

tion in Central and Eastern Europe”.<sup>98</sup> US activities to reassure Eastern partners are now organised along five lines of effort: provision of rotational forces, an increase in training activities, repositioning of warfighting equipment, support of the capability development of allies, and improvement of supporting infrastructure.<sup>99</sup> In other words the US is gradually establishing preconditions which would enable an adequate first response to military aggression, allow penetration of the Anti-Access / Area Denial environment and facilitate rapid reinforcement. The next question according to General Breedlove is to shift from assurance to deterrence.<sup>100</sup>

This illustrates the directions, priorities and scope of US military cooperation with Latvia are primarily dictated by “general trends in global dynamics [...] and role of the United States in this transforming world order”.<sup>101</sup> At the same time tangible outputs could be achieved only if the cooperative efforts are mirroring and supporting the implementation of strategic principles and priorities of Latvia’s national defence. Those goals and priorities should be clearly defined and create the purpose for cooperation activities allowing identifying the content of those lines of effort and corresponding means. On the contrary, the absence of robust aims, fundamentally rooted to the historical experiences of the country, and clearly separate geopolitical and security realities from unjustified assumptions, could lead to the situation where outputs of military-to-military cooperation along with other capability development efforts in the long run are not delivering the desired effects.

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98 Media Operations Division, United States European Command, “EUCOM provides update on the European Reassurance Initiative”, <http://www.eucom.mil/media-library/article/33026/eucom-provides-update-on-the-european-reassurance-initiative>

99 Department of Defense “Press Briefing by Gen. Breedlove in the Pentagon Briefing Room”, March 1, 2016, <http://www.defense.gov/News/News-Transcripts/Transcript-View/Article/683817/departement-of-defense-press-briefing-by-gen-breedlove-in-the-pentagon-briefing>

100 Media Operations Division, United States European Command, “EUCOM provides update on the European Reassurance Initiative”, <http://www.eucom.mil/media-library/article/33026/eucom-provides-update-on-the-european-reassurance-initiative>

101 Andris Sprūds, “US Policy Toward Central and Eastern Europe Under the Obama Administration” in *Latvia and the United States: A New Chapter in the Partnership*, ed. Ivars Indans (Riga: Centre for Eastern European Policy Studies, 2012), 45.

## **Review of Latvian Defence Strategic Principles and Priorities from Territorial and Total Defence to Expeditionary Capabilities and Back**

The strategic principles of Latvia's national defence are defined in a document called the State Defence Concept. This document has been revised four times since first being published in 1995. According to the Ministry of Defence the next version of the Defence Concept will be published in fall 2016. The following section will investigate and assess how the goals and priorities of Latvia's national defence has evolved and changed since the publication of the first Defence Concept in 1995. The State Defence Concept released in 1995 has a strong focus on the Russian threat. The document emphasized that the nation will not survive another occupation. The concept stressed that defending Latvia against a much stronger aggressor will cost a lot of lives, however protecting the country with arms is only option for the state to survive. The concept contained two lines of effort: firstly, development of the robust military establishment, which is composed of professionals, conscripts and a strong National Guard. Simultaneously, Land Forces had to maintain a high readiness battalion size unit, which has to be prepared to react upon attack or an armed border crossing at very short notice. Secondly, the concept promoted the development of the territorial defence system, capable of protecting key infrastructure and establishing lasting military resistance through state territory. "Hit and run" is depicted as the main method of achieving desired military effects. At the same time the concept addressed one of the most critical issues at that time – there is very little support from society towards the development of defence forces. Furthermore, compulsory military service in society was associated with service in the Soviet Army. The defence concept tasked the Ministry of Defence to wage an extensive strategic communication campaign with the purpose to improve society's attitude towards state defence and National Armed Forces, and most importantly, convince society that military resistance in the case of aggression is necessary and possible. The defence budget commitments for that time was relatively ambitious as the concept declared the budget allocated for state defence will

not be larger than the defence expenditures percentage of gross domestic allocated in Western countries.<sup>102</sup>

Baltic military cooperation is mentioned as a critical condition for state defence. According to the document the aggressor can be resisted only if all three Baltic States act jointly as one. Main directions for cooperation were defined as following: development of unified defence concepts and policies; establishment of interoperability with particular emphasis on the functions of command and control and fires; development of coordinated response towards the control of the state's borders; alignment of exercise scenarios, development of combined units similar to BALTBAT.<sup>103</sup> The document is not addressing military cooperation with the US or any other Western country.

With the threats of war on a global scale diminishing, the version of the Defence Concept published in 2001 emphasises security risks associated primarily with regional and local crisis, potentially triggered by ethnic or territorial disputes, mass migration, technological or natural disasters, terrorism and organised crime. At the same time the concept stresses that despite the fact Russia has taken a path towards liberal and democratic values, that Eastern neighbour is still an unpredictable and unstable actor consequently representing certain risks to state security. The state defence policy was built based on the following principles: total defence, territorial defence, compulsory military service and mobilisation reserves, close cooperation between National Armed Forces and civil society, development of interoperability with NATO and international cooperation and participation. The last principle implies Baltic military co-operation and active participation in international missions and operations. Furthermore, effective and intensive Baltic military

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102 The average defence expenditures as a percentage of gross domestic product of NATO European countries was 2.0% in 1995. See NATO, "NATO Publishes Defence Expenditures Data for 2014 and Estimates for 2015", Communique PR/CP(2015)093-COR1, 2015, 6, [http://www.nato.int/nato\\_static\\_f2014/assets/pdf/pdf\\_2015\\_06/20150622\\_PR\\_CP\\_2015\\_093-v2.pdf](http://www.nato.int/nato_static_f2014/assets/pdf/pdf_2015_06/20150622_PR_CP_2015_093-v2.pdf)

103 BALTBAT was a tri-national peacekeeping unit that commenced in late 1994. Today BALTBAT is a combined infantry battalion, capable of participating in peacekeeping operations and contributing to regional security. BALTBAT was based in Latvia. The unit disbanded in 2003. See Ministry of Foreign Affairs of the Republic of Latvia, "Baltic Defence Co-Operation – Main Joint Projects", 02.12.2014, <http://www.mfa.gov.lv/en/security-policy/co-operation-with-nato-member-states-and-candidate-countries/baltic-defence-co-operation-main-joint-projects>

cooperation is highlighted as a critical precondition for the establishment of an effective self defence system as well as a key for integration into European and Transatlantic security networks. The US is highlighted as one of the primary strategic partners.

The concept introduces changes in the command and control structure of the National Armed Forces. This reform was aimed primarily towards the decentralisation of command, which would enable a more effective transformation from peace to war time as well as improve capability development and transparency during peacetime. There is a special emphasis on the development of the state level civil protection system. This line of effort falls under the responsibility of the Ministry of Interior Affairs and is sourced from the defence budget. According to the concept, the Government was supposed to allocate 2 percent of the GDP starting from 2003.

The Defence Concept published in 2003 was aligning the defence policy towards NATO affiliation in 2004. The concept emphasised the asymmetric character of the contemporary risks and security threats. The terrorism risk is highlighted in particular. The main effort from the self-defence capability development shifts towards development of the defence forces capably contributing to conflict prevention and participating in counter insurgency operations. Authors of the document consider the possibility of a conventional attack against the state as marginal. The implied tasks associated with conventional conflict involve development of the capabilities required to withstand the attack before the arrival of allied support and development of the host nation's support capabilities. The concept highlights reasons for abandoning compulsory military service, as the need for the mobilisation reserves has lost its relevance. The central theme for this version of the Defence Concept is the principle of collective defence. Other principles include development of high quality, modern, deployable and small professional defence forces, and co-operation and mutual support with civil society in peace time, crisis and war. The concept introduces even more major changes in command and control structures. Such organisations as Training and Doctrine Command and Logistic Command are now part of the National Defence Structure. The role of the Home Guard from being the core element of the territorial defence system is now rapidly changing towards tasks related with Civil Military Cooperation and recruitment. Military



cooperation with the US, NATO Member States and regionally is set as the priority. Baltic States' military cooperation is still highlighted as an important aspect of regional military security, but at the same time it has a new direction – coordinated development of niche capabilities. Two percent of the GDP commitments which were never reached were moved to 2008.

The State Defence Concept from 2008 continues addressing the irregular character of modern conflict. International terrorism and risks associated with the gradual shift of global powers are emphasised as the main security hazards. The central theme for this version of the defence concept is the principle of collective defence. Furthermore, unpredictability in the security environment is mentioned as a potential source of threat to state security. The dangers of conventional nature are not even considered. One of the key tasks now for the National Armed Forces is participation in international operations which allows for improving interoperability and gaining the combat experience required for the development of self-defence capabilities.

Despite an upcoming financial crisis, the level of ambition regarding the modernisation of military equipment and infrastructure, as well as an increase in salaries for military personnel, is impressively high. The concept states the NAF will equip the Army with new and modern mobility and fire platforms as well as significantly improve troops' force protection levels. This was all planned to make defence forces have a high readiness, be professional, mobile, deployable, multifunctional and develop a high level of survivability.

With this version of the defence concept the role of the Home Guard continues to diminish even further. The defence concept highlights the primary task for the Home Guard is to involve civil society in matters related with state defence, including development of the functional reserve forces. At the same time there is no system in place to accomplish this task. Furthermore, the emphasis from the territorial defence tasks of the Home Guard is slowly shifting to a host nation support function. With this NATO does not consider the possibility of a conventional attack, the host nation tasks, de facto, remained foggy and unclear.

Military cooperation with the Baltic States, Nordic countries and the United States of America is highlighted as essential in providing security for Latvia and the entire region. There is

a separate chapter addressing the importance of Baltic military cooperation. Furthermore, the concept emphasises the importance to support Partnership for Peace countries. The commitment to allocate 2 percent of the GDP for defence is still in place.

At the beginning of 2009 the National Armed Forces were struck by financial crisis. A steadily climbing defence budget in 2009 dropped by 44 percent compared with the previous year and continued decline even further. In the two years after 2008, the defence budget dropped from US\$ 582 to 260 million.<sup>104</sup> The budget cuts damaged the military personnel system as well as stopping a number of very ambitious modernisation projects, including a multimillion dollar Army modernisation project. In 2009 alone 480 military personnel retired or left the defence structure, which was a significant loss of experience and competence to an approximately 5000-strong defence force.<sup>105</sup> Despite all commitments the defence budget of Latvia never reached 2 percent of the GDP. One structure experiencing the most severe reforms was the Home Guard – the cornerstone partner for cooperation with the US. Starting in 2003 with the territorial defence concept losing its relevance, the capabilities and some very critical functions, including those gained through cooperation with the US, gradually faded.

Most likely due to Russia's aggression against Georgia the defence concept published in 2012 turned the discussion back regarding the possibility of conventional threats. The defence concept stated that “while the potential for direct military confrontation on Latvian territory is relatively low, it cannot be completely ruled out”.<sup>106</sup> The concept highlights rapid technological development and new ways of waging war. For the first time the Defence Concept uses the term “hybrid warfare”.

Main directions to ensure state defence are modernisation of national defence capabilities and strengthening NATO's collec-

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104 SIPRI Military Expenditure Database, [http://www.sipri.org/research/armaments/milex/milex\\_database](http://www.sipri.org/research/armaments/milex/milex_database)

105 Nacionālie bruņotie spēki, “2009.gadam aizējot: ar izdzīvošanas budžetu, bet skaidriem mērķiem”, [2009], <http://www.mil.lv/Aktualitates/Aktualitates/2009/12/11-02.aspx>

106 Saeima [The Parliament of the Republic of Latvia], “The State Defence Concept”, May 10, 2012, 7, [http://www.mod.gov.lv/~media/AM/Par\\_aizsardzibasnozari/Plani,%20konceptijas/2012\\_va\\_EN.ashx](http://www.mod.gov.lv/~media/AM/Par_aizsardzibasnozari/Plani,%20konceptijas/2012_va_EN.ashx)

tive defence. Despite the potential risks of conventional aggression, significant emphasis in the document is still on the expeditionary capabilities of the armed forces. This is the first time Land Force active service units (which exclude the National Guard) are formally highlighted as a development priority, where “other capabilities are closely tied to the support for land operations and the provision of host nation support capabilities”.<sup>107</sup> Beside that the following priorities and guidelines are highlighted: Command and Control Function, host nation support, and development of quality over quantity of forces. Furthermore the Home Guard is gradually getting more precise guidelines regarding its role and required capabilities. One of the new tasks for the Home Guard is related to participation in international operations. The mobilisation reserve is still a topical subject for this version of the concept, however the mobilisation reserve system has now almost completely vanished.

Part of the concept describing the contribution to collective defence mirrors NATO policy. Key phrases used in the concept are “comprehensive approach”, “pooling and sharing”, and “strengthening NATO Reaction Forces’ capabilities”. Furthermore this version of the defence concept addressed the matter of deterrence and NATO’s presence in the region as critical for Latvia’s independence and territorial integrity. Critically, this concept attempts to bring Baltic military cooperation to a new level by proposing a transit from cooperation to integration of the Baltic States’ armed forces. It is important to note that Tallinn and Vilnius are not sharing the same level of ambitions and enthusiasm regarding Baltic States’ defence cooperation. Their defence strategy documents are primarily promoting Baltic-Nordic regional integration instead. Similar to previous versions the document promotes the US as a key ally. Regional and wider NATO/EU military cooperation is still topical. One very interesting aspect regarding military cooperation are considerations related to Russia. Still in the light of Washington’s reset policy towards Russia, the defence concept promoted military co-operation with the Russian Federation as a “security and stability strengthening aspect of the Baltic Sea region”.<sup>108</sup> This

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107 Saeima [The Parliament of the Republic of Latvia], “The State Defence Concept”, May 10, 2012, 9.

108 Ibid., 17.

reflects the role Latvia had taken in its assistance to Europe and the US within the “US-Russian reset for increased transparency, modernization and productivity in Russia according to international standards”.<sup>109</sup> Furthermore, commitments to allocate 2 percent of the GDP to defence were moved back even further to 2020.

The Ministry of Defence is now updating the Concept towards current security challenges and new military realities. The latest version of the Concept presented at the meeting of the State Secretaries has put Moscow back into focus. Russia is mentioned 21 times in the document.<sup>110</sup> The document highlights the importance of a continuous situational awareness as well as protection of one’s own information environment, introduction of a whole government approach and territorial defence principles. A required deterrence effect will be achieved through strategic partnerships and the continuous presence of NATO allies in the region. Latvia’s alliance with the US is depicted as the top priority. The defence concept promotes the establishment of a wide cooperation network with the US, which would connect various defence related levels and domains. Baltic military cooperation is still very topical. The Concept advocates further integration of defence capabilities and the policies of all three Baltic States and Poland.<sup>111</sup>

The document presents a list of the critical capabilities required to face the challenges of a new security environment. These include development of the decentralised (capable of operating in) contested electronical environments command and control systems, prioritised development of the Land Component (including Home Guard) and Special Forces, establishment of early warning and air surveillance networks, as well as the development of air defence capabilities. The Concept outlines 2018 as a deadline to start allocating 2 percent of the GDP to defence spending, where 20 percent of financial resources will be directed towards the acquisition of the above mentioned capabilities. According to the Ministry of Defence the final version of the document will be published in autumn 2016. Revision of the defence concepts identified several

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109 “American Views on US – Latvian Relations”, Heather A. Conley interviewed in *Latvia and the United States...*, 61.

110 Konceptuāls ziņojums “Par Valsts aizsardzības koncepciju”, <http://tap.mk.gov.lv/mk/tap/?pid=40383031>

111 Ibid.

factors which have theoretically affected cooperation between Latvia and the US and developed recommendations about how to discharge potential obstacles and improve the quality of cooperation.

## Missing Links and Opportunities

The chart below visualises one of the most important reasons for the weakening effectiveness of military-to-military cooperation. The priorities and driving principles of the Latvian defence strategy have been revised too many times in the past 20 years to allow military cooperation with the US to its full potential.

Another factor is related to the organisational and military culture. The National Armed Forces of Latvia have been constantly reorganised and reformed to tune its structures for new challenges and priorities, while at the same time being pinned down by restricted finances, human resources and a lack of expertise in various critical areas. Rapid organisational changes, as well as major shifts in strategic priorities affected the establishment of an organisational and military culture in the LNAF. Consequently US support was poured into an organisation lacking three core elements – artefacts such as established organisational structure, procedures, rituals, clear vision and mission; values and beliefs, as well as basic underlying institutional experience.<sup>112</sup> In other words, the LNAF was lacking key mechanisms which would allow them to effectively exploit opportunities deriving from cooperation with the US. The build-up of an organisational and military culture takes time and effort; however the process can be accelerated if addressed properly. Potentially this consideration could be included in the new version of the Defence Concept of Latvia. Critically, most of the adjustments and structural reforms the Latvian National Armed Forces “derived from the intercourse”<sup>113</sup> with NATO and the US. The chart on the next page illustrates how the strategic principles and priorities have changed over the years.<sup>114</sup>

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112 Eitan Shamir, *Transforming Command: The Pursuit of Mission Command in the US, British, and Israeli Armies* (Stanford University Press, 2011), 22.

113 Ashley J. Tellis et al., *Measuring National Power in the Postindustrial Age*, 149.

114 The chart reflects the information depicted in State Defence Concepts only, therefore it primarily serves to illustrate the scope of changes and priorities.

**Table 1.** Key Principles and Priorities in Latvian State Defence Concepts, 1995 – 2016

Key principles / priorities	1995	2001	2003	2008	2012	2016
Russia as the primary security risk	○	×	□		□	○
International terrorism and CROs as a primary security risks			×	×	×	×
Total defence / whole government approach principle	○	×				○
Territorial defence principle	○	×				○
Irregular warfare principle	○	□				○
Collective defence principle			○	○	○	○
Deployable and small professional forces as a priority				○	○	
Baltic military cooperation	○	○	○	○	○	○
Development of mobilisation system	○	×	□			□
Home Guard as a priority	○	×	□			○
Land Forces as a priority	○	○	○	○	○	○
Special forces as a priority						○

High priority ○      Medium priority ×      Low priority □

The third factor is related with the course Latvia took after abandoning its territorial defence principle and putting most of its human resources and expertise into expeditionary capabilities. The design of expeditionary military forces

implies an assumption that a “framework nation” will provide the capability requirements missing in the structures of smaller states. From one side this concept allows smaller nations to focus their resources towards the development of specific capabilities. From the other side the concept implies risk, that some essential national defence capabilities remain underdeveloped or even abandoned. In Latvia’s case, the main effort for military-to-military cooperation with the US starting in 2003 was primarily oriented towards the development of the capabilities required for international missions, putting development of critical capabilities such as indirect fire support, air defence, medical support and services on hold.

This consideration provides the backdrop for recommendation two: that military cooperation has to contribute primarily to the accomplishment of the core tasks of the alliance. Keeping in mind the imperialist nature of Russia, and Moscow’s recently applied methods for achieving its strategic aims, short term military cooperation has to be orientated towards closing critical capability gaps of the Eastern flank countries. As depicted in the new draft Defence Concept of Latvia, the most critical capabilities include command and control, early warning, air defence, anti-tank and capabilities enabling control of the information domain. This could be achieved through temporary deployment of the required capabilities into the region and provision of subject matter support enabling force integration and a boost to capability requirements related research. This includes the exploration of possibilities for applying government to government agreements for purchasing required capability in the short term and in a cost effective way. In other words, if the US position the required capabilities into the region it will establish a deterrence effect and will buy the required time for Latvia to build its own capabilities.

And finally, military-to-military cooperation has to enhance regional collaboration. It must be admitted that this recommendation is nothing new as it can be found in the US-Baltic Charter signed in 1998. Among other initiatives, in the field of security cooperation the charter addresses the matter of the “expansion of defense initiatives such as the Baltic Peacekeeping Battalion (BaltBat), the Baltic Squadron (Baltron), and the Baltic

airspace management regime (BaltNet), which provide a tangible demonstration of practical cooperation enhancing the common security of Estonia, Latvia, and Lithuania, and the transatlantic community". So far the US role in enhancing cooperation among the three Baltic States has been very marginal and co-operation between the three countries certainly needs enhancement.

Nevertheless, military-to-military cooperation between Latvia and the US has been a success story. Washington continues implementing its commitments to the safety, security and territorial integrity of its allies. The European Reassurance Initiative provides the required funds to increase its military presence and discharge destabilisation of the Baltic region. Twenty years' experience of military-to-military cooperation offers a number of lessons which should be appreciated and taken into consideration.





# Friction in the Baltic Sea Region and the Future of the US-Latvian Defense Relationship

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**Magnus Nordenman and Jon Dunne**

Europe faces a new and turbulent security environment, where the Baltic Sea region constitutes a central friction zone between an assertive Russia seeking to alter the European security order in its favor, and NATO and the broader Euro-Atlantic community. In this new context, the US-Latvian defense and security relationship is at a turning point, with a newfound focus (and Washington's interest) in building defense and deterrence in the region together with Latvia and its Baltic neighbors Estonia and Lithuania.

This presents opportunities and challenges for the future of Latvia's defense and security relationship with the United States. Washington and Riga must think creatively to deepen the relationship in order to build credible defense and deterrence together during a decisive period for the broader Baltic Sea region. This effort is important as it will help determine the future trajectory of peace, stability, and continued Euro-Atlantic integration in northeastern Europe.

## **The Strategic Context of the US-Latvia Relationship**

From a US perspective the Baltic Sea region in general, and Latvia and the other Baltic States in particular, represents an almost unsung success story after the end of the Cold War. Latvia moved quickly to consolidate its independence and democracy after the fall of the Soviet Union, while the United States skillfully worked together with its partners in the region to speed the smooth departure of Russian forces from the Baltic States.<sup>115</sup>

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115 See Robert Nurick and Magnus Nordenman, *Nordic-Baltic Security in the 21st Century: The Regional Agenda and the Global Role* (Washington, DC: Atlantic Council, 2011).

In Latvia's case this process came to its conclusion in 1998, with the shutdown of the Russian early warning radar in Skrunda.

Since then Latvia has become deeply embedded in European and transatlantic structures, including the EU and NATO, and has also adopted the common European currency. From Washington's perspective, this is indeed a rapid march towards completing Latvia's share of the US vision for a Europe, whole, free, and at peace. In the wake of the financial crisis, the effects of which are still felt in many European countries, Latvia was also noted in Washington for its rapid turn-around and return to solid growth. In addition, Latvia has also over time positioned itself as a leader in the transatlantic community by, among other things, hosting the NATO Summit in 2006. Latvian leaders, such as Vaira Vike-Freiberga, have also cut a figure in Washington during and after their government service as being committed to deeper regional cooperation, the European project, and to strengthening the transatlantic link.

Latvia's rapid integration into Europe and the transatlantic community, combined with a relatively permissive security environment in the broader Baltic Sea region, allowed the US and Latvia to work together on a range of global security challenges that were sometimes far from the Baltic States. Latvian forces participated in NATO-led operations in Bosnia and Afghanistan, and also formed part of the US-led coalition operation Iraqi Freedom, where Latvia's contribution totaled more than 1,000 soldiers over the length of its participation. In short, Latvia very much represented what the United States sought from NATO in the post-Cold War era; a focus on expeditionary operations to tackle global security threats.

All, however, has not been well in the US-Latvian defense relationship. Washington has noted Latvia's inattention to defense spending, which dipped below 1 percent of the GDP between 2012 and 2014. This puts Latvia far behind the European NATO average of around 1.5 percent, and even further away from the political commitment to 2 percent for defense. From a Washington perspective, it also throws Latvia in a harsh light in comparison to its northern neighbor Estonia, which has maintained a defense budget close to (or above) 2 percent of the

GDP for the last ten years.<sup>116</sup> European defense spending is a perennial issue in Washington, and low spending can make US support and engagement much more difficult to politically sustain. Indeed, it was no accident that this issue was the center piece of then Secretary of Defense Robert Gates' farewell speech in Brussels in 2011.<sup>117</sup> This seemed to be taken seriously by Riga, and the 2015 announcement by Riga (and Vilnius) of a relatively quick march towards the NATO ambition of 2 percent of the GDP for defense is indeed welcome news, and will make Latvia's case in Washington considerably stronger.<sup>118</sup>

### **Latvia, the Baltic Sea Region, and the United States in a Changed European Security Environment**

However, the US perspective on Latvia, the Baltic States, and the broader Baltic Sea region has radically changed since the beginning of the Ukraine crisis and very evident Russian assertiveness, and even aggressiveness against NATO in general, and the Baltic States in particular. Today, the broader Baltic Sea region is viewed by Washington as a central friction zone between an assertive Russia, and NATO and the transatlantic community, with the Baltic States at the center of that zone.

In the wake of the Ukraine crisis and the Russian annexation of Crimea, many in Washington believed a similar scenario of hybrid warfare and "little green men" could develop in the Baltic region, due to, among other things, the presence of Russian minorities, Russian media and business influence, and economic and energy dependencies between the region and Russia. This thinking has, however, evolved considerably since that time. Today there is rising recognition that Latvia and the other Baltic States primarily face a conventional (and by extension, nuclear) military threat from Russia, even though hybrid scenarios can never be discounted.

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116 See NATO PDD, "Defense Expenditures of NATO Countries 2008-2015", NATO HQ, January 2016.

117 Robert Gates, "The Future of NATO," speech in Brussels, June 10, 2011, <http://archive.defense.gov/speeches/speech.aspx?speechid=1581>

118 Sargs.lv, "Latvian parliament passes law about increasing defense budget to 2 pct of GDP by 2020", 03.07.2014, [http://www.sargs.lv/Zinas/Military\\_News/2014/07/03-01.aspx#lastcomment](http://www.sargs.lv/Zinas/Military_News/2014/07/03-01.aspx#lastcomment)

Large Russian snap exercises have showcased Russia's ability to quickly marshal significant forces without much notice, and project them in directions and for purposes difficult to estimate ahead of time. This has raised concerns about the possibility of a Russian conventional "ambush" on one of the Baltic States during periods of heightened tensions, and with US attention drawn elsewhere, or in connection with an incident that Russia seeks to exploit. And while NATO's broad overmatch of Russia is quite clear, the regional posture of forces is quite different. Latvia, Lithuania, and Estonia can muster some 13,000 troops in a crisis, while Russia can deploy at least ten times that number if given enough time.<sup>119</sup>

To boot, the presence of long-range weapon systems in the Kaliningrad enclave (such as Iskander and S-400) challenges the US' and NATO's ability to quickly reinforce the Baltic States, or operate in the region. In what must be characterized as a surprising development; the idea of Anti-Access/Area-Denial (A2/AD) bubbles has transitioned from being a concept first developed in order for the United States to understand high-end military challenges in the Pacific region, to be a very real reality on the shores of the Baltic Sea.

In this context the broader Baltic Sea region has also taken on a new importance for the United States. NATO partners Sweden and Finland are increasingly viewed as very important to the defense of the Baltic States, as the two Nordic nations (especially Sweden) are seen in Washington as having sea and airspace as well as facilities that could provide options for US and NATO reinforcements flowing into the region in a crisis. Using Sweden and Finland, and perhaps NATO member Denmark, for regional basing and support would also allow US and NATO forces to marshal its forces outside the reach of Russian A2/AD systems. This means the United States is interested in deepening its bilateral relationships with Stockholm and Helsinki, as well as advance Sweden's and Finland's NATO partnerships. However, since Finland and Sweden are currently non-members of the Alliance (and potential membership is still several years away should the two countries even choose to seek it), US

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119 Alexander Lanoszka, "Hybrid Warfare and Extended Deterrence in Eastern Europe," *International Affairs* Vol. 92, Iss. 1 (RUSI, 2016), 175.

interest in a deeper defense relationship is primarily driven by providing defense and deterrence for the Baltic States.

To date, the US has responded to the new security environment in the broader Baltic Sea region in an incremental way. The response includes a rotational presence of modest forces (company size) along with the deployment of Special Forces for training and exercises. Of special note is the so-called “Dragoon Ride” that brought a US Army cavalry unit through Estonia, Latvia, and Lithuania (as well as other European countries) on their way back to their home base in Germany. This movement was not only effective as a public outreach effort, but taught valuable lessons for the movement of mechanized units across Europe’s new security frontier. In 2015 the US Naval Forces at Europe’s annual BALTOPS exercise in the Baltic Sea was the largest in decades, and included amphibious operations off the coast of Sweden.

It is also worth noting the United States has from time to time deployed high-end capabilities to the region for larger exercises, including B-52s during the maritime exercise BALTOPS 15 and F-22s. These are no small contributions to security in the region. Both the B-52s and the F-22s are considered crown jewels in the American military arsenal, and are in high demand for exercises and a forward presence across the world.

## **Current US-Latvian Defense Cooperation**

While the United States and Latvia have had sustained military interaction, Russia’s assertiveness has served as a catalyst for increased defense cooperation. An April 2015 meeting between US Deputy Secretary of Defense Bob Work and Latvian Defense Minister Raimonds Vejonis bolstered efforts toward interoperability, a US presence, improved Latvian readiness, and increased Latvian defense spending and force generation.<sup>120</sup> In late February 2016 Latvian Chief of Defense, Lieutenant General Raimonds Graube met with a US delegation that included Vice Chairman of the Joint Chiefs of Staff, General Paul J. Selva and Congressmen Mac Thornberry

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120 US Department of Defence, “Deputy Secretary, Latvian Defense Minister Discuss Priorities”, April 23, 2015, <http://www.defense.gov/News-Article-View/Article/604514/deputy-secretary-latvian-defense-minister-discuss-priorities>

and Adam Smith, which further fortified US commitment to the region, the importance of long-term strategy and strategic resourcing, and the importance of Latvian support to multi-national security efforts.<sup>121</sup>

United States and Latvian forces have also worked more closely to mature their interoperability. United States European Command's Operation Atlantic Resolve, Exercise Agile Spirit, Exercise Saber Strike, BALTOPS, and Operation Dragoon Ride are all examples of recent military activities designed to cultivate regional confidence and coherency.<sup>122</sup> Under this construct of sustained engagement, US units including the Army's 173rd Brigade Combat Team, 2nd Cavalry Regiment, elements from the 3rd and 4th Infantry Divisions, units from the Army National Guard,<sup>123</sup> as well as the Marine Corps' Black Sea Rotational Force, have partnered with the Latvian National Armed Forces to grow regional capability and capacities.

Finally, these encouraging recent developments are reinforced by the United States' commitment to Latvian readiness and modernization efforts, linked to 1206 funding and foreign military financing. At least US\$ 21.5 million has been committed to Latvia's support to ISAF,<sup>124</sup> and similar commitments have been made linked to the financing of Latvian equipping strategies.<sup>125</sup>

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121 BNS/TBT-STAFF/RIGA, "US Stresses Military Support to Latvia", *The Baltic Times*, March 2, 2016, [http://www.baltictimes.com/u\\_s\\_\\_stresses\\_military\\_support\\_to\\_latvia](http://www.baltictimes.com/u_s__stresses_military_support_to_latvia)

122 US European Command, "Operation Atlantic Resolve (August 2015)", 21.08.2015, [http://www.defense.gov/Portals/1/features/2014/0514\\_atlanticresolve/docs/Operation\\_Atlantic\\_Resolve\\_Fact\\_Sheet\\_21\\_AUG\\_2015.pdf](http://www.defense.gov/Portals/1/features/2014/0514_atlanticresolve/docs/Operation_Atlantic_Resolve_Fact_Sheet_21_AUG_2015.pdf)

123 Angela Simpson, "Michigan Guard Soldiers Arrive in Latvia," *US Department of Defense: DOD News*, 08.05.2014, <http://archive.defense.gov/news/newsarticle.aspx?id=122215>. Note: The Michigan National Guard and Latvian military forces enjoy a 24-year partnership through the National Guard Bureau State Partnership Program; recent Guard employment in Latvia was supported by Minnesota and North Carolina Air National Guard strategic lift.

124 Nina M. Serafino, *Security Assistance Reform: "Section 1206" Background and Issues for Congress*, Congressional Research Service, February 11, 2011, 27, <https://www.fas.org/sgp/crs/natsec/RS22855.pdf>

125 "IHS Jane's Navigating the Emerging Markets: Latvia", September 30, 2015, 18, <https://www.ihs.com/products/janes-emerging-markets-intelligence.html>

## What Can be Done Next?

While heightened bilateral interaction between Latvia and the United States is indeed welcome and a good first step to prepare for the new security environment, it is not enough, and must be developed further to strengthen defense and deterrence. Below are a few suggestions for areas where Latvia and the United States could deepen their cooperation:

- **Elevate the proficiency of Latvian land forces**

Latvia's defense spending increase is indeed a welcome development, as is the procurement of combat vehicles and light anti-tank weapons.<sup>126</sup> However, it would be hard for any country to efficiently invest and consume such a steep increase in funding in such short order. Indeed, this was a problem even for the Department of Defense with the rapid increases in funding after the 9/11 terror attacks in 2001. There is thus an opportunity to engage in a dialogue with the United States on how to best allocate increased Latvian defense resources in capabilities, exercises, and force structure in order to not only strengthen the defense of Latvia, but also increase interoperability with the United States and contribute to regional defense and deterrence in the context of NATO.

Latvia, as a part of its State Defense Concept of 2012,<sup>127</sup> should be credited for keenly articulating the role and resourcing towards strategic deterrence. Within it, Latvia suggests National Armed Forces (NAF), the NAF's National Guard, and civilian security organizations must collectively contribute to territorial defense (i.e. a citizen/solider defense-in-depth).<sup>128</sup>

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126 Jaroslaw Adamowski, "Lithuania, Latvia Eye Joint Procurement," *Defense News*, July 15, 2015, <http://www.defensenews.com/story/defense/land/weapons/2015/07/15/lithuania-latvia-joint-weapon-acquisition-air-defense/30195659/>

127 Latvia's State Defense Concept is akin the United States' national security strategy (NSS). It is rooted under Article 29 of Latvia's National Security Law, was confirmed by the Latvian cabinet in April 2012 and approved by the Latvian parliament a month later.

128 Ministry of Defence of the Republic of Latvia, "The State Defence Concept", paragraph 27, 10.05.2012, <http://www.eda.europa.eu/docs/default-source/documents/latvia-state-defense-concept-2012-pdf.pdf>



This, strategic approach, if responsibly planned and resourced by Latvians and bolstered by the United States, is capable of tactically punishing a Russian intrusion and otherwise operationally delaying an advance that would buy valuable time to enable NATO reinforcements.

Latvia should also consider re-introducing some form of conscription to help man its forces. Admittedly, this is a sensitive issue and conscription can be disruptive to the social fabric of a nation, and certainly it carries with it significant political risk.<sup>129</sup> Neighboring Lithuania recently reinstated its conscription policy, bolstering its mobilization agility and capacity. More so, this measure also sent a strong signal to NATO and the United States regarding Lithuania's commitment to national and regional defense.

- **Cultivate maritime capabilities**

Much of the discussion on defense and deterrence in Europe's northeast has understandably been focused on ground capabilities and ground forces available for either a permanent presence in or consistent rotations through the Baltic States. However, the broader region contains an important maritime space (the Baltic Sea), which will be a crucial arena for enabling NATO and the United States to reinforce the Baltic States in a crisis. Furthermore, most Russian military provocations in the region have occurred at sea (or in the air above it), not on land. While Latvia's maritime forces are very small and limited, Riga should work with the United States and its regional allies and partners to determine what Latvia's contribution might be to NATO and US maritime operations in the Baltic Sea.

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129 Of note: Certainly, the idea of a draft would not resonate with the United States. That being said, the United States has overriding advantages of national resources and a geographic distance from Russia and other consequential or even potentially existential threats, which Baltic nations do not enjoy.

- **Engage the United States on strategic communication**  
Strategic communications is a key capability in Europe's new security environment, particularly in the Baltic region where Russia has engaged in extensive information operations. In addition to shaping the political space, information operations also contribute a political aspect to A2/AD (with messages such as a NATO presence in the Baltic States is provocative to Russia). The NATO Center of Excellence (COE) on Strategic Communications in Latvia is thus another opportunity for engagement with the United States. Currently, it is sponsored by seven European NATO nations, with "voluntary contributions" by the United States.<sup>130</sup> Washington should consider enhancing its role in the COE by becoming a sponsoring nation alongside Latvia, Estonia, Germany, Italy, Poland, Lithuania, and the UK.

Interestingly, the Latvian State Defense Concept is absent of any reference to strategic communications, perhaps in part due to its approval prior to the COE's establishment in 2013.<sup>131</sup> While the COE is funded by participating and sponsoring nations and is strictly advisory and knowledge-building (not operational) in nature, Latvian officials should consider revising its Defense Concept to highlight strategic communications as a primary pillar of its strategy. Russia's proven abilities to leverage public diplomacy, political and military deception, intimidation, and propaganda is potentially destabilizing to Latvia and requires a long-term defense planning emphasis; further, Latvia's regional standing and alliance credibility is bolstered if it plays an increasingly active role in Nordic-Baltic strategic communications successes.

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130 NATO STRATCOM Center of Excellence, "Participating Countries," <http://www.stratcomcoe.org/participating-countries>

131 Latvia's State Defense Concept is rooted under Article 29 of Latvia's National Security Law. This document was confirmed by the Latvian cabinet in April 2012 and approved by the Latvian parliament a month later. This strategic document is designed to inform defense planning to include long-term (12-year) procurement strategies as authorized under the nation's Law of Financing and associated authorizations.

- **Modernize critical infrastructure**

Latvia should be applauded for its recent infrastructure initiatives, particularly as it pertains to energy.<sup>132</sup> Energy security, combined with cyber defenses, is indeed Latvia's most pressing infrastructure security issue. That being said, there are a series of traditional physical security gaps too that require focus and resources, such as improved security along Latvia's eastern border.<sup>133</sup>

Latvia should also consider its "dual-use" infrastructure: structures and facilities designed primarily for societal ends, but scoped with consideration for national defense. Dispersed airfields and ports, discrete warehousing, highway and rail upgrades, and modernized communications infrastructure will expand social and economic opportunities for Latvians while also allowing Latvia to better cope with encroaching Russian A2/AD threats. Further, added or improved infrastructure provides an element of flexibility and redundancy valued by US (and NATO) military planners and their study of reinforcement options. Not only should the United States consider expanded ERI-like provisions to enable this, but expansion of European and American development initiatives (governmental and private sector) should be incentivized so as to bolster Latvian investment.

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132 Antons Kutjuns, Ansis Zbanovs, and Didzis Sulcs, "Augstsprieguma Tikls – Responsible body for Transmission Infrastructure, Operations, Protection, Maintenance, and Development in Latvia," *NATO Science for Peace and The Protection of Critical Energy Infrastructure Against Emerging Security Challenges*, Vol. 43 of *NATO Science for Peace and Security*, Series – D: Information and Communication Security (Amsterdam: IOS Press BV, 2015), <https://books.google.com/books?hl=en&lr=&id=OKLRCgAAQBAJ&oi=fnd&pg=PR5&dq=The+Protection+of+Critical+Energy+Infrastructure+Against+Emerging+Security+Challenges&ots=9dsUSTYhiP&sig=QIu0ePj-r1sJQGW3jjLEdXGaHk#v=onepage&q=The%20Protection%20of%20Critical%20Energy%20Infrastructure%20Against%20Emerging%20Security%20Challenges&f=false>

133 Olevs Nikers, "Security Regime on Latvia's Eastern Border Needs Substantial Investment," *Eurasia Daily Monitor*, Vol. 13, Iss. 34, February 19, 2016, [http://www.jamestown.org/programs/edm/single/?tx\\_ttnews%5Btt\\_news%5D=45117&cHash=924b9807c199afe0fae56c28d0ca54fc#.Vw1Af032aUI](http://www.jamestown.org/programs/edm/single/?tx_ttnews%5Btt_news%5D=45117&cHash=924b9807c199afe0fae56c28d0ca54fc#.Vw1Af032aUI)

- **Contribute to defeating A2/AD**

The A2/AD challenge in the Baltic Sea region is a central problem for the United States and NATO, in terms of the hazards it represents to incoming reinforcements in the case of a crisis, as well as the fact that it leaves units already deployed in the region exposed. Defeating A2/AD requires high-end capabilities that only the United States and a handful of other allies can bring to the region, including long-range strike and electronic warfare.<sup>134</sup> There are, however, elements that Latvia can contribute to a strategy for countering A2/AD in the Baltic Sea region.

Sea mines are key tools in an A2/AD approach, and Latvia along with its Baltic neighbors have built up considerable experience in mine clearing at sea. Latvia operates a modest fleet of modern mine hunters. Furthermore, Latvian Special Forces could play a role in defeating A2/AD systems through raids and forward targeting if provided with lift and other support from the United States and other allies.

- **Contribute to the US global security agenda**

While Latvia and its neighbors are understandably focused on defense and security issues close to home, and seeks US support and deeper engagement in the region, it is important to remember the United States is a super power required to tackle security issues across the globe. Thus, a healthy and long-term defense and security relationship between Latvia and the United States cannot be a one-way street. Riga should look for opportunities to contribute to US security priorities in other parts of the world, such as the campaign to defeat ISIL. The Latvian contribution does not need to be very big or cumbersome, since even a small Latvian role will send an important political signal about Riga's willingness to work with the United States, and its understanding and broad support for the US global security agenda.

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134 Franklin D. Kramer and Magnus Nordenman, *A Maritime Framework for the Baltic Sea Region* (Atlantic Council, 2016).

## **Conclusion**

The security landscape in Europe has changed radically over the last 36 months, and the Baltic Sea region has come into focus in Washington in ways that would have been unthinkable just a few years ago. This provides a real opportunity to develop the Latvia-US defense and security relationship and set it on a long-term path that will contribute to defense and deterrence in the region in a turbulent security environment that is unfortunately likely to be with us for quite some time. However, Washington and Riga must contribute thinking and resources to this process in order for it to reach full effect and to avoid the charges of security free-riding; a concern that is once again being aired with more or less sophistication in the American foreign policy debate.



The background features a pattern of overlapping circles in two colors: a dark red and a dark blue. The circles are arranged in a grid-like fashion, with some overlapping others, creating a sense of depth and movement. The text is centered within the white space of the circles.

### **III. Latvia-US Economic Cooperation**

# Latvia and US Economic Relations: 2011-2015

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**Kristaps Supe**

Latvian and United States relations could be described as close in the political sphere and with room for growth in the economic sphere. It is considered that service industries, such as telecommunications, transport and logistics, and renewable energy technologies, are potential areas for US-Latvian investment and trade. Latvia has not set out sectors with special priorities in the US, therefore Latvia's largest sectors receive all available support equally from government and non-governmental organizations. In practice, this means each sector is working in a free competition market and searching for support individually. To strengthen and develop relations, Latvia and the US have signed several treaties on investment, trade, intellectual property protection, and avoidance of double taxation to regulate the business environment between both countries. Latvia also participates in the visa waiver program which allows nationals of participating countries to travel to the US for specific business or tourism purposes without needing a visa.<sup>1</sup> Overall, Latvia and the US have established a reasonable frame of legal and economic conditions for cooperation. Considering further aims, Latvia should think about enhancing interaction between the citizens of both countries, putting emphasis on the business community, cultural and other events which should give both sides a mutual understanding of each other's methods of working.

In the five years between 2011 and 2015, trade between Latvia and the US has slowly increased, showing that it is very slowly recovering from the impact of the economic crisis which began in late 2008. According to the Central Statistical Bureau of Latvia, total bilateral trade of goods and services rose from US\$ 372.7 million<sup>2</sup> in 2011 to

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1 "US Relations with Latvia", <http://www.state.gov/r/pa/ei/bgn/5378.htm>

2 Here and subsequently, all amounts have been converted into US\$ using European Central Bank Euro Foreign Exchange Reference Rate as at December 31st, 2015, that is, EUR 1 = US\$ 1.0887, see European Central Bank, "Euro foreign



US\$ 409.8 million in 2015, ranking the United States as Latvia's nineteenth trading partner<sup>3</sup>. Total export of Latvian goods and services to the US in 2015 amounted to US\$ 238.3 million, and has increased by 8.6%, compared to US\$ 219.4 million in 2011. Latvia's imports from the US have also slowly increased over the last five years, from US\$ 153.4 million in 2011, to US\$ 171.6 million in 2015. Improvement is evident in both the goods and services categories, although the increase in export of services is relatively smaller. The trade balance is positive, amounting to US\$ 66.7 million, and has remained this way since 2011.<sup>4</sup> (US data<sup>5</sup> shows a dramatic slump in Latvian imports from the US over the last five years: from US\$ 586 million in 2011 to US\$ 294.8 million in 2015, and a somewhat smaller decrease in exports: from US\$ 362.6 million in 2011 to US\$ 303 million in 2015, thus the 2011 figures have not subsequently been surpassed.<sup>6</sup>)

In general, Latvia's total trade with the US in 2015 was only 1.3% of its total foreign trade.<sup>7</sup> Last year, Estonia, Lithuania, Poland, Germany and Russia were the TOP 5 partners for Latvia, and together accounted for 51.3 percent<sup>8</sup> of all Latvian foreign trade. Therefore, the US is in the middle, in terms of economic cooperation. If Latvia is compared with Estonia and Lithuania,

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exchange reference rates", <https://www.ecb.europa.eu/stats/exchange/eurofxref/html/index.en.html>

3 Latvijas Investīciju un attīstības aģentūra, "Latvijas ekonomiskā sadarbība ar ASV", 2013, [http://www.liaa.gov.lv/files/liaa/attachments/2013.03.lv\\_asv\\_ekon\\_sad\\_liaa.pdf](http://www.liaa.gov.lv/files/liaa/attachments/2013.03.lv_asv_ekon_sad_liaa.pdf); Latvijas Investīciju un attīstības aģentūra, "Latvijas ekonomiskā sadarbība ar ASV", April 2016, [http://eksports.liaa.gov.lv/files/liaa\\_export/dynamic\\_content\\_files/2016.04\\_lv\\_asv\\_ekon\\_sad.pdf](http://eksports.liaa.gov.lv/files/liaa_export/dynamic_content_files/2016.04_lv_asv_ekon_sad.pdf)

4 Latvijas Investīciju un attīstības aģentūra, "Latvijas ekonomiskā sadarbība ar ASV", 2013, [http://www.liaa.gov.lv/files/liaa/attachments/2013.03.lv\\_asv\\_ekon\\_sad\\_liaa.pdf](http://www.liaa.gov.lv/files/liaa/attachments/2013.03.lv_asv_ekon_sad_liaa.pdf); Latvijas Investīciju un attīstības aģentūra, "Latvijas ekonomiskā sadarbība ar ASV", April 2016, [http://eksports.liaa.gov.lv/files/liaa\\_export/dynamic\\_content\\_files/2016.04\\_lv\\_asv\\_ekon\\_sad.pdf](http://eksports.liaa.gov.lv/files/liaa_export/dynamic_content_files/2016.04_lv_asv_ekon_sad.pdf)

5 Both sides use different methodologies, which explains the discrepancies.

6 United States Census Bureau, "Trade in Goods with Latvia", <https://www.census.gov/foreign-trade/balance/c4490.html>

7 Latvijas Investīciju un attīstības aģentūra, "Latvijas ekonomiskā sadarbība ar ASV", April 2016, [http://eksports.liaa.gov.lv/files/liaa\\_export/dynamic\\_content\\_files/2016.04\\_lv\\_asv\\_ekon\\_sad.pdf](http://eksports.liaa.gov.lv/files/liaa_export/dynamic_content_files/2016.04_lv_asv_ekon_sad.pdf)

8 Centrālā statistikas pārvalde, "Latvijas ārējā tirdzniecība. Svarīgākās preces un partneri 2015. gadā", [http://www.csb.gov.lv/sites/default/files/nr\\_28\\_areja\\_tirdznieciba\\_preces-partneri\\_15\\_04q\\_lv.pdf](http://www.csb.gov.lv/sites/default/files/nr_28_areja_tirdznieciba_preces-partneri_15_04q_lv.pdf)

we can see that both neighboring Baltic States from 2012 to 2015 had a positive trade balance with the US, and their exports to the US are significantly larger than Latvia's.

Nevertheless, one should keep in mind that Latvia and the US maintain regular contacts in multiple ways. Political and economic cooperation is encouraged by high ranking officials in both countries. Although activities in the political sphere are in the majority, in the economic sphere a bilateral visit to one of the countries takes place almost every year. In 2011, Latvia organized a visit to the US, led by former Prime Minister Valdis Dombrovskis. This visit may be classified as economic cooperation, as the Prime Minister was accompanied by a business delegation. A similar visit was also organized in 2014<sup>9</sup> demonstrating that there are actions to stimulate interest in the public and private sectors to work towards closer economic cooperation. In addition, Latvia hosted a US business trade visit in this period and visits by high-level officials that focused particularly on economic cooperation issues between both countries. Thus, Latvia and the US keep their focus on maintaining good and tight relationships in the political dimension, while purely economic visits take place less frequently.

In addition, statistics show that Latvia can perform better in terms of economic cooperation, because in comparison with the other Baltic States, Lithuania and Estonia, it had the smallest trade balance in 2015. If we revert to the US Census Bureau data for easier comparison of US trade with all three Baltic States, we can see that in 2015, Lithuania exported goods to the total value of US\$ 1,057 million<sup>10</sup> to the US – three times more than Latvia, and twice as much as Estonia. Estonia's exports reached US\$ 501.1 million,<sup>11</sup> which compared with Latvia, is approximately US\$ 200 million more. This shows both countries are doing better in economic cooperation (more detailed in Table 1) with the US. Table 1 represents US trade in goods with Latvia, Estonia and Lithuania from 2011 to 2015, and we can see that according to the US Census Bureau data, in 2015, Latvia had a positive balance in trade with the US, show-

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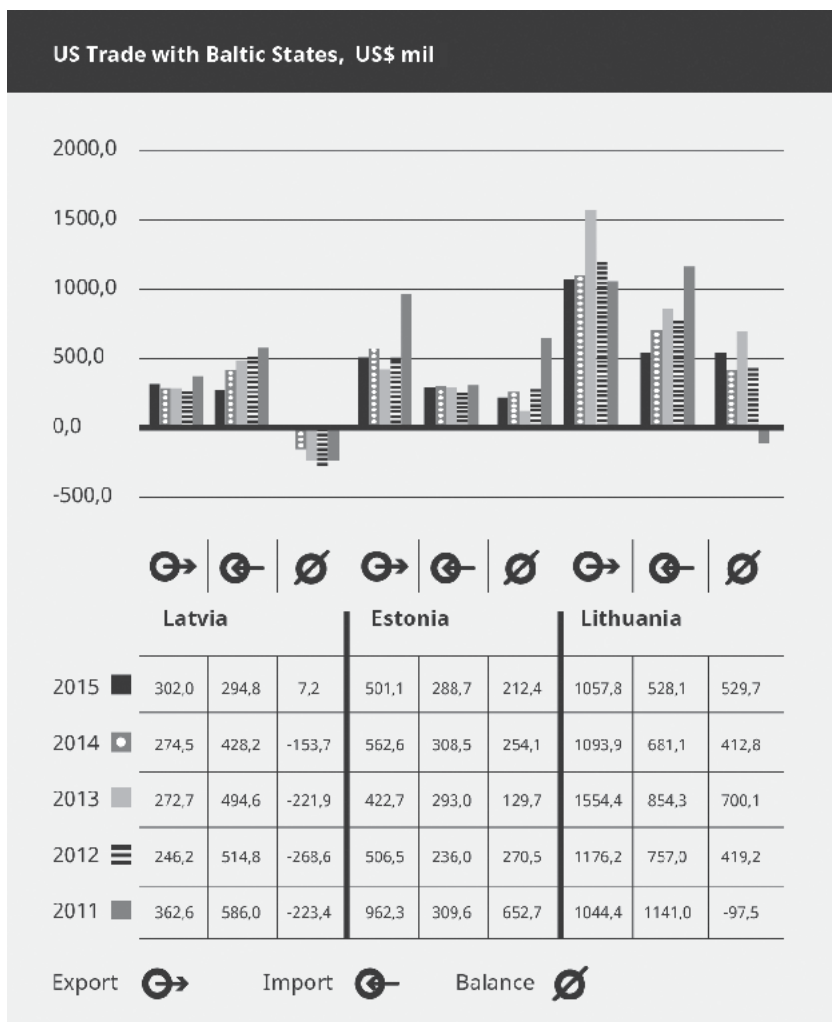
9 Ministry of Foreign Affairs of the Republic of Latvia, "Notable visits of Officials from Latvia to USA", <http://www.mfa.gov.lv/arpolitika/divpusejas-attiecibas/latvijas-un-asv-attiecibas#notikumi>

10 U.S. Census Bureau, "Foreign Trade".

11 Ibid.

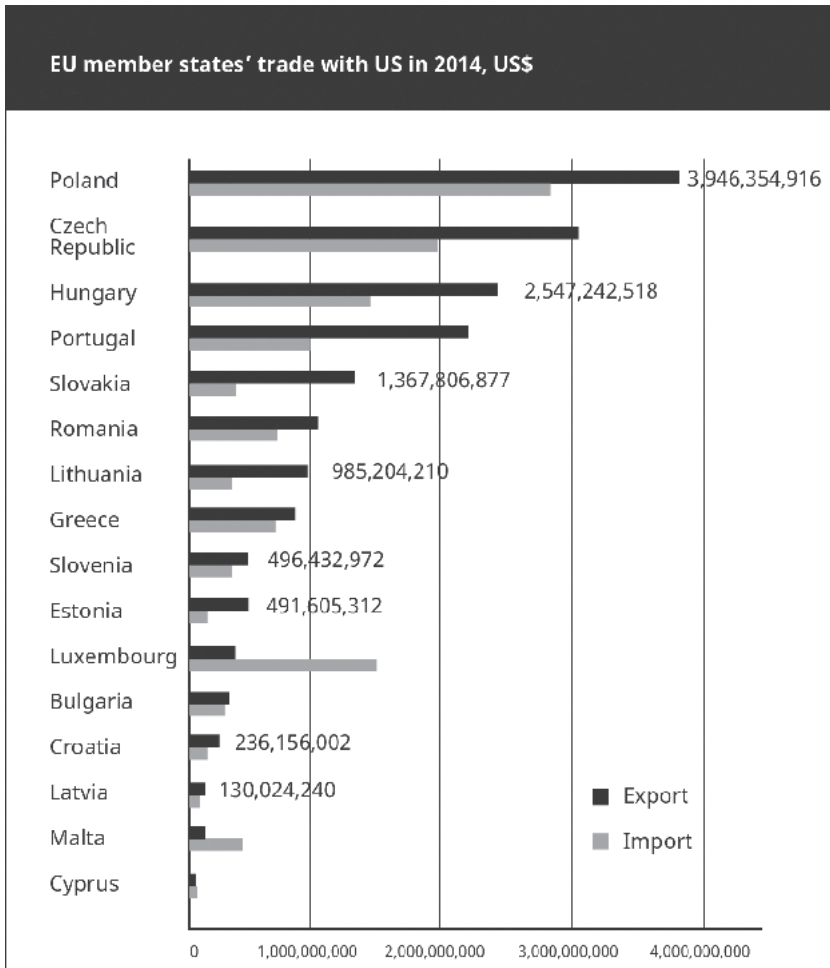
ing a US\$ 7.2 million surplus, whereas Estonia had a positive trade balance over the whole period, with an average US\$ 303.8 million surplus. Lithuania, in 2011, had a negative trade balance, however the average trade balance was a surplus of US\$ 392.8 million and is the highest number among all the Baltic States. This is another indication that Latvia needs to improve trade with the US.

**Table 1.** Source: U.S. Census Bureau, Foreign Trade



Noting that among the Baltic States Latvia has the least intense trade with the US, it is also useful to view the statistics and overall situation at European Union level.<sup>12</sup> Switching to each

**Table 2.** Source: Eurostat



12 After observing the available information from several information sources, it is important to mention that there are different methods applied by the US Census Bureau and Eurostat on how they collect their data. Eurostat applies a special trade system, but the US Census Bureau uses a general trade system, and this explains why data differs from both sources.

EU Member State's export to the US, an interesting scenario can be observed. According to data collected by the European Commission Trade Statistics<sup>13</sup> in 2014<sup>14</sup> (Table 2), the TOP 5 are the largest EU economies: Germany (US\$ 104.5 billion), the United Kingdom (US\$ 49 billion), Italy (US\$ 31.6 billion), France (US\$ 29.4 billion) and Ireland (US\$ 20.7 billion). Table 2 also shows that most EU Member States have a positive trade balance with the US, which means that the EU exports more to the US than it imports. In these overall positive EU statistics, unfortunately, Latvia's trade is below average and ranks only twenty-sixth place in exports to the US. When attempting to compare Latvia to other EU Member States, similar in population, territory and Gross Domestic Product (GDP), we can see that in terms of territory, there are similarities with Ireland, Lithuania, Slovakia, Estonia, Denmark and Netherlands,<sup>15</sup> in terms of population – with Estonia, Slovenia and Lithuania,<sup>16</sup> and in terms of GDP – with Poland, Hungary and Croatia.<sup>17</sup> All the above mentioned countries have more intense trade with the US than Latvia and are in higher ranking positions. This puts Latvia amongst the countries with the least trade to the US, therefore it needs to define its plans in economic cooperation with the US to intensify trade and achieve a better position overall.

Unlike trade, and despite Latvia's recovery from the economic crisis, it is also possible to observe a decline of Foreign Direct Investment (FDI) from the US to Latvia, according to statistics from the Bank of Latvia. In 2011, FDI from the US reached a peak of US\$ 299.7 million, however in 2015 it halved to US\$ 148.4 million, ranking the US at 17<sup>th</sup> place out of 95 countries with FDI

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13 European Commission Trade Statistics Trade Value: This is the statistical value, i.e. the amount that would be invoiced in the event of a sale or purchase at the national border of the reporting country. It is said to be a FOB valuation for exports/dispatches and a CIF valuation for imports/arrivals.

14 European Commission, Trade, Export Helpdesk, "Statistics", [http://exporthelp.europa.eu/thdapp/display.htm?sessionId=0BBC809E101121D27B9F5CF85D68A21F?page=st%2fst\\_Statistics.html&docType=main&languageId=en](http://exporthelp.europa.eu/thdapp/display.htm?sessionId=0BBC809E101121D27B9F5CF85D68A21F?page=st%2fst_Statistics.html&docType=main&languageId=en)

15 Eurostat, <http://ec.europa.eu/eurostat/data/database> accessed 25.02.2016.

16 Eurostat, <http://ec.europa.eu/eurostat/tgm/table.do?tab=table&plugin=1&language=en&pcode=tps00001>

17 Eurostat, [http://ec.europa.eu/eurostat/statistics-explained/index.php/File:ABVolume\\_indices\\_of\\_GDP\\_and\\_AIC\\_per\\_capita,\\_2014\\_\(EU-28%3D100\)XNEW.png](http://ec.europa.eu/eurostat/statistics-explained/index.php/File:ABVolume_indices_of_GDP_and_AIC_per_capita,_2014_(EU-28%3D100)XNEW.png)

in Latvia<sup>18</sup>. The TOP 5 FDI comes from Sweden (US\$ 2.7 billion), Cyprus (US\$ 1.3 billion), the Netherlands (US\$ 1 billion), the Russian Federation (US\$ 1 billion) and Estonia (€792.4 million). 2015, however, demonstrated over US\$ 339.7 million accumulated US FDI in share capital of Latvian companies, and in this regard the US ranks 9<sup>th</sup> for Latvia. In general, most FDI in Latvia comes from the EU, and investments from the US could also increase if Latvia continues to focus on further improving an effective and reliable law enforcement system, guaranteeing a secure business environment.<sup>19</sup> Latvia's FDI in the US is also worth mentioning. In 2011 and 2012, Latvians made no significant investments in the US; in 2013, 2014 and 2015 FDI from Latvia reached US\$ 1.3; US\$ 3; and US\$ 11.9 million successively. The rise in the FDI in 2014 and 2015 could be explained with the opening of Latvian "Valmieras Stikla Skiedra" fibreglass factory in Georgia.

According to the Central Statistical Bureau<sup>20</sup> (CSB) of the Republic of Latvia, in 2015, there were 370 companies that exported goods to the US and 1533 companies that imported goods from the US. This is approximately 7 percent<sup>21</sup> of all exporters and approximately 17 percent of all importers in 2015 which ranks the US in fourteenth place, in Latvia's export destinations and in twenty-fourth<sup>22</sup> place in Latvia's import sources. The main goods exported from Latvia to the US are, machinery, mechanical and electrical equipment (34.32 percent), and a variety of industrial supplies, textile, timber and food (16 percent, although it is interesting that US Census Bureau data shows

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18 Latvijas Banka, Statistikas datubāze, <https://statdb.bank.lv/lb/Data.aspx?id=128>. Latvijas Investīciju un attīstības aģentūra, "Latvijas ekonomiskā sadarbība ar ASV", April 2016, [http://eksports.liaa.gov.lv/files/liaa\\_export/dynamic\\_content\\_files/2016.04\\_lv\\_asv\\_ekon\\_sad.pdf](http://eksports.liaa.gov.lv/files/liaa_export/dynamic_content_files/2016.04_lv_asv_ekon_sad.pdf)

19 Foreign Investors' Council in Latvia, "Position Paper on the Security and Protection of Investment", 30.05.2014, <http://www.ficil.lv/view/en/20/security-and-protection-of-investment-2014/>

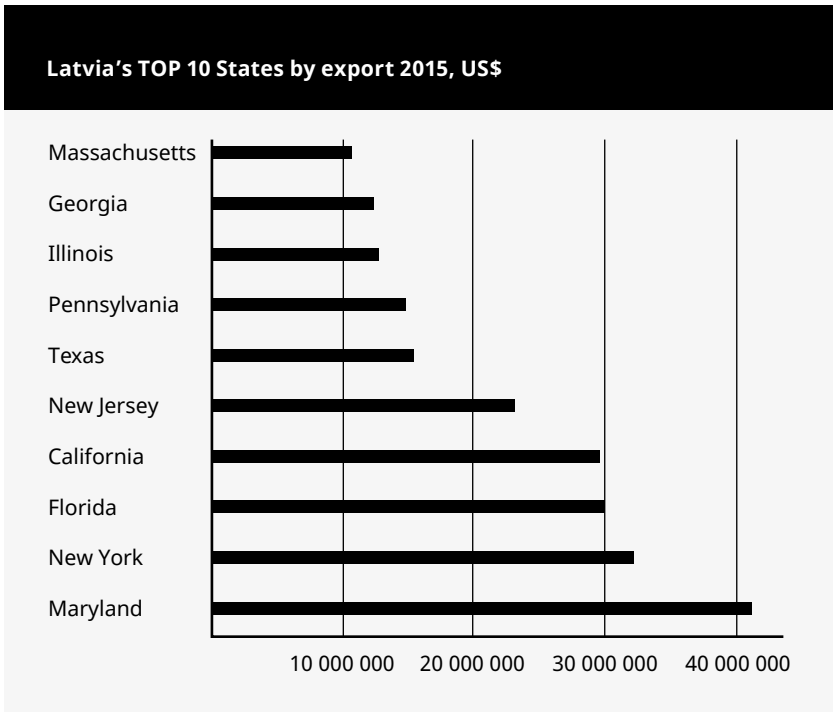
20 For CSB definitions on statistics see homepage, <http://www.csb.gov.lv/en/statistikas-temas/metodologija/foreign-trade-36317.html>

21 According to the information provided by Central Statistical Bureau (CSB) of the Republic of Latvia.

22 Latvijas Republikas Ārlietu ministrija, "Latvijas ekonomiskās attiecības ar ASV", <http://www.mfa.gov.lv/arpolitika/divpusejas-attiecibas/latvijas-un-asv-attiecibas?id=39871>

alcoholic beverages as accounting for almost half of Latvia’s exports<sup>23</sup>); the main export services – IT services, transport and tourism. Worth mentioning are the top exporting companies which include “*Latvijas Balzams*”, “*Mikrotikls*”, “*SAF Tehnika*”, “*Valmieras Stikla Šķiedra*”, “*Pindstrup Latvia*”, and several others. Thus, Latvia exports goods with added value, as well as raw materials. The main goods imported by Latvia from the US also included machinery, mechanical and electrical equipment (41.33 percent), optical devices, medical equipment, clocks and musical instruments (12.93 percent) and vehicles (11.24 percent). Some of the TOP 10 importing companies are “*Air Baltic*

**Table 3.** Source: U.S. Census Bureau, Foreign Trade



23 U.S. Census Bureau, “U.S. Imports from Latvia by 5-digit End-Use Code, 2006-2015”, <https://www.census.gov/foreign-trade/statistics/product/enduse/imports/c4490.html>

*Corporation*”, “*ISP Optics Latvia*”, “*EK Auce*”, and the “*National Armed Forces Logistics Command*”. Most exporting companies are privately owned, however, most importing companies are state owned, which indicates the core difference between both positions. According to the CSB, in 2015, Latvia’s total exports to the US were valued at US\$ 159.8 million and the TOP 3 exporting sectors reached US\$ 131.1 million.

It is interesting to observe the three Baltic countries’ exports to the US from the level of the individual states in the US, as this helps define which states play a stronger role in economic relations and which are less influential in terms of economic cooperation. Latvia’s TOP 10 states – export destinations – can be seen in Table 3. Most of Latvia’s trade (8 out of 10 states) is concentrated on the East coast. In comparison with the other Baltic States, Latvia’s exports are more geographically balanced. Using US Census Bureau data, we can see that in the case of Estonia, the difference between the No.1 and No.2 states is in the amount of US\$ 215.2 million, showing that Texas is far more important than the other states. Estonia’s exports to Texas reached US\$ 239.2 million, or 47 percent from all exports to the US in 2015. From Estonia’s exports to Texas, the biggest share is in electric apparatus for telecommunication lines reaching US\$ 210.1 million. A similar situation can be seen in the case of Lithuania. The difference between the No.1 state and No.2 state is US\$ 546.7 million, making Puerto Rico the most significant state for Lithuania in terms of economic cooperation. In 2015, more than half of Lithuania’s exports, or 57 percent, went to Puerto Rico, reaching US\$ 603.9 million. Lithuania’s most exported commodity is petroleum oils and oils obtained from bituminous minerals, exported to an amount of US\$ 566.8 million.<sup>24</sup>

To promote mutual trade and investment, the EU and US started negotiations in 2013, on the Transatlantic Trade and Investment Partnership (TTIP).<sup>25</sup> Since Latvia is part of the EU, these negotiations, if concluded, should provide new opportu-

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24 U.S. Census Bureau, “Foreign Trade”.

25 European Commission, “Trade Policy In focus: Transatlantic Trade and Investment Partnership (TTIP), Documents and Events”, [http://ec.europa.eu/trade/policy/in-focus/ttip/documents-and-events/index\\_en.htm#negotiation-rounds](http://ec.europa.eu/trade/policy/in-focus/ttip/documents-and-events/index_en.htm#negotiation-rounds)



nities for Latvian entrepreneurs. At this point, the main question is, will Latvian entrepreneurs benefit from the TTIP and by how much? The Ministry of Foreign Affairs of the Republic of Latvia has concluded a survey with comments and information from Latvian companies to shape the Latvian position at EU level. However, this survey is not publicly available. There have been several other informative events to enlighten Latvian entrepreneurs and other interested parties about the TTIP, organized by several government and non-governmental organizations. However, comprehensive research has not been performed, and for most small and medium-sized entrepreneurs (SMEs), the TTIP is something distant. Although there has been research carried out at EU level, the focus is on SMEs from large EU economies, and this can give only an approximate overview of Latvian SME needs and concerns.

## **Economic Representation in the US**

To build up good economic relations, intensify and facilitate trade between countries, usually business support organizations (BSO) are established.<sup>26</sup> BSOs provide export-supporting activities to assist entrepreneurs in entering the foreign market. One common option is appointing a country representative in the foreign market, whose main responsibilities are assisting companies in order to overcome different barriers and facilitate exports to foreign markets. Such representatives are usually employees of state institutions dealing with country trade policies. In this paragraph, the author has made a comparison between the networks of the institutions supporting exports in the three Baltic States around the world. Each Baltic State has an embassy in Washington, but only Estonia and Lithuania have General Consulates and representatives of BSO's in the US. In Latvia, similar organizations are the Investment and Development Agency of Latvia (LIAA) and the Latvian Chamber of Commerce and Industry (LCCI). The LIAA has developed a represen-

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26 Dagnija Lāce-Ate, „Governmental Export Promotion Organisations and Assessment of Their Activities: Theoretical Questions” in *Scientific Papers. University of Latvia, Economics, Business Administration*, Vol. 766, eds. Ismena Revina and Inesa Vorončuka (Latvijas Universitāte, 2011), 69.

tative's network around the world reaching 20 countries.<sup>27</sup> They cover Europe, Asia, the Middle East and Central Asia, with most representative offices located in Europe, followed by Asia, Central Asia and finishing with the Middle East. It can be seen that the Americas, including North America, is not covered. Although the LIAA annually organizes several stands at different trade fairs in the US, representative offices have not yet opened. There have been discussions about possible openings, however there have been insufficient funds to do so. In the foreseeable future it is not planned to open a representative office in the US, therefore, embassies and consulates provide the only support available to Latvian entrepreneurs in the US. However, the LCCI together with the American Chamber of Commerce in Latvia (AmCham) are launching a joint platform to develop and expand business ties between Latvia and the US. It is aimed at facilitating connections between businesses in Latvia and business representatives in the US in order to promote and increase bilateral trade and investment. It is called *Gateway to the USA*<sup>28</sup> and is tailored to the needs of individual companies, members of AmCham and the LCCI. The core goal of the program is to provide information about the US's market and business environment in certain sectors and/or regions in the US.

With regard to the experience of Latvia's Baltic neighbors, Enterprise Lithuania (EL) is a similar institution to the LIAA in Lithuania. EL has representative offices in six<sup>29</sup> countries, including the US: one in Chicago, the other in San Francisco. The US is the only country in the Americas where Lithuania has a representative's office. Similar to the Latvians and Lithuanians, Estonians have established the Estonian Investment Agency (EIA) as an organization to support the exports of Estonian entrepreneurs. The EIA has representative offices in 13 countries;<sup>30</sup> most cover

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27 Latvijas Investīciju un attīstības aģentūra (LIAA), "Latvijas ārējās ekonomiskās pārstāvniecības," <http://www.liaa.gov.lv/lv/kontakti/parstavniecibas>

28 Līga Smildziņa-Bērtulsone, „Gateway to the USA” (presentation at the conference „Unlocking the Business Opportunities: Latvia&USA” at Latvian Chamber of Commerce and Industry, Riga, March 9, 2016).

29 Enterprise Lithuania (EL), "Representative Offices Abroad," <http://www.enterpriselithuania.com/en/personnel/representative-offices-abroad/21>

30 Estonian Investment Agency (EIA), "Contacts by Office Locations," <http://>

Europe, and there are several in Asia and the US. Thus, only Estonia and Lithuania have established offices in the US in order to support their export activities in the region. Latvia, despite having the largest network of representatives, has left the US uncovered. This would explain the relatively low figures of Latvia's trade with the US, which is lower than the achievements of its neighboring Baltic countries and other EU Member States. However, one cannot confirm that establishing a BSO would automatically guarantee growth in trade between these countries. More extensive research is required to understand the effectiveness of BSOs for the promotion of bilateral trade.

### **Suggestions from Practitioners Working in the US Market**

Besides statistics and theory, it is always useful to get information from practitioners. Therefore, this paragraph will further cover some proposals from Latvian companies working in the US market which gives an important insight into what options and obstacles companies can expect when entering the US market. Several companies have been selected from the main export sectors from Latvia to the US in 2015.

The first advice for those planning to export to the US, is that they should understand and be aware that entering the US market is a time-consuming process. This has been repeatedly mentioned and greatly emphasized by companies. The next important thing would be participation at trade exhibition fairs and shows, which can be organized by the LIAA (e.g. in the form of Latvian Days in the US), or where the LIAA could coordinate Latvian participation. In this context, the most important issue is consecutive participation at these events. Participation at trade exhibitions and business fairs shows that a company is sustainable and a worthy partner. Usually, participation in such events is expensive; therefore, this helps give the impression that the company is financially stable. In addition, participating for several years in a row not only shows that a company is sustainable, but also gives opportunities to get into a much needed business network, which is significant in the US. According to companies who have participated, usually

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[www.investinestonia.com/en/estonian-investment-agency/contact-by-office-locations#california](http://www.investinestonia.com/en/estonian-investment-agency/contact-by-office-locations#california)

at the biggest and most important events, the main participants and audience do not tend to change, and so after a while a company is noticed and potential partners engage in conversation. Besides being a time and money-consuming process, production capacity and distribution matters. One should seriously consider these things before attempting to conquer the US market. Companies who have reached at least small or medium size usually consider the previously mentioned possibilities.<sup>31</sup> Such companies can choose to participate in individually picked events or participate at LIAA organized national stands<sup>32</sup> in exhibitions, fairs and shows. In both cases, the company can receive financial support from the LIAA for stimulating export, if the company profile fits certain regulations.

Smaller companies, before thinking about establishing a corporate entity in the US, should consider the following options for their product or service. First, they should become familiar with the legal grounds. Such services can be provided by law firms and accountants. A common starting point for entering the US market is finding an agent or distributor for a product or service, as this is a less expensive way to enter the market compared to becoming a corporate entity.<sup>33</sup> However, there is also the opinion that the system designed to assist companies should be more effective. The main problems mentioned are that the responsibilities are too far-ranging for the economic representative. As a result, it is hard to focus on a few things when a whole range of activities needs to be covered. In some cases companies find it hard to get officials (economic representatives, ambassadors, ministers etc.) to attend important events as they often have fully booked calendars.

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31 European Commission, „What is an SME?“, [http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition/index\\_en.htm](http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition/index_en.htm)

32 Latvijas Investīciju un attīstības aģentūra, “Nacionālie stendi”, <http://eksports.liaa.gov.lv/pakalpojumi/nacionalie-stendi>

33 Matiss D. Kukainis, „Doing Business in the United States. Ten Things You Must Know” (presentation at the conference „Unlocking the Business Opportunities: Latvia&USA” at Latvian Chamber of Commerce and Industry, Riga, March 9, 2016).

## Conclusions

To summarize the article, there could be several reasons why Latvia today is amongst those countries with less intense economic cooperation with the US compared with other EU Member States, and especially with the other two Baltic countries. Firstly, it should be mentioned that for Latvian companies no effective institutional support for export promotion is available in the US, except for the Latvian Embassy. Unfortunately, currently only one person is directly responsible for economic relations at the embassy and this is not sufficient to handle all the relevant questions. This is backed by collected statistics which show that Latvia has space for improvement in economic cooperation with the US, judging from the achievements of Lithuania, Estonia and other comparable EU members. Seeing that both neighboring Baltic States have representatives from BSOs, and both countries also have larger trade balance surpluses than Latvia, this information could give the push needed for Latvia to establish representative offices in different states around the US.

If Latvia is to establish a representatives' network around the US, it should focus on several sectors that are national priorities, rather than prioritizing assistance to all companies from Latvia. The LIAA has set out 14 main sectors<sup>34</sup> and the work is structured accordingly to provide all available support for each one. The Latvian Parliament has set out their priorities as being transport and logistics, and the information communication technologies sectors.<sup>35</sup> In addition, to promote the export of Latvian goods and services, a law has been prescribed for the period 2013-2019,<sup>36</sup> where it is stated that the focus should be placed on developing the high technology sector, and investment should be attracted to sectors with a high availability to export. Therefore, there are currently no priority sectors.

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34 Latvijas Investīciju un attīstības aģentūra, "Eksports", <http://eksports.liaa.gov.lv/nozare/partikas-rupnieciba>

35 "Deklarācija par Māra Kučinska vadītā Ministru kabineta iecerēto darbību" (Rīga, 2016. gada februāris), [http://www.pkc.gov.lv/images/vald%C4%ABbas\\_deklar%C4%81cijas/2016/20160210\\_MKucinskis\\_vald\\_prior\\_GALA\\_VERS.pdf](http://www.pkc.gov.lv/images/vald%C4%ABbas_deklar%C4%81cijas/2016/20160210_MKucinskis_vald_prior_GALA_VERS.pdf)

36 Likumi.lv, Ministru kabineta rīkojums Nr. 249 "Par Latvijas preču un pakalpojumu eksporta veicināšanas un ārvalstu investīciju piesaistes pamatnostādņem 2013.-2019. gadam" (Rīgā 2013.gada 17.jūnijā (prot. Nr.32 63.§)), <http://likumi.lv/doc.php?id=257597>

Professionals from the national priority business sectors with experience in the US market should be chosen as representatives. Consideration is also needed on how to intensify Latvia's exports to the US. There is certainly the potential for Latvian businesses, but this is not an easy task and would require most cases to have a tailored approach to entrepreneurs. Most companies have to overcome several barriers faced, e.g. access to export finance, lack of up-to-date data, insufficient knowledge, inadequately trained staff, and difficulty in identifying and getting in touch with potential clients etc.<sup>37</sup> To handle these issues related to trade promotion with the US, private and public sectors should provide Latvian companies with mentoring services, tailored advice and personalized follow-ups or coaching. Such activities and support would provide a certain boost and knowledge to Latvian companies who are capable of exporting their products or services to the US.

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37 European Economic and Social Committee, "TTIP and its impact on SMEs", Opinion, Brussels, 1-2 July 2015, REX/433-EESC-2015-00561-00-00AC-TRA (FR), 8, <http://www.eesc.europa.eu/?i=portal.en.rex-opinions.35345>



# TTIP on the Horizon: A View on the Prospects for Developing Economic Relations between the US and Latvia

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Liga Smildzina-Bertulsona

## Current Trade and Investment: Untapped Potential

Latvia's trade with the US has expanded tremendously over the last decade, however, there still remains much to be done in order to realize the full potential of bilateral trade. Although Latvia enjoys a very strong relationship with the US generally, there is room for improvement in developing a much stronger and closer economic relationship than there is at present. This article focuses on the four following pillars: the current trade and investment relationship, previous efforts made towards improving bilateral trade, some major advantages and challenges of Latvia's investment climate, and finally, the impact of the Transatlantic Trade and Investment Partnership Agreement, known as TTIP.

The latest data on bilateral trade attests to continuous improvement. According to the Central Statistical Bureau of Latvia, in 2015 the total bilateral trade of goods and services amounted to US\$ 409.8 million ranking the United States as Latvia's nineteenth trading partner. The trade balance is positive with US\$ 66.7 million. The total export of Latvian goods and services to the US shows a promising trend: it is worth US\$ 238.3 million, increasing 8.6 percent from US\$ 219.4 million in 2010, and 18 percent year-on-year in 2015. However, exports to the US only amount to 1.5 percent of Latvia's total exports. Imports from the US have increased by 23 percent compared with 2014, reaching US\$ 171.6 million.

Latvia's bilateral trade of goods with the US continues to increase, growing steadily by 24.63 percent or US\$ 31.6 million in 2015 year-on-year. The main export goods from Latvia to the US were machinery, mechanical and electrical equipment (34.32 percent), and a variety of industrial supplies, textile, wood and food



(16 percent). The main import goods from the US also included machinery, mechanical and electrical equipment (41.33 percent), optical devices, medical equipment, clocks and musical instruments (12.93 percent) and vehicles (11.24 percent). The main export services were IT services, transport and tourism.

Even more importantly, the US ranks as the ninth largest investor in Latvia, if we consider the US\$ 339.7 million accumulated FDI in share capital of companies this year (reducing by 1.8 percent). Latvian FDI in the US has increased by almost 290 percent and now stands at US\$ 11.9 million. The majority of US investment in Latvia lies in sectors including real estate, manufacturing, tourism, transport and logistics, consulting and financial services.

At the same time, statistical data and surveys of Latvian companies indicate there is significant room for improvement of bilateral trade and investment. In sharp contrast, the economic relationship between the EU and the US is the largest and strongest in the world accounting for about half of the global GDP. The value of goods and services that cross the Atlantic Ocean amounts to US\$ 544 billion per year.<sup>38</sup> If Latvia could reach even 0.5 percent of this EU-US trade value, its trade with the US would be 11 times larger than it is currently.

## **A Trade Office as a Tool would Expand Latvia's Economic Potential**

Although the US is viewed as a high-priority country for attracting FDI to Latvia, after the closure of the previous economic representation office located in Washington, DC, in 2009, further progress has not been made.<sup>39</sup> For Latvia to tap into the immense potential of unparalleled EU-US trade and investment

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38 Paper of the American Chamber of Commerce in Latvia "Expand Latvia's potential in the largest market of the world" (November 2015), European Commission, Directorate General for Trade, "European Union, Trade in Goods with USA" (2015), [http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc\\_113465.pdf](http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113465.pdf)

39 Latvijas Republikas Ekonomikas ministrija, "Latvijas preču un pakalpojumu eksporta veicināšanas un ārvalstu investīciju piesaistes pamatnostādnes 2013.-2019. gadam" [Guidelines on Promoting Exports of Latvian Goods and Services and Attracting Foreign Investments for 2013-2019] (2013), 22, <http://polsis.mk.gov.lv/view.do?id=4376>

flow, it should be better represented in the United States. In comparison with neighboring Estonia and Lithuania, who have trade offices in one or more states in the US, Latvia has no trade office after the previous one was closed down in 2009. Enterprise Estonia has a branch in Silicon Valley, CA while Enterprise Lithuania has two offices in Chicago, Illinois, and San Francisco, CA. In 2015, Lithuania and Estonia exported significantly more goods than Latvia to the US: Lithuania – US\$ 1057.8 million, Estonia – US\$ 501.1 million and Latvia – US\$ 302 million.<sup>40</sup>

There is a lack of effective institutional support available for Latvian companies interested in exporting to the US, except for the Embassy of Latvia in the US, which provides general information about economic development and cooperation between the two countries. To that end, Latvia has one of the lowest trade volumes among the 28 European Union countries, except for Malta and Cyprus. Establishing a permanent representation office of Latvia in the United States is critical to enhance economic development, promote and expand Latvian exports, increase the number of Latvian-based companies doing business in this country and to attract more American investment to Latvia. A permanent economic representation would serve as a point of contact for Latvian and US businesspeople offering useful information on market opportunities in the US and serving as a platform for connecting businesses and business organizations. The main responsibilities of such an office should include (but not be limited to) analyzing US market segments, providing commercial information, providing business consultations about the business environment, offering information on trade shows and workshops etc. If such a trade office were established, it would have to be efficient and bring results.

Understanding that companies operate in a free market, some of them with their own resources and huge determination may succeed in the US market, even under the current circumstances. However, due to numerous challenges like distance, delivery, logistics, different sales and marketing strategies, Latvian companies would greatly benefit from regular access to business advice and expertise, providing them with critical business information, market analysis, and information on how to participate in relevant trade

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40 U.S. Census Bureau, Foreign Trade, "Trade in Goods with Latvia", 2015, <https://www.census.gov/foreign-trade/balance/c4490.html>

shows and exhibitions. Therefore, in March 2016, AmCham Latvia together with the Latvian Chamber of Commerce and Industry jointly established a program entitled *Gateway to the USA*, aimed at developing and expanding connections between businesses in Latvia and business representatives in the United States. It is tailored to the needs of individual companies, members of AmCham and LCCI. The program will identify business representatives in the US willing to be added to the business contact network, to provide their expertise to Latvian companies seeking to start or expand their business in the US.<sup>41</sup>

As existing trade volumes show, a permanent representation office of Latvia in the US is a necessity in order to strengthen and develop bilateral economic relations, particularly at a time of uncertainty in other markets where Latvia historically has had the strongest presence.

## **How Favorable Is Latvia's Climate for Attracting American Investment?**

In terms of investment, US investors like many other foreign ones, consider a number of factors before deciding where to place their investments. Generally, Latvia enjoys a favorable business environment among many other EU countries. In the World Bank's annual survey for the Ease of Doing Business<sup>42</sup> 13 European economies ranked among the top 25 most attractive in the world, including Latvia who ranked twenty-second among 189 economies. According to the data, Latvia should be a very attractive nation to US companies. Why then haven't American investments increased significantly over the last decade? First, and foremost, there is very limited knowledge about the advantages of Latvia in the US, which has a lot to do with existing investment and trade relations between the two countries, including the lack of a targeted, strategic investor approach and the existing investment environment in Latvia, which is the biggest impediment for many potential investors to select Latvia over other larger EU countries.

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41 The American Chamber of Commerce in Latvia, "Encouraging Latvian Companies to do Business in the USA", 25.02.2016, [http://www.amcham.lv/data/News/Gateway%20to%20USA\\_Guidelines.pdf](http://www.amcham.lv/data/News/Gateway%20to%20USA_Guidelines.pdf)

42 World Bank Group, "Doing Business 2016", <http://www.doingbusiness.org/rankings>

Last year AmCham, together with many other foreign chambers in Latvia, participated in the Investor Sentiment Index<sup>43</sup> to assess national competitiveness and attractiveness to potential investors. The research was done by conducting a qualitative survey of 28 existing foreign investors, including three American investors. The surveyed American investors were generally pleased with their decision to work in Latvia, but none of them admitted a willingness to increase their investments in coming years. The main obstacle, in their view, is negative demographic development, a very small market and a shrinking pool of qualitative labor. Other factors include the lack of consistency and the amount of the so-called “shadow economy”. Among the favorable factors for investing in Latvia, leaders of American companies mentioned competitive and relatively low labor costs as well as an increased focus on applying technology and innovation. The main limitation for increasing investments, however, remains the lack of qualified labor, particularly, people with technical skills. As a small country, Latvia is very dependent on external factors and geopolitical conditions which influences its economic growth potential.

The Global Competitiveness Report,<sup>44</sup> which assesses the competitiveness of 140 countries, measures competitiveness based on three principal policy domains and 12 sub-pillars: 1) basic requirements, including infrastructure, institutions, policies and a macroeconomic environment; 2) efficiency requirements, such as education and training, market efficiency, labor market efficiency, financial market development, market size and technology maturity; 3) innovation requirements, including business sophistication and innovation. Latvia ranks forty-fourth in this year’s report, down two places from 2014-2015. Generally, Latvia has made real progress in increasing its competitiveness. The largest gaps for further increasing competitiveness are among the sub-pillars of business – sophistication and innovation.

In order to become more successful in building closer business ties with the US, Latvia should pursue a much more strategic approach. By better coordinating efforts of the public and

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43 Stockholm School of Economics in Riga, “FICIL Sentiment Index 2015”, September 2015, <http://www.ficil.lv/f/FICIL%20Sentiment%20Index%20Report%202015.pdf>

44 The World Economic Forum, “The Global Competitiveness Report 2015-2016”, <http://reports.weforum.org/global-competitiveness-report-2015-2016>

private sector, Latvia could increase its visibility to potential investors, future customers and business partners. Latvia has a lot of positive factors to promote –infrastructure; the short time required to start a business; a skilled, efficient and multilingual labor force; geostrategic location, and a good quality of life based on similar and familiar values to citizens of the US.

### **TTIP: An Ambitious Free Trade Agreement to Enhance Bilateral Trade**

There is a large potential for bilateral trade to grow, due to factors such as uncertainty in other markets that Latvia has historically traded with, the improved competitiveness of Latvian companies and favorable prospects for the upcoming Transatlantic Trade and Investment Partnership (TTIP) agreement, which is currently being negotiated between the EU and US. The TTIP would offer many benefits – from the removal of tariff and non-tariff barriers to many unnecessary red tape formalities which seriously impede the export of SMEs' goods and services today. Trade between our economies is already well integrated: the transatlantic relationship today accounts for one-third of world trade in goods and services and half of the global economic output. It sustains about 15 million jobs on both sides of the Atlantic.

According to a recent study commissioned by AmCham EU,<sup>45</sup> Latvia's exports to the US could increase by 15 percent after the signing of the TTIP (different sources quote 11.7 percent<sup>46</sup>). The TTIP is said to contribute to additional income, higher wages, more investments and lower prices for consumers. Latvia's GDP is expected to increase permanently by 0.4 percent and consumer prices are expected to reduce by 0.2 percent as a result of the agreement. In terms of sectors, the manufacturing, machinery, water and air transport sectors would grow the most, but motor vehicle production may decline. Exports are expected to increase most in the processed foods sector, by US\$ 38.1 million. The study reveals that the anticipated effects from the TTIP

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45 World Trade Institute 2016, "TTIP and the EU Member States" (Bern: University of Bern, January 2016), 108.

46 ECORYS, "Draft Interim Technical Report Published Online", <http://www.trade-sia.com/ttip/draft-interim-technical-report-published-online/>

would be additional income and higher wages, more investments and lower prices.<sup>47</sup> Specifically, prices for motor vehicles would go down by 2.2 percent and transport equipment by 0.5 percent.

Here are five possible ways in which Latvia may benefit from the TTIP:

- The TTIP would increase bilateral trade between the two countries. Latvia would become a more attractive investment destination for the United States looking to invest in a predictable business environment with relatively low labour costs, a favourable infrastructure and logistics. In terms of exports, the TTIP aims to eliminate double tariffs, and align different technical standards. A reduction of bureaucratic procedures would stimulate Latvian producers to create products with higher added value.
- If the trade barriers that exist today were removed, estimates predict that trade and investment between Latvia and the United States would considerably increase. The elimination of tariff and non-tariff barriers would positively impact on Latvian companies. Although current tariffs are not high (on average 4.8 percent in the US and 6.7 percent in the EU),<sup>48</sup> total elimination would allow companies to expand their business into high tariff sectors such as food processing, textile, manufactures and machinery.
- Small and medium-sized businesses (SMEs) and members of supply chains would gain the most. Latvia as a country of SMEs would definitely benefit as many are already part of the supply chains of larger companies in the EU that trade with the US directly.

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47 Daniel S. Hamilton and Joseph P. Quinlan, "The Transatlantic Economy 2016", Center for Transatlantic Relations, Johns Hopkins University, Paul H. Nitze School of Advanced International Studies (2016), 109, <http://www.transatlanticbusiness.org/wp-content/uploads/2014/05/160301-TAE-FULL-BOOK.pdf>

48 Fredrik Erixon, "Transatlantic Free Trade: An Agenda for Jobs, Growth and Global Trade Leadership" (Wilfried Martens Centre for European Studies, May 2012), <http://www.martenscentre.eu/publications/transatlantic-free-trade-agenda-jobs-growth-and-global-trade-leadership>

- The majority of companies in the US and EU are considered to be SMEs. The TTIP is expected to eliminate a duplication of certification and fees which currently impede many SMEs from doing business overseas. For 25 EU Member States considered in the AmCham EU's study, the majority of firms exporting to the US are SMEs. While the majority of these SMEs belong to larger EU states, in relative terms the behavior of smaller firms is also very important for smaller EU states. In fact, in eight Member States, SMEs accounted for 90 percent or more of the total number of exporting enterprises. By value, in nine Member States, SMEs accounted for more than a third of total export value to the US, including Latvia,<sup>49</sup> where SMEs accounted for more than 50 percent of the total export value.
- Consumers would enjoy lower prices, greater choice and higher standards. Although myths about the lowering of standards have been somewhat prevalent in the debate about the TTIP, it is not expected to lower any existing EU standards. The TTIP is expected to harmonize different standards, but not reduce them. Consumers would receive access to a wider choice of products and services in numerous sectors as a result of the reduction of costs due to the lack of double certification and testing. Competitiveness among companies is expected to become more severe, which should in turn increase their productivity.
- Strengthen the US and the EU's role globally and reduce geopolitical risks. The EU and the US share many common values such as democracy, human rights and the rule of law. Increased economic partnerships would strengthen these values and would set a new standard for upcoming free trade agreements between countries in the future. If concluded and ratified, the TTIP would be a major global game-changer with an enormous impact on geopolitics, strengthening economic security for many countries in the EU, including Latvia.

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49 European Commission, Report "Small and Medium Sized Enterprises and the Transatlantic Trade and Investment Partnership" (2015), 5, [http://trade.ec.europa.eu/doclib/docs/2015/april/tradoc\\_153348.pdf](http://trade.ec.europa.eu/doclib/docs/2015/april/tradoc_153348.pdf)

While the TTIP should largely have a positive impact on Latvia's economy, the most challenging would be the necessity to increase the competitiveness of companies who would encounter more severe competition than before. In order to benefit from the TTIP, Latvian companies would be forced to increase their competitiveness. Hence, the economic impact for Latvia is still to be evaluated depending on the details of the final agreement.

AmChams across Europe, including AmCham in Latvia, have repeatedly extended their support for the conclusion of an ambitious trade agreement, which would not only eliminate tariffs, but would remove regulatory barriers that prohibit many companies, especially small and medium-sized enterprises, from doing business across the Atlantic. There is immense potential for increased trade between Latvia and the United States and the proposed TTIP could help expand it even more.

## **Conclusions**

Economic relations between Latvia and the USA have come a long way. The dynamics have been steady and reflect a generally positive outlook. AmCham Latvia recognizes and applauds the efforts of both sides to further develop and expand the existing relationship.

But how can we enhance and increase the current economic relationship? Over the course of the past year AmCham has urged the government of Latvia to consider the establishment of a permanent trade office in the United States, believing such action to be critical to promote bilateral trade and increase inbound and outbound investments. The joint program of AmCham and LCCI Gateway to the USA aims to assist in building and maintaining commercial ties between businesses in Latvia and professionals and businesses in the US. Many organizations such as AmCham and LCCI stand ready to engage in dialogue with various stakeholders to facilitate the future development of a Latvia-US economic relationship. Better coordination between the government and private sector would be beneficial in order to succeed, and a more strategic and pro-active approach would be highly advisable to avoid missing out on the chance to tap into the largest trade flow in the world. The United States is a vast and significant market, whose appeal will increase even more once the TTIP is concluded.





# Latvia and the United States: Working Together to Strengthen European Energy Security

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**Kristine Berzina**

This is a unique moment in the energy trajectories of Latvia and the United States, and strategic cooperation between Latvia and the United States is growing. The United States is using its newfound status as an oil and gas superpower to strengthen its foreign policy influence. It relies on its allies in the EU, including Latvia, to bolster the energy security of Ukraine and other countries in the European Union's neighborhood. Latvia meanwhile is maturing as an architect of EU energy policy and undergoing reforms to become a regional energy hub. Latvia benefits from the encouragement of the United States in undertaking difficult energy sector reforms. Latvia also relies on US political support on international energy issues when EU opinion is divided, as in the case of the Nord Stream 2 pipeline.

The United States is interested in a unified and secure European energy system, and the EU's vulnerability to energy supply interruptions is a concern in the wake of increased tensions with Russia. The US and Latvia are partners on European energy issues, speaking with a common voice on questions about pipelines and security from Ukraine to the Baltic Sea.

Domestic energy developments in Latvia are important to the United States. Latvia's complete reliance on Russian natural gas puts it at risk with price and supply manipulations. As a result the United States has engaged Latvia's political leaders in frequent discussions on energy market reforms and strategy throughout the past four years. Opening Latvia's natural gas market to new suppliers is a politically fraught process, and US support can help Latvia's political leaders make tough reforms.

The United States is growing more interested in the Baltic States' energy market for business reasons as well. In 2016

the United States began exporting liquefied natural gas for the first time. If Latvia enacts energy market reforms, and if market conditions are right, American natural gas could reach Latvian consumers and heat homes from Riga to Daugavpils.

Increasingly, the United States is seeking to eliminate trade barriers in order improve future cooperation. The Transatlantic Trade and Investment Partnership (TTIP), which is being negotiated between the European Union and the US, would ease legal restrictions on direct natural gas trade between the two political blocs.

This chapter first explores the growing cooperation between the US and EU on energy security and diplomacy. It then discusses bilateral energy cooperation between the US and Latvia on European and domestic energy issues. Lastly, the chapter looks forward towards the possible effects of the TTIP on energy cooperation.

## **Energy Diplomacy Cooperation in Europe's East**

Over the past four years the role of energy in US foreign policy has grown significantly. Whereas the United States was once defined by its role as an energy importer, the shale gas boom turned the US into a superpower. In 2009 the United States for the first time surpassed Russia to become the world's top natural gas producer.<sup>50</sup> Just last year, the United States surpassed both Russia and Saudi Arabia in oil production.<sup>51</sup> As a reflection of its new clout in the energy sector, the US has also elevated the role of energy at the State Department.

In late 2011 Secretary of State Hillary Clinton opened a new Bureau of Energy Resources at the Department of State. The unit has more than 85 staff, and guides US diplomacy on energy issues around the world. In Europe in particular, Secretary Clinton explained, the Bureau is “helping to promote competition and prevent monopolies”.

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50 “BP Statistical Review of World Energy June 2015”, 64th Edition (London: BP, 2015), <http://www.bp.com/content/dam/bp/pdf/energy-economics/statistical-review-2015/bp-statistical-review-of-world-energy-2015-full-report.pdf>

51 Rakteem Katakey, “US Ousts Russia as Top World Oil, Gas Producer in BP Data”, *Bloomberg*, June 10, 2015, <http://www.bloomberg.com/news/articles/2015-06-10/u-s-ousts-russia-as-world-s-top-oil-gas-producer-in-bp-report>

The new US approach to energy diplomacy emphasizes the security aspects of energy. According to Secretary Clinton, “It’s not just a matter of economic competition, as important as that is. It’s also a matter of national and international security.” The United States has fostered the development of pipelines and other infrastructure to improve Europe’s energy security. “For decades, many European nations received much of their natural gas via pipeline from one country: Russia. [...] Anywhere in the world, when one nation is overly dependent on another for its energy, that can jeopardize its political and economic independence. It can make a country vulnerable to threats and coercion.”<sup>52</sup>

The intersection of energy and political vulnerability has been especially worrying in Ukraine. Ukraine is a transit country for Russian gas. Gas stopped flowing across Ukraine in 2006 and 2009 because of pricing disputes, leading to a freezing of conditions down the pipeline in Central Europe. In 2014 military conflict between Ukraine and Russia stopped gas flows again.

Over the past few years Latvia and the United States have sought to help Ukraine. Ukraine was a major focus of Latvia’s foreign policy in 2014 and 2015, and Latvia supported Ukraine in its reforms through the EU and bilaterally. Fearing a return to freezing and dark conditions, the European Union took on the leading role of negotiating a new gas contract between Ukraine and Russia. Bilaterally Latvia provided assistance in combatting corruption.<sup>53</sup> The United States has also played a critical part in Ukraine’s energy security. The US State Department and the Department of Energy have advised Ukraine on how to undergo energy reforms through the United States – Ukraine Energy Security Working Group. The dialogue, which had its fifth iteration in July 2015, focused on the diversification of energy sources and routes of natural gas.<sup>54</sup>

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52 Hillary Rodham Clinton, “Energy Diplomacy in the 21st Century” (Remarks, Georgetown University, Washington, DC, October 18, 2012), <http://www.state.gov/secretary/20092013clinton/rm/2012/10/199330.htm>

53 Vita Anstrate, “Speciāli no Kijevas: Latvija palīdz Ukrainai reformās un atbalsta karā cietušos,” *Latvijas Sabiedriskie mediji*, August 5, 2015, <http://www.lsm.lv/lv/raksts/arzemes/zinas/speciali-no-kijevas-latvija-palidz-ukrainai-reformas-un-atbalsta-kara-cietusos.a140150/>

54 US Department of State, “United States – Ukraine Energy Security Working Group” (Media Note, Office of the Spokesperson, Washington, DC, July 14, 2015), <http://www.state.gov/r/pa/prs/ps/2015/07/244892.htm>

Conflicts in Crimea and Eastern Ukraine have led to unprecedented cooperation between the EU and US on energy diplomacy. The United States and EU responded to Russian actions in Ukraine with sanctions against Russia, including against Russia's oil sector. Sanctions restricted access to capital and new technologies necessary for Arctic and shale exploration. Latvia, as a member of the EU, stood hand in hand with the United States in instituting sanctions and arguing for a united Western front against Russian aggression in Ukraine.

The United States and the European Union have used their common stance on energy to rally the global community around improving energy practices. In May 2014, the transformed G7 (without Russia) made new commitments on energy issues. The G7 energy ministers pledged to “address energy security challenges,” and insisted “energy should not be used as a means of political coercion nor as a threat to security. Energy disputes should be solved through dialogue based on reciprocity, transparency and continued cooperation.” In addition to addressing political measures for improving gas supply security, the G7's energy work decided to provide technical assistance to countries developing domestic hydrocarbon and renewable energy sources and improving energy efficiency.<sup>55</sup>

## **Cooperation for Europe's Energy Security**

After the conflict in Ukraine, the European Union needed to overhaul its energy system to address its energy security vulnerabilities. The European Union's energy markets were fragmented, and many Member States were unable to share natural gas and electricity across borders. A new political project – an EU Energy Union – was needed to harness enough support for the broad range of tasks required. The Energy Union seeks to help the EU address supply security, complete the EU internal energy market, improve energy efficiency, reduce emissions and promote growth and innovation in the energy sector.

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55 European Commission, “G7 Rome Energy Ministerial Meeting, Rome G7 Initiative for Energy Security: Joint Statement” (Press Release, Rome, May 6, 2014), [http://europa.eu/rapid/press-release\\_IP-14-530\\_en.htm](http://europa.eu/rapid/press-release_IP-14-530_en.htm)

Latvia played a critical role in the launch of the EU Energy Union. During the first half of 2015, Latvia held the rotating EU presidency. Rather than simply receiving policy directives from Brussels, Latvia fostered the creation of new EU energy policies. The first public plans for the Energy Union emerged in Riga in January 2015. And as with many energy issues, the EU sought US support in the creation of the Energy Union. Deputy Assistant Secretary for Energy Diplomacy Robin Dunnigan inaugurated the conference alongside EU leaders.

Robin Dunnigan addressed why a US official should be at a European energy conference by saying: “I think the real fundamental fact here, and something that we have said over and over again, is that European energy security is absolutely fundamental to the United States national security and to our foreign policy.” She also addressed the need for support that goes beyond diplomacy. The United States and Europe need to “share not only diplomatic engagement but also best practices and research and technology.”<sup>56</sup>

The United States and Latvia cooperate through large EU-US discussions on European energy issues, but the countries also cooperate outside of EU initiatives. The United States and Latvia often hold similar positions when there is discord among EU Member States. Europe is currently divided on whether to build a new gas pipeline to Russia. In 2015 Gazprom and five European energy companies (E.ON, Wintershall, Shell, OMV, and Engie) decided to build a new natural gas pipeline from Russia to Germany. The new pipeline – Nord Stream 2 – would run parallel to an existing natural gas pipeline under the Baltic Sea and would expand the EU-Russia gas relationship. The pipeline provides additional gas to Western Europe, leading Germany to back it as a commercial project. But others see the pipeline as a method for allowing Russia to shift away from sending gas across Eastern Europe, and Ukraine in particular.<sup>57</sup>

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56 Robin Dunnigan, Remarks on “Broader Landscape for the European Energy Union” (The Energy Union Conference, Riga, Latvia, February 6, 2015), [https://www.youtube.com/watch?v=ImHOU8qOfA8&list=PLodeDt40MJHIe2SMtFwTmOzRB34HAy\\_zg&index=2&nohtml5=False](https://www.youtube.com/watch?v=ImHOU8qOfA8&list=PLodeDt40MJHIe2SMtFwTmOzRB34HAy_zg&index=2&nohtml5=False)

57 Judy Dempsey, “Germany, Dump Nord Stream 2”, Judy Dempsey’s *Strategic Europe*, Carnegie Europe, 25.01.2016., <http://carnegieeurope.eu/strategiceurope/?fa=62567>

Latvia joined seven other EU Member States and the United States in denouncing the new project. In a March 2016 letter to European Commission President Jean-Claude Juncker, eight Central and Eastern European Member States opposed the new pipeline and argued it could create “potentially destabilising geopolitical consequences.”<sup>58</sup> Washington agrees. Amos Hochstein, the US State Department’s Special Envoy for International Energy Affairs has argued that Nord Stream 2 is a bad idea for Europe. “Nobody spends money building pipelines in a low-oil environment when you already have a pipeline that works just fine. That’s not a commercial deal. That’s a political deal – and a bad one.”<sup>59</sup> Low oil prices have made gas cheaper around the world, because most gas supply contracts peg prices to the oil price.

US support for Latvia’s position on Nord Stream 2 is important. An ally in DC can help Latvia’s message be heard in Europe. Already US ambassador to Germany, John Emerson, has acknowledged other EU states “are getting pretty vocal about the fact that the implications are much bigger than just Russia-Germany,” and that US will “continue to push our concerns about Nord Stream both at the EU level and with Germany”.<sup>60</sup> This is invaluable assistance as Latvia increases its involvement in European energy matters.

## Latvia’s Energy Reforms

Energy cooperation between the US and Latvia is not only important for matters of European or transatlantic importance. Cooperation is crucial for Latvia’s own domestic energy reforms. Since 2012, numerous high-level meetings between US and Latvian officials have addressed Latvia’s energy sector. Conversations between US Secretary of State John Kerry and Latvian’s

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58 Andrius Sytas, “EU Leaders Sign Letter Objecting to Nord Stream-2 Gas Link”, *Reuters*, March 16, 2016., <http://uk.reuters.com/article/uk-eu-energy-nordstream-idUKKCN0W11YV>

59 Anca Gurzu and Joseph J. Schatz, “Great Northern Gas War: Gazprom Project Worries the US and Divides Europe,” *Politico*, February 17, 2016, <http://www.politico.eu/article/the-great-northern-gas-war-nordstream-pipeline-gazprom-putin-ukraine-russia/>

60 *Ibid.*

Minister of Foreign Affairs Edgars Rinkēvičs, as well as meetings between US Secretary of Energy Ernie Moniz and Latvia's Minister of Economics Dana Reizniece-Ozola, have focused on Latvia's adoption of the European Union's energy regulations, the country's energy interconnections with its neighbors, and efforts to open Latvia's gas market to new suppliers such as Norway or the United States.

The United States has had reason to be concerned about Latvia's energy sector. Latvia is one of six EU countries exclusively dependent on Russia for natural gas, and there are legal and physical barriers to improving Latvia's energy security. Latvia has relied exclusively on Russia for its natural gas supplies since Soviet days, and the integration of Latvia's energy system into the European Union's networks is proceeding slowly. Relying on a single supplier makes Latvia vulnerable to supply interruptions, price fluctuations, and political interference. More secure energy sources would make Latvia a more independent and resilient strategic partner.

The United States is helping Latvia address energy security challenges. Latvia still has a monopoly gas company that is half owned by Russian energy actors – Gazprom and Itera. The EU has legislation in place to change this, and Latvia must implement it by 2017. Under the EU's Third Energy Package different legal entities must control the production, transmission, and distribution of energy. Although the Latvian political and business establishment has known since 2011 that gas business needs to change, the process for enacting reforms has been politically difficult. Support from the United States has made the process easier, but further assistance from the US will be helpful.

Latvijas Gāze, the monopoly gas company, has controlled Latvia's gas imports, storage, transmission, and distribution for nearly twenty years. Business has been good – for the past two years the company has earned more than €30 million in profits.<sup>61</sup> The company has the exclusive right to operate strategic energy storage infrastructure. The largest natural gas storage facility in the Baltic States is an underground storage site at Inčukalns. This facility ensures that adequate gas is available in the three Baltic

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61 LETA, ““Latvijas Gāze” pērn nopelnījusi 30,5 miljonus eiro”, *Delfi Bizness*, February 26, 2016., <http://www.delfi.lv/bizness/uznemumi/latvijas-gaze-pern-nopelnijusi-30-5-miljonus-eiro.d?id=47117615>



States and even Western Russia in winter. Neighboring Lithuania has been eager to gain access to the facility in order to store gas imported through the country's liquefied natural gas terminal but has not received access. Latvijas Gāze also operates important pipelines needed to transport gas across the country. Lithuania's Litgas wants to sell gas to Latvia's largest utility, Latvenergo, but Latvijas Gāze has been reluctant to grant access to the transmission infrastructure.<sup>62</sup> In addition to blocking such regional cooperation efforts, Latvijas Gāze has been fighting the reform process and heavily lobbying for gas liberalization to be stopped.

Government leaders wanting changes in the energy sector needed an additional push – the support of the United States – for reforms to go through. In July 2015 Latvia's Minister for Economics Dana Reizniece-Ozola visited the United States to secure political support for enacting energy sector reforms. As the minister explains: "The US is known to be our strategic partner. The aim of [my visit to the US] was to make them our strategic partner also in the energy sector. We are actively working now on opening our gas market. My intention, as I went to the US, was to secure political support for the opening of the gas market because this is not an easy process here, so support from the public and strategic partners can help with the adoption of the legislative package by the government and parliament."<sup>63</sup>

The Latvian parliament passed the gas market reforms in February 2016, but that does not mean all energy issues will be resolved. The law requires Latvijas Gāze to create a separate legal entity by April 2017 that will oversee gas transmission and storage. By the end of 2017 that new company will need to be sold to new owners wholly independent from Latvijas Gāze. The new operators of the transmission and storage company will be essential players in the energy security of the Baltic States, and Latvia will need the support of the EU and the United States for the new company to meet its full potential.

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62 BNS, "Gāzes piegādes no Lietuvas: regulators sāk lietu pret "Latvijas Gāzi"", *Delfi Bizness*, March 17, 2016., <http://www.delfi.lv/bizness/uznemumi/gazes-piegades-no-lietuvas-regulators-sak-lietu-pret-latvijas-gazi.d?id=47197969>; BC, "Regulator Launches Administrative Case Against Latvijas Gaze," *Baltic Course*, March 17, 2016, <http://www.baltic-course.com/eng/energy/?doc=118297>

63 BNS, "US Interested in Baltic Energy Sector; Might Supply Gas", *Latvian News Service*, July 31, 2015, <http://www.bns.lv/en/topic/1905/news/49828169/>

The new gas storage and transmission company could reorient Latvia's gas sector to serve as a hub for natural gas coming from Russia and Lithuania's liquefied natural gas (LNG) terminal. The Inčukalns facility can store gas that can be distributed to countries around the region. Senior US diplomat Robin Dunnigan supported the idea of regional cooperation at the 2015 Riga EU Energy Union Conference. "It is clear that Estonia, Latvia, and Lithuania understand and are working toward the need to really implement the idea of regional energy integration. Working together we can take our strengths, an LNG terminal in one country, storage facilities in another, interconnections up to Finland on the Estonia end, and with the right interconnections, the gas market can be an integrated, functioning market."<sup>64</sup>

For that to happen, the new company needs to focus on its European role. Latvia's Minister of Economics Arvils Ašeradens suggested the Latvian state and a new European investor in Latvijas Gāze – the Marguerite Fund – could purchase the transmission and storage business and operate the new company.<sup>65</sup> The Marguerite Fund is a European fund for infrastructure that purchased 28.97 percent of Latvijas Gāze in early 2016. It invests in energy, transport and renewable infrastructure projects and is financed by six European banks along with the European Commission. Once the right company is in place, Latvia will still need additional sources of gas.

## US Natural Gas for Latvia

The United States could be a partner for Latvia by providing American LNG. In this way the United States' political support for liberalizing Latvia's energy market could also offer business opportunities. Direct trade with the United States would align strategic and economic objectives in the region.

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64 Robin Dunnigan, Remarks on "Broader Landscape for the European Energy Union".

65 LSM, "Ministrs: Valsts kopā ar "Marguerite" fondu varētu iegādāties nodalīto gāzes uzņēmumu", *Latvijas Sabiedriskie mediji*, March 15, 2016., <http://www.lsm.lv/lv/raksts/ekonomika/zinas/ministrs-valsts-kopa-ar-marguerite-fondu-varetu-iegadaties-nodalito-gazes-uznemumu.a173693/>

In 2016 the United States became an exporter of liquefied natural gas (LNG). Latvia does not have an LNG import terminal but the country could obtain new sources of gas through an import terminal in neighboring Lithuania. At present Lithuania's import terminal purchases gas from Norway's Statoil, but Lithuania is primed to receive American LNG. Litgas, the Lithuanian gas importer, signed a contract with Cheniere Energy last year.<sup>66</sup> And the main Latvian utility – Latvenergo – would like to buy gas from Litgas to heat Riga. Once American gas molecules arrive in Lithuania, the citizens of Riga may be able to directly feel the influence of Latvian-US energy relations in their radiators.

Latvian political leaders have visited the first US LNG export terminal in Sabine Pass, Louisiana and discussed new business ties with US energy companies. In 2015, Dana Reizniece-Ozola, the Minister of Economics, met with Cheniere, Delfin LNG, Magnolia, Texas LNG, Freeport LNG and Excelerate Energy. The Minister reported afterwards that the companies “would be interested in supplying gas to Europe, including the Baltic region” and that they could even sell gas at lower prices than those charged by Latvijas Gāze.<sup>67</sup> In 2014 Prime Minister Laimdota Straujuma also found US companies interested in doing business in Latvia.<sup>68</sup>

Although Latvian and American politicians are in favor of new gas trading between the two countries, the feasibility of American gas in Latvia depends on market conditions. The low global price of oil and gas in early 2016 is slowing the momentum for US gas production and could put large shipments of US LNG to Europe in doubt in the short term. Still, even small volumes of gas would be significant for Latvia's energy security. The Wall

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66 Georgi Kantchev, “With US Gas, Europe Seeks Escape From Russia's Energy Grip,” *The Wall Street Journal*, February 25, 2016, <http://www.wsj.com/articles/europes-escape-from-russian-energy-grip-u-s-gas-1456456892>

67 BNS, “US Interested in Baltic Energy Sector; Might Supply Gas”.

LSM, “Minister Heads Stateside in Search of Gas”, *Latvijas Sabiedriskie mediji*, July 15, 2015., <http://www.lsm.lv/en/article/economics/economy/minister-heads-stateside-in-search-of-gas.a137760/>

68 LSM, “Straujuma: ASV varētu piegādāt gāzi Latvijai un tā būtu lētāka nekā no Krievijas”, *Latvijas Sabiedriskie mediji*, May 6, 2014, [http://www.lsm.lv/lv/raksts/ekonomika/zinas/straujuma-asv-varetu-piegadat-gazi-latvijai-un-ta-butu-leta-ka-ne.a84608/](http://www.lsm.lv/lv/raksts/ekonomika/zinas/straujuma-asv-varetu-piegadat-gazi-latvijai-un-ta-butu-leta-ka-neka-ne.a84608/)

Street Journal argues that even small volumes of cheap American LNG could change the gas market in the EU.<sup>69</sup>

The full extent of future gas trade between the US and Latvia also depends on trade negotiations between the United States and the European Union. US law stipulates that gas exports to countries with which it has not signed a free trade agreement must be reviewed and approved on a case-by-case basis. Already eight projects have been approved, but dozens more have applied.<sup>70</sup> These restrictions could fall if the TTIP were passed. As a free trade agreement, the TTIP would green-light LNG exports to EU countries. In addition, the TTIP could also provide additional political support for EU energy security. The European Union would like a chapter on energy to be included in the agreement in order to emphasize the strategic importance of energy to transatlantic partners.<sup>71</sup> It remains to be seen whether the final agreement with an energy profile is seen in such a manner.

## Moving Forward

Both Latvia and the United States are at a turning point in their energy sectors and can continue to benefit greatly from mutual cooperation. The United States is on the brink of becoming a major liquefied natural gas exporter and can offer guidance to other countries on energy issues. At the same time, it needs the help of its allies on energy diplomacy around the world.

Latvia is at a crossroads and soon will no longer be an energy market solely dependent on Russian natural gas. By April 2017 the gas market will be open and the country able to embark

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69 Spencer Jakab, "US LNG Exports Make Waves Abroad, Not at Home", *The Wall Street Journal*, February 26, 2016, <http://www.wsj.com/articles/u-s-lng-exports-make-waves-abroad-not-at-home-1456508139>

70 US Department of Energy, "Long Term Applications Received by DOE/FE to Export Domestically Produced LNG from the Lower-48 States (as of March 18, 2016)", <http://energy.gov/sites/prod/files/2016/03/f30/Summary%20of%20LNG%20Export%20Applications.pdf>

71 Douglas Hengel, "TTIP Presents Opportunity for US-EU Energy Cooperation", *Transatlantic Take*, The German Marshall Fund of the United States, October 8, 2015, <http://www.gmfus.org/blog/2015/10/08/ttip-presents-opportunity-us-eu-energy-cooperation>

on a more regional and European vision for its gas sector. Latvia would benefit from US support in the difficult transition.

Latvia and the United States should continue to cooperate diplomatically and economically. Buoyed by a common worldview the two countries should undertake the following:

- Latvia should maintain the momentum of its gas market reforms and seek to establish complementary policies with its Baltic neighbors.
- The United States should continue to offer guidance to Latvia on its efforts to liberalize the gas sector. Political support will be especially crucial when the monopoly gas company is broken apart and ownership of critical storage and transmission infrastructure transfers into new hands.
- The United States should continue to interact with the Baltic States as a region and maintain its support for the development of regional energy infrastructure.
- The United States should facilitate new business opportunities between energy companies in the Baltic States and the United States.
- Latvia and the United States should approach European and global energy challenges jointly, either through EU-US forums, or bilaterally. The support of the United States can help amplify Latvia's voice on issues where there is discord among EU Member States.

# Transportation Corridors: Prospects for Bringing Latvia and the US Closer

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**Maris Andzans**

The transportation sector in general, and East-West transit corridor in particular, are significant elements of the Latvian economy as the sector accounts for approximately one tenth of the Latvian economy.<sup>72</sup> This sector, however, still heavily depends on cargo originating in Russia and to lesser extent in other Commonwealth of Independent States (CIS). Therefore Latvian railroads and major ports still primarily serve as export gates for these states. Latvia has strived to retain and expand its role as a transit hub by positioning itself as a “bridge” between East and West to serve as a different transportation chain connecting Asia and Europe. To reduce the vulnerability implied by transporting low value added goods from relatively unstable environments, particular attention has been given to the diversification of sources of cargo.

With the “Northern Distribution Network” (NDN) – a set of transportation lines supplying and redeploying military missions in landlocked Afghanistan – the US became visibly involved in the transportation corridors stretching through Latvia, thus raising expectations of the diversification of cargo flows. The main combat operations in Afghanistan have been accomplished but questions remain about the prospects for developing transportation corridors through Latvia and how they could bring Latvia and the US closer.

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72 E.g. in 2014 the “transport and storage” sector constituted 10.1 percent (by value added) of the national economy and provided 9 percent of workplaces in Latvia (*Ziņojums par Latvijas tautsaimniecības attīstību*, Latvijas Republikas Ekonomikas ministrija, December 2015, 30, 78, [https://www.em.gov.lv/files/tautsaimniecibas\\_attistiba/zin/2015\\_dec\\_lv.pdf](https://www.em.gov.lv/files/tautsaimniecibas_attistiba/zin/2015_dec_lv.pdf)).

## **The Military Dimension – Bridging US Involvement in Regional Transportation Chains**

For the Soviet Union inland surface transportation in general and railroads in particular served not only as major modes of transportation for cargo and passengers. Railroads also ensured the effective transportation of military equipment and troops over long-range distances. The entire interoperable 1520 mm railroad system enabled cargo transportation without changing railroad wagons over the entire Soviet Union – from the Far East to the Baltic Sea. For Russia, the legal successor of the Soviet Union, railroads still play a significant role not only in the civil but also in the military sector. Transportation of military equipment has been an important element in deploying its armed forces not only for exercises and other peacetime activities but also in transporting forces to combat theaters.

In 1994 with the political support of the US, Russian armed forces completed their withdrawal from Latvia (except the radar facilities near Skrunda). Railroads served as a significant element in transporting tanks and other military hardware to Russia. Ironically, within two decades these same railroads are now used to transport US armored fighting vehicles to and through Latvia, now a member of the North Atlantic Treaty Organization (NATO). Latvian railroads had their first significant test in transporting US armored fighting vehicles in June 2010. As a part of the exercise “Baltops 2010”, several vehicles including a battle tank “Abrams” were transported from the western port of Ventspils to Garkalne in central Latvia and back. Since then and especially as the crisis in Ukraine evolved in 2014, an increased number of allied military equipment has been transported over Latvian railroads – from major ports (Riga, Ventspils and Liepaja) as well as Lithuania and Estonia.

To deter Russia, following its aggression against Ukraine, the US in 2017’s fiscal year will more than quadruple the budget for its “European Reassurance Initiative” allowing for an increased military presence in the region.<sup>73</sup> Thus, Latvian railroads will probably have a permanent instrumental role in the defense architecture of

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73 Secretary of Defense Ash Carter, “2017 Defense Posture Statement: Taking the Long View, Investing for the Future”, February 2016, 18, [http://www.defense.gov/Portals/1/Documents/pubs/2017DODPOSTURE\\_FINAL\\_MAR17UpdatePage4\\_WEB.PDF](http://www.defense.gov/Portals/1/Documents/pubs/2017DODPOSTURE_FINAL_MAR17UpdatePage4_WEB.PDF)

Latvia – not only to ensure the transportation of armored fighting vehicles for exercises but also for permanent stationing and relocation. Transportation by air is much more expensive. Therefore, it will probably be used as a major mode of transportation only when speed is more important than costs. Transportation by trucks has its own limitations, such as the lack of a sufficient number of appropriate vehicles when it comes to transporting heavy “Abrams” tanks.

Latvia and the other two Baltic States are still part of the 1520 mm railroad system, also known as the “wide gauge” or the “Russian gauge”. It ensures full interoperability with Russia and the rest of the Post-Soviet space with the opportunities it provides (such as to serve the transit of Russian goods without technical limitations). On the other hand, it also means isolation from the Western 1435 mm railroad network, also known as the “standard gauge” or the “European gauge”, and thus isolation from Western railroad corridors. Therefore, geopolitical factors often have been invoked with regard to the “Rail Baltica” project which aims to establish a “European gauge” railroad line from Tallinn to the border of Poland (the launch of the service from Tallinn to Kaunas is expected in 2025). The lack of full integration into the “European gauge” railroad system<sup>74</sup> not only limits the transportation of passengers and civil cargo but transportation of military equipment between the Baltic States and other European Union and NATO Member States.

### **The “Northern Distribution Network” and Latvia<sup>75</sup>**

One of Latvia’s advantages and opportunities with being part of the “Russian gauge” railroad system is that the same railroad wagons from Latvian ports can reach the bor-

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74 In October 2015 the “European gauge” railroad line from the border of Poland to Kaunas in Lithuania was opened. However, it still falls short of the advantages completion of “Rail Baltica” will provide to all three Baltic States, such as technically uninterrupted transportation from the border of Poland in a significantly shorter time (currently there are no direct passenger railroad services between the capitals of the Baltic States at all).

75 This section is based on a previous paper of the author: Māris Andžāns, “The Northern Distribution Network and Its Implications for Latvia” in *Northern Distribution Network: Redefining Partnerships within NATO and beyond*, eds. Andris Sprūds and Diāna Potjomkina (Rīga: Latvian Institute of International Affairs, 2013), 9-29, [http://www.lai.lv/site/docs/NDN\\_redefining\\_partnerships\\_within\\_NATO\\_and\\_beyond\\_LIIA\\_web\\_1st\\_part.pdf](http://www.lai.lv/site/docs/NDN_redefining_partnerships_within_NATO_and_beyond_LIIA_web_1st_part.pdf)



ders of Uzbekistan and Afghanistan (in 2011, the railroad was extended deeper into Afghanistan to connect the Afghan border city Hairaton to Mazar-i-Sharif).

Since the beginning of the US-initiated operation against the Taliban regime in Afghanistan in 2001, the main ground supply lines of foreign armed forces went through Pakistan. However, they became increasingly congested and dangerous. They suffered regular pilferage. On some occasions cargo destined for Afghanistan disappeared or was destroyed by insurgents on its way.

In February 2009, soon after exploring alternative inland surface transportation lines, the first container train to Afghanistan with US cargo was dispatched from Latvia through Russia, Kazakhstan and Uzbekistan. Ironically, the Soviet built “Friendship” bridge over the Amu Darya River between the border cities of Termez and Hairaton became the main entry point for US/NATO cargo in Afghanistan. In November 2011, following the so-called “Salala incident” in which Pakistani soldiers were killed, Pakistan closed its territory to supplies from the US and other allied forces. Thus, the NDN became the only operational way to supply troops in landlocked Afghanistan by ground.

During the course of the NDN operation different transportation lines starting in Latvia (apart from the primary one crossing Russia, Kazakhstan and Uzbekistan) were developed and used, such as the combined railroad and road line through Kyrgyzstan and Tajikistan; road lines similar to railroad lines, some of which also crossed Lithuania and Belarus; and cargo transportation by air through Riga International airport. Other routes were also tested and/or used to a lesser extent such as the railroad line from Latvia to Ulyanovsk in Russia, with further cargo transportation to Afghanistan by air. As a result of competition and other factors, additional NDN continental starting points, apart from Riga, were added to extend the geography of the NDN to other parts of Europe and Asia (e.g. ports in Georgia, Estonia and Lithuania). Regular retrograde cargo transportation from Afghanistan through Latvia began in 2012.

The initial expected maximum amount of cargo to be transported to Afghanistan through Latvia never materialized (up to

700 containers a week according to some expectations<sup>76</sup>). Nevertheless, since 2009, cargo equivalent to more than 93,000 TEU has been transported to and from Afghanistan through Latvia (76 percent of it over railroads).<sup>77</sup> The 100,000 numbered container passing through the NDN was celebrated in a symbolic ceremony at the port of Riga in June 2013<sup>78</sup> (this number included US cargo only and the entire NDN, not only limited to Latvia). The major user of the NDN was the US with approximately 97 percent of total NDN cargo transported through Latvia.<sup>79</sup> Apart from the US, approximately a dozen other countries have used NDN routes through Latvia.

Although overall numbers of NDN cargo are modest in the context of capacities and statistics of Latvian transportation infrastructure, this cargo cannot be considered insignificant. Income from transit of one TEU was estimated at up to approximately €500.<sup>80</sup> Apart from cargo transit, procurement of cargo to be sent to Afghanistan was done in Latvia. For some companies NDN cargo became a significant part of their business. E.g., in the first half of 2013 Riga International Airport cargo transport to and from Afghanistan constituted approximately two-thirds of all cargo handled at this airport.<sup>81</sup>

Operation of the NDN was Latvia's contribution to the International Security Assistance Force (ISAF) as it provided and facilitated alternative and secure transportation lines to supply and redeploy goods necessary to the mission. The NDN was well covered not only by Latvian mass media but international mass media with most

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76 E.g. Артем Ефимов, "Афганский путь вот-вот откроется," *Бизнес&Балтия*, May 11, 2009, 2; Viesturs Radovics, "Sāk arģādāt NATO spēkus Afganistānā no Rīgas," *Neatkarīgā Rīta Avīze Latvijai*, May 12, 2009, 7.

77 *Par statistiku kravu pārvadājumos ar Afganistānu caur Latviju*, Letter of the Ministry of Transport of the Republic of Latvia to the Latvian Institute of International Affairs, February 15, 2016, No 16-01/607.

78 "Remarks at the Celebration of the 100,000th container to pass through the NDN," US Embassy Riga, June 11, 2013, [http://riga.usembassy.gov/sp\\_20130611\\_en.html](http://riga.usembassy.gov/sp_20130611_en.html)

79 *Par statistiku kravu pārvadājumos ar Afganistānu caur Latviju*.

80 "Uz Afganistānu nosūtīto nemilitāro kravu apjoms trīskāršojies," Satiksmes ministrija, January 6, 2011, [http://www.sam.gov.lv/satmin/content/?cat=8&art\\_id=2111/](http://www.sam.gov.lv/satmin/content/?cat=8&art_id=2111/)

81 "Aizvien intensīvāk tiek apkalpotas Afganistānas kravas Rīgas lidostā," Delfi.lv, July 13, 2013, <http://www.delfi.lv/bizness/transports-logistika/aizvien-intensivak-tiek-apkalpotas-afganistanas-kravas-rigas-lidosta.d?id=43480325>

reports being positive. Therefore, it is fair to conclude the NDN promoted Latvia and its transportation infrastructure internationally. For this reason, the NDN was often highlighted by Latvian authorities and transportation companies as proof of their capability to establish and run new and complicated transportation lines over Eurasia. Importantly, the NDN also engaged Latvian authorities in closer cooperation with Russia and Central Asian countries. It also allowed closer engagement between Latvia and the US. The NDN emerged as one of the most visible US engagements in Latvia – not only as an example of political-military cooperation but also as a positive example of economic cooperation.

The NDN illustrated profound changes in global politics since the end of the Cold War. Former adversaries, the US/NATO and Russia, along with other former Soviet Union republics, engaged in common efforts to support a US/NATO endeavor. Also, the end of the NDN illustrated yet another turn in global politics. A gradual demise of the NDN was facilitated by reopening southern supply lines through Pakistan in July 2012 (it took, however, several months more for these transportation lines to become fully operational again). The almost definite end of the NDN came through the completion of ISAF by the end of 2014, though a limited number of cargo was transported afterwards. The crisis in Ukraine in 2014 did not have an immediate effect on the NDN. A symbolic end of the NDN came in May 2015 with a decision by the Russian Federation to revoke its consent to the transit of cargo to and from Afghanistan related to international forces.<sup>82</sup>

## **Perspectives for the Development of Transportation Corridors through Latvia**

The NDN raised the expectations of a possible commercialization of this route, and Latvia became one of the main promoters of it (e.g. in May 2012 and June 2013 it organized high level workshops on transcontinental transportation routes with the main focus on Afghanistan). Commercialization perspectives of the entire route (to and from Afghanistan), however, have

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82 Правительство Российской Федерации, *Постановление Правительства Российской Федерации от 15.05.2015 г. № 468*, May 15, 2015, <http://government.ru/docs/all/101855/>

been constrained by other factors different to the completion of the ISAF mission. A significant factor is continued instability in Afghanistan and the limitations it imposes on the economic development of this country. Another crucial factor is distance to the closest coastlines. As the ports of neighboring Pakistan, Iran and Turkmenistan are located considerably closer, transportation costs to and from the ports of these countries are lower than over NDN routes. Transportation costs over the NDN were further aggravated by tariffs imposed by transit countries, delays at borders, burdensome procedures and corruption (especially in Central Asian countries). The limitations mentioned above however do not completely exclude the use of NDN routes to and from Afghanistan for the transportation of commercial goods. To a limited extent, such routes existed before the NDN, and will exist in the future. With gradual developments in Afghanistan and Central Asia, NDN routes may still have the potential for connecting Afghanistan with Europe.

Apart from the NDN, Latvian institutions and entrepreneurs remain committed to continue to serve as a part of, and to expand, the transit of goods in the East-West corridor. However, retention of its current role is related to significant risks. The main one is the Latvian transit sector's dependence on Russia as its cargo still forms the bulk part of goods handled in Latvia (estimated to account for approximately two-thirds of cargo transported by rail in Latvia).<sup>83</sup> Continuation of transit flows to and from Russia depend not only on economic factors. It is also highly dependent on political relationships, and a worsening of it could lead to a unilateral decision by Russia to reduce or even terminate cargo transportation through Latvia.<sup>84</sup> Also, cargo from Belarus, currently the only other sizable source of transit cargo apart from Russia, and other CIS, depend on developments in Russia. Cargo transit through Latvia to and from other CIS members can be affected not only by the political decisions of Russia but also by economic difficulties in that country and the

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83 *Review of the Ports Sector of Latvia: Competitiveness and Governance. Final Report*, The World Bank, October 2013, 27, [http://www.sam.gov.lv/images/modules/items/PDF/item\\_4501\\_LATVIA\\_PORTS\\_FINAL\\_ENG.pdf](http://www.sam.gov.lv/images/modules/items/PDF/item_4501_LATVIA_PORTS_FINAL_ENG.pdf)

84 Reduction of cargo flow through Estonia following their relocation of a Soviet-era monument in 2007 serves as a relevant precedent.

effects they might have on other CIS countries (e.g. at Riga port, the biggest in Latvia, up to four-fifths of total cargo turnover is cargo sent to and from the CIS<sup>85</sup>).

China's cargo has been considered as the only possible alternative in the East-West corridor to Russia's and as the only potential sizable addition to the cargo of Russia. Cargo transportation from Northwestern parts of China, by using ground transportation lines to Europe, cannot outweigh lower transportation costs when compared with sea lines. A significant advantage of railroad transportation between Latvian ports and China could be transiting time – approximately three times shorter than if cargo is transported over sea (estimated by Latvian authorities at 11 to 12 days when cargo is transported through Kazakhstan and Russia<sup>86</sup>). A significant precondition for the development of transportation lines connecting China and Europe is the interests of China. It has launched the "One Belt, One Road" initiative and one of the elements of the initiative is the facilitation of overland cargo transportation with Europe. As part of the related so-called "16+1" cooperation format between China and Central and Eastern European countries, Latvia has proposed establishing a coordinating secretariat for transport and logistics in Riga.

However, Latvia is only one among many countries willing to attract cargo transit from China. For cargo to reach Latvia it has to cross at least the territory of Russia or at least Russia and Kazakhstan if trains are dispatched from Northwestern China. Both countries have their own interests and other cooperation partners for further transportation to the west. Also, neighboring Belarus has established a close relationship with China – e.g. the emerging Belarussian-Chinese "Great Stone" industrial park near Minsk and regular container train lines from China to Western Europe (e.g. Chongqing-Duisburg or Zhengzhou-Hamburg) that already run through Belarus. Established container train lines with China take advantage of geography as the dis-

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85 "Facts & Figures," Freeport of Riga Authority, 2015, <http://rop.lv/en/about-port/facts-a-figures.html>

86 *Opportunities of Transport Infrastructure in Latvia*, Presentation by the Ministry of Transport of the Republic of Latvia at the International conference "Transbaltica 2012", June 7, 2012, 10, [http://www.rms.lv/prezentacii/Trans-Baltic/2012/1/Matiss\\_transbaltica.pdf](http://www.rms.lv/prezentacii/Trans-Baltic/2012/1/Matiss_transbaltica.pdf)

tance to Western Europe through Belarus and Poland is smaller. An advantage for Latvia is its position *en route* to Scandinavia. However, this advantage is also shared by Lithuanian, Estonian and Russian Baltic Sea ports.

Another transportation corridor with development perspectives, the North-South, has seen a renewed topicality with at least two factors. Firstly, development of the “Rail Baltica” project, which has the potential of revitalizing cargo transportation between the Baltic States and Poland, and other EU Member States. Secondly, armed conflict between Russia and Ukraine has raised the topicality of Baltic Sea-Black Sea, and Black Sea-Caspian Sea-Central Asia connections (which when combined allows bypassing the territory of Russia). Connections between Baltic Sea ports and the Black Sea ports of Ukraine (and further extensions over the Black Sea) are already provided by the Latvian run container train “Zubr” and Lithuanian “Viking”. In January 2016, Ukraine launched an experimental train to China through Georgia, Azerbaijan and Kazakhstan (one of the NDN branches used a similar route to reach Afghanistan through Georgia, Azerbaijan and Kazakhstan). Transiting several countries and crossing two seas reduces speed and increases costs. However, these disadvantages can be mitigated to a certain extent with joint work from the countries and companies involved in this transportation chain.

## **Concluding Remarks and Considerations**

The NDN, a network of transportation lines to supply and redeploy military missions in landlocked Afghanistan, has been a clear example of an effective cooperation between Latvia and the US in the transportation sector. Beyond the transportation sector the NDN has been a positive example in a wider bilateral political-military, as well as economic cooperation, context. Operation of the NDN was possible because of several factors, such as the allied military operation in Afghanistan, closure of primary supply lines through Pakistan, the location of Latvia and the connections and services its infrastructure provides, as well the then favorable political climate between the US/NATO and Russia.

It is unlikely that a cooperation project between the US and Latvia of a similar scale and geography in the transporta-

tion sector could emerge soon. Some US companies are already involved in overland cargo shipments between their subsidiaries in China (the main focus for Latvia in the quest for new cargo) and Europe. In the present circumstances however, it is unlikely these transportation lines could be diverted through the territory of Latvia given the advantages of existing routes. Nevertheless, sometimes opportunities emerge where and when they are least expected, as was the case with the NDN. Under certain circumstances, new regional US-related projects in the transportation sector could emerge and/or some already existing ones might be altered and/or expanded.

Given the continuing strained relationship between the West and Russia, the most visible Latvian-US bilateral cooperation element in the transportation sector will probably be related to the shipping of US armored fighting vehicles and other military supporting materials in and through Latvia. As the current US military rotational company sized presence expands, the role of the transportation sector will grow accordingly (e.g. with a possible need for a dedicated military support logistics center in the future).

Another possible perspective for US involvement in the trans-Baltic transportation corridors can be related to developments in Baltic Sea-Black Sea-Caspian Sea-Central Asia-China connections to circumvent the territory of Russia. External support to countries involved in these transportation chains will not only be useful but crucial to reduce some of the disadvantages of these routes, and thus strengthen the economic and politically related autonomy of the US and Latvia's allies and partners, Ukraine and Georgia in particular. In this respect, there might also be ground for a convergence of US policies in support of its partners and China's "One Belt, One Road" initiative.





The background features a pattern of overlapping circles in two colors: a deep red and a dark blue. The circles are arranged in a grid-like fashion, with some overlapping others, creating a sense of depth and movement. The text is centered within one of the larger white spaces created by the overlapping circles.

**IV. People-To-People  
Relations between  
Latvia and the US**

# Latvia-US Public Diplomacy and People-to-People Relations

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**Alise Krapane**

Latvia and the US have continuing strong public diplomacy ties primarily through educational and professional exchange programs, as well as through cultural diplomacy. Latvian-American people-to-people relations are many and diverse – more than are apparent. Over the last four years, these relations continued to develop in different areas and on different levels, some highly visible and praised, and many personal and publicly unknown. Relations developed through tourism on the Visa Waiver Program, the many Latvian US diaspora organization activities and individual projects, the work of faith-based organizations, business contacts, and countless individual relationships. Remarkably, over the last few years, a new wave in cultural diplomacy has been created by a surprising number of Latvian world-class artists performing in the finest US opera and concert halls, as well as sports arenas. Recently, a Latvian-American cooperation resulted in a Grammy, and the first Latvian star in the NBA is making history by setting new records.

Each and every connection between people of these two nations is important and consistent with President Eisenhower’s original vision for people-to-people relations among countries: “If we are going to take advantage of the assumption that all people want peace, then the problem is for people to get together and to leap governments [...] to work out not one method but thousands of methods by which people can gradually learn a little bit more of each other.”<sup>1</sup>

Given Russia’s recent aggression, Baltic security rests on

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1 “President Eisenhower’s remarks at the People-to-People Conference, September 11, 1956, quoted in “People-to-People Program,” [https://www.eisenhower.archives.gov/research/online\\_documents/people\\_to\\_people.html](https://www.eisenhower.archives.gov/research/online_documents/people_to_people.html)

NATO commitments, which in turn can be strengthened by America's public support. Therefore, it is now more important than ever that American people know and understand the Baltic people.

This chapter will give an overview of the main developments and trends in Latvian and American public diplomacy endeavors – in particular, the US government educational and exchange programs and Latvia's increased outreach activities during the Presidency of the Council of the European Union. Likewise, it will introduce outstanding personalities in culture and sports who, with their careers, have served as goodwill ambassadors of Latvia in the US and demonstrated the potential for mutual cultural enrichment. The diverse and substantial work of the Latvian-American diaspora organizations in creating bridges between people of the two nations is reviewed in a separate article. This chapter will also share recommendations to improve relations, specifically, towards increasing the understanding of Latvia by Americans.

## **Trends in Latvian-American Relations**

Latvian-American relations have continued to increase during this review period, but there is room for improvement. The Latvian Embassy had a possibility to expand its public diplomacy endeavors in the US thanks to increased funding during the time of Latvia's presidency of the EU Council. The presence of independent Latvian artists and sportsmen has promoted Latvia's visibility in the US. Tourism flow has increased mutually. These relations develop through many cooperation channels maintained by Latvian diaspora. Likewise, the US government has continued to provide great input in relationships with key Latvian people through exchange programs – an approach that has already proved to be effective in previous years.

However, due to the disparity in the size of population and position in the international arena of Latvia and the US, knowledge of each other is similarly disproportionate. Latvians in general are quite familiar with the American way of life, culture, and politics through media, tourism, and exchange programs. On the other hand, it is generally known, and not surprising, that knowledge about Latvia among the general population in America is quite limited. An article by the *Huffington Post* in 2014, “18 reasons why Latvia is Europe's

Best Kept Secret,” describes the situation.<sup>2</sup> There are challenges in maintaining and expanding the positive dynamic shown in recent years and finding new opportunities apart from the EU Presidency.

When considering Latvian-American people-to-people relations; Latvian diaspora in the US gets the most credit for building bridges with Latvian people. Over the years, Latvian-American organizations have continued to support a variety of exchange programs and cooperation initiatives, to represent Latvian culture in the US, and to advocate Latvia’s interests to the US Government. Much is done by Latvian churches and by individual initiatives in supporting disadvantaged families and orphans. Various organizations continue providing scholarships for studies in the US and Latvia. Contacts are also established through business, and new initiatives for transferring knowledge.<sup>3</sup> People-to-people relations are maintained through existing family ties, as well as new ones being formed. In this review period, more than one hundred marriages were recorded between Latvian and American citizens.<sup>4</sup>

Public opinion surveys indicate that attitudes of Latvia’s inhabitants towards the US have remained evenly divided over the last four years. In 2015, 44 percent of those surveyed expressed a positive opinion about the US, while 43 percent expressed a negative assessment.<sup>5</sup> Surveys have also shown that a positive attitude towards America is more common among ethnic Latvian than among Russian speakers. This is due to Russian media influence shaping the opinion of Russian speakers in Latvia.<sup>6</sup>

Tourism opportunities is a significant source for encouraging people-to-people relations. Since Latvia joined the Visa Waiver

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2 “18 Reasons Latvia Is Europe’s Best Kept Secret,” *Huffpost Travel*, March 24, 2014, [http://www.huffingtonpost.com/2014/03/24/latvia-travel\\_n\\_4981083.html](http://www.huffingtonpost.com/2014/03/24/latvia-travel_n_4981083.html)

3 Detailed review of Latvian Diaspora activities is provided in this publication in “The Latvian American Community: The True Agency for Stronger Partnership” by Ilze Garoza.

4 Data provided by Central Statistical Bureau of Latvia, March 17, 2016.

5 “Arvien vairāk cilvēku pozitīvi vērtē ES; attieksme pret Krieviju kļūst negatīvāka,” LETA, 18.10.2015, <http://www.lsm.lv/lv/raksts/latvija/zinas/arvien-vairak-cilveku-pozitivu-verte-es-attieksme-pret-krieviju-klust-negativaka.a150736/>

6 This continuously relevant point was made by Nils Muižnieks and Pēteris Vinķelis, “Anti-Americanism in Latvia: An Exploratory Essay” in *Latvia and the USA: From Captive nation to Strategic Partner*, ed. Daunis Auers (Riga: Academic Press of the University of Latvia, 2008), 126.

program in 2008, the number of Latvians visiting the US for tourism and business has increased every year. Over the last four years, there has been a 10-15 percent yearly increase, reaching 18,700 Latvian visitors to the US in 2015. Similarly, the number of US visitors to Latvia has been increasing, reaching 31,000 in 2015.<sup>7</sup> It is worth noting that visits from Americans have continued increasing in 2014 and 2015 - a positive sign that Russian aggression in Ukraine has not caused security concerns for visiting Latvia.

## **US Public Diplomacy towards Latvia**

Over the last four years US public diplomacy continued to be strong in Latvia through relationships with key individuals in educational and professional exchange programs. This approach has proved to be successful as many alumni of US government exchange programs in Latvia have assumed important positions in politics, business, media, and education. Since 1991, the US has awarded Fulbright fellowships to about 200 Latvians to study and conduct research in the US and to more than 150 Americans to conduct research and lecture at universities in Latvia. In addition, about 450 Latvians have participated in the International Visitor Leadership Program, the Department of State's premier professional exchange program, creating a significant input in Latvia's society. In the period of 2012-2015, US government scholarships were granted to 88 Latvian citizens, from high school students to mid-career professionals, through programs such as Fulbright, Humphrey, Benjamin Franklin, and the majority through the recently established Baltic-American Freedom Foundation (BAFF). Considering the relatively small size of Latvia's population, each exchange carries the potential to have a significant impact on the home community upon the program participant's return.<sup>8</sup>

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7 BNN, "Pieaug Latvijas ceļotāju skaits uz ASV," September 27, 2012, <http://bnn.lv/pieaug-latvijas-celotaju-skaits-uz-asv-85911>; data provided by Central Statistical Bureau of Latvia, March 17, 2016.

8 The White House, "Fact Sheet: The United States and Latvia – NATO Allies and Global Partners," September 3, 2014, <https://www.whitehouse.gov/the-press-office/2014/09/03/fact-sheet-united-states-and-latvia-nato-allies-and-global-partners>; US Embassy – Riga, "US Embassy and BAFF Celebrate Awards of Fulbright, Humphrey, Benjamin Franklin, SUSI, and BAFF," Press Releases, 10.06.2015; 15.07.2014; 17.06.2013; 11.06.2012, <http://riga.usembassy.gov/archive.html>

BAFF was created in 2010 with a mission to strengthen ties between the US and Baltic countries through exchange programs centering on economic growth and democratic processes. Towards that goal, BAFF offers six types of scholarships: a summer academy for high-school students; a program for university students and recent graduates to intern for US companies; a scholarship for post-graduate students to attend US universities; a program for academicians to conduct research in the US; and Baltic-American Dialogue for speaker exchanges. The most recent is the BAFF security support program for aiding Baltic national security enhancement efforts. In the last five years, 90 Latvians have received BAFF scholarships to gain experience in placements across the US in a wide range of areas, primarily in business, economics and finance, but also in engineering, public administration, international politics and law, as well as in arts and humanities. Similarly as with the Fulbright program, scholarship recipients agree to a two year residence and knowledge investment in Latvia upon completion of a program. Additionally, more than 20 high-school students have participated in the summer Leadership Academy and 16 US experts have visited Latvia to share their knowledge through the Baltic-American Dialogue program.<sup>9</sup>

Due to the US's strategic importance to Latvia, issues relevant to Latvia-US relations are widely covered by national and independent media in Latvia, thus further promoting US communication with Latvian people. Media closely followed the process to replace the US Ambassador, reflecting on the reasons for the 13 month delay, as a less than fully functioning US Embassy was of concern to Latvian people.<sup>10</sup> Likewise, media widely covers every step of the US Government European Reassurance Initiative. The US Embassy's activities in Latvia are communicated through press releases and news on the website and social media. Due to the size of Latvia, the visits of US Embassy officials

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9 Baltic American Freedom Foundation (BAFF), <http://www.balticamericanfreedomfoundation.org/> and information provided by BAFF office in Riga, March 21, 2016; US Embassy – Riga, Press Releases.

10 "LNT: Gandrīz pusgadu Latvijai jāiztiek bez ASV vēstnieka," *IR*, December 30, 2014, <http://www.irlv.lv/2014/12/30/lnt-gandriz-pusgadu-latvijai-jaiztiek-bez-asv-vestnieka>; Imants Frederiks Ozols, "Šonedēļ Latvijā ieradīsies jaunā ASV vēstniece," *LTV Panorāma*, August 24, 2015, <http://www.lsm.lv/lv/raksts/latvijasinas/sonedel-latvija-ieradisies-jauna-asv-vestniece.a142791/>

to other towns in Latvia have a high visibility and impact. The US Embassy also supports cultural events, most visible of which were three major visual art exhibitions during Riga's tenure as the European Cultural Capital in 2014, including an exhibition by Latvian-born American artist Vija Celmiņš.<sup>11</sup>

## **Latvia's Public Diplomacy in the US**

The Latvian Embassy in the US focuses its public diplomacy endeavors through news via social media and its website, which also contains comprehensive information resources about Latvia for tourism and business opportunities. Occasionally, Latvian officials visiting the US also participate in public conferences. In addition, there are Embassy sponsored public events, such as film screenings, concerts, and exhibitions. These are relatively small scale events, as staff and financial resources are limited and there is no office of cultural attaché at the Latvian Embassy.

Latvia's public and cultural diplomacy in the US and other countries was significantly increased during the period when Riga held the status of the European Capital of Culture in 2014, and especially during Latvia's first Presidency of the Council of the EU in the first half of 2015. In these six months increased funding let the Latvian Embassy in the US organize a rich cultural and public diplomacy program that, according to Latvian Ambassador Andris Razāns, produced significant results in increasing Latvia's presence in the US, particularly in the Washington, DC area.<sup>12</sup>

The priorities and goals of the Presidency were represented by public events, also available online, in Washington, DC with the participation of top government officials and experts from Latvia and the US.<sup>13</sup> Ambassador Razāns visited six states, where

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11 The White House, "Fact Sheet: The United States and Latvia - NATO Allies and Global Partners".

12 Ambassador of Latvia to the US Andris Razāns, interview by author, Washington, DC, April 7, 2016.

13 "Latvian Presidency and EU Policy Towards Central Asia," Central Asia-Caucasus Institute, April 28, 2015, <http://www.silkroadstudies.org/forums-and-events/item/13151-latvian-presidency-and-eu-policy-towards-central-asia.html>; Delegation of the EU in the US, "Assessing Latvia's Presidency of the Council of the European Union", May 26, 2015, <http://www.euintheus.org/event/assessing-latvias-presidency-of-the-council-of-the-european-union/>

he met government officials, organizations dealing with economic and foreign affairs, as well as university students to discuss Latvia's presidency, EU affairs, the TTIP, and other issues.<sup>14</sup>

A rich cultural program was organized by the Embassy of Latvia, showcasing visual, musical, and literary events also covered by US media. The events mainly took place in Washington, DC and New York City. Musical performances included a chamber music concert by internationally acclaimed Latvian composer Pēteris Vasks and two concerts by the State Choir *Latvija* with its renowned artistic director Māris Sirmāis who offered a tour through the landscape of European and Baltic choir music. A unique event was the world premiere concert *Rothko in Jazz* dedicated to the work of the great American artist Mark Rothko who was born in Latvia. The project was developed starting with new musical themes composed by ten Latvian composers, then arranged and performed by Latvian jazz artists.<sup>15</sup> A screening of the documentary *Dievputniņi* spoke about World War II refugees from Latvia who found their new home in the US and Canada. Visual arts displays included exhibitions of contemporary Latvian art in New York City and Washington, DC, and Latvian literature readings acquainted American audiences in six cities with several Latvian authors' books published in English.

## Outstanding Latvians in the US

In previous decades there has been a significant presence of Latvian-born world-class artists in the US, either permanently living there or visiting. Each appearance has helped introduce Latvian artists to an ever-larger American audience. Among the artists are violinists Gidon Kremer and Baiba Skride, cellist Mis-

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14 The European Union Center, University of Illinois, "Thirteenth Annual European Union Day: March 12, 2015," <http://europe.illinois.edu/2015-eu-day/>; Embassy of Latvia to the US, "Embassy News," <http://www.mfa.gov.lv/en/usa/>; Ambassador Andris Razāns, interview by author, April 7, 2016.

15 EU2015.lv, "Culture Programme: Latvian Presidency of the Council of the EU," January-June, 2015, [https://eu2015.lv/images/culture/EU\\_Kult\\_katalogs\\_web2.pdf](https://eu2015.lv/images/culture/EU_Kult_katalogs_web2.pdf), 99-101; Celia Wren, "A Wide-Ranging Musical Homage to Mark Rothko's Paintings," *The Washington Post*, April 24, 2015, [https://www.washingtonpost.com/entertainment/music/a-wide-ranging-musical-homage-to-mark-rothkos-paintings/2015/04/22/31756536-e79f-11e4-8581-633c536add4b\\_story.html](https://www.washingtonpost.com/entertainment/music/a-wide-ranging-musical-homage-to-mark-rothkos-paintings/2015/04/22/31756536-e79f-11e4-8581-633c536add4b_story.html)



cha Maisky, and one of the world's top conductors Mariss Jansons, former musical director of Pittsburgh Symphony Orchestra. World-famous choreographer and dancer Mikhail Baryshnikov has held a 10-year tenure as Artistic Director of the American Ballet Theatre. His latest project Brodsky/Baryshnikov was created in cooperation with the internationally praised Latvian theatre director Alvis Hermanis and was showcased in Latvia and New York in 2016, creating another cultural link between the two countries. Continued cooperation between the Latvian state and renowned American architect Gunnar Birkerts, of Latvian origin, is another remarkable connection. In 2014 the cooperation resulted in one of the greatest projects of the twenty-first century in Latvia: the new National Library of Latvia building – a world-class informational and cultural centre that has become a landmark of Riga.<sup>16</sup>

There are two major Latvian-born American figures in visual arts: Vija Celmiņš and Mark Rothko. Celmiņš is known for her photo-realistic paintings and drawings of natural environments and her works are held in the collections of more than 20 public museums across the US, including the Museum of Modern Art in New York and the National Gallery of Art in Washington, DC.<sup>17</sup> The transcendent legacy of Mark Rothko has created another link between the two countries. In 2013, Rothko Museum was founded in the city of Daugavpils, Latvia where he was born in 1903. Rothko is one of the most influential American artists – a central figure in the development of post-war painting that changed the way in which art was seen worldwide making the transition into abstract and modern approaches. Over past decades, interest in Rothko's creativity has steadily grown; his paintings are currently sold for tens of millions of dollars, his prints are some of the most sought after reproductions worldwide, and many musical and poetic works in different languages have been created inspired by his paintings.<sup>18</sup>

Remarkably, over recent years, there have been a surprising number of Latvian world-class stars performing at the finest

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16 "Culture Programme: Latvian Presidency of the Council of the EU," 26.

17 "Vija Celmins," <http://www.moma.org/collection/artists/1048>

18 Mark Rothko, <http://www.markrothko.org/>; <http://www.rothkocenter.com/rmc/par-rotko/en>

opera and concert stages in the US, creating a great wave in Latvian cultural diplomacy and testifying to Margaret Thatcher's observation of the Balts as "highly advanced, extremely talented, and profoundly European peoples."<sup>19</sup> Likewise, some outstanding sportsmen have made history – Latvians are proud about their first NBA star and new achievements in the NHL.

## A New Wave of Latvian Stars in the US

Since bass baritone singer Egils Siliņš debuted at the Metropolitan Opera (Met) in 2000, many more world-class Latvian stars have followed. Soprano Maija Kovaļevska started her career at the Met in 2006, and one of the world's top mezzo-sopranos Elīna Garanča debuted in 2008. Her iconic performances are broadcast live or transmitted to thousands of movie theaters worldwide, and have been issued as a DVD series, thus being available for audiences globally.<sup>20</sup> Tenor Aleksandrs Antoņenko joined the Met in 2009, and since 2011, soprano Marina Rebeka has been a regular guest at the Met and Carnegie Hall. Kristine Opolais, one of the most sought after sopranos in today's international scene, debuted in 2013 and maintains a strong relationship with the Met starring in productions also broadcast to cinemas worldwide.<sup>21</sup>

A regular guest at the Metropolitan Opera is Andris Nelsons, Latvian conductor and the Boston Symphony orchestra's (BSO) music director. Nelsons, one of the most renowned conductors on the international scene today, made his BSO debut in 2011. After his first season as Music Director of the BSO in the 2014/15, Nelsons' contract was extended through to 2021/22. The outstanding cooperation between Nelsons and the BSO was marked by the *Grammy Award* in 2016 for Best Orchestral Performance.<sup>22</sup>

Eriks Ešenvalds is the most internationally celebrated

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19 Margaret Thatcher, *Statecraft: Strategies for a Changing World* (New York: HarperCollins Publishers, 2002), 95.

20 Elīna Garanča, "About," <http://elinagaranca.com/about/>

21 Marina Rebeka, "About," <http://marinarebeka.com/about-it-2/>; Kristine Opolais, "About," "News & Press," <http://kristineopolais.com/about/>

22 Andris Nelsons, "Biography," <http://www.andrisnelsons.com/bio.htm#lang=en,News>," <http://www.andrisnelsons.com/news.htm>

young composer of Latvia, and his music is performed across concert halls and churches in the US. His forthcoming premieres include works for the Boston and Utah Symphony Orchestras, the University of Michigan, Fuller Theological Seminary, and others.<sup>23</sup>

The Met's "very Latvian winter" of 2014/15 was noticed by the *Wall Street Journal (WSJ)*.<sup>24</sup> Analyzing the phenomena of a nation of two million people producing such a surprising number of performing artists, the *WSJ* ascribes it to the crucial role music has played in the culture over centuries. Singing has been in nation's fabric for centuries: Latvian folklore has more than a million distinct folk-songs for every possible situation and activity in life, and choir festivals draw together tens of thousands of singers. In a recent article, also *The Economist* called Latvia a choral superpower.<sup>25</sup> *WSJ* notes that even music and politics are intertwined, as Latvia, like other Baltic countries, won its independence from the Soviet Union through a nonviolent movement called the Singing Revolution which used songs as a form of protest. The years of independence have provided talented artists with opportunities for international exposure and training, resulting in a number of world-class performers.

### **Professional Sports: Latvians in the NHL and NBA**

Over the last few years, the US has seen two Latvian stars playing in their national-level teams, while Latvians worldwide have exceeded in what has become their national sport: supporting Latvian stars in the world arena. This has been a win-win for both the sportsmen succeeding in fan voting and for Latvia to be noticed in the US. One of the stars is Zemgus Girgensons, a professional ice hockey centre currently playing for the Buffalo Sabres in the National Hockey League (NHL). Altogether 35 Latvians have played in the NHL, Girgensons being the highest-drafted among them. In 2014 with the help of Girgensons, Latvia

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23 "Culture Programme: Latvian Presidency of the Council of the EU," 38.

24 Corinne Ramey, "On NYC Stages, a Bounty of Latvian Performers," *The Wall Street Journal*, January 9, 2015, <http://www.wsj.com/articles/on-nyc-stages-a-bounty-of-latvian-performers-1420822649>

25 "Latvia, the Choral Superpower," *The Economist*, April 1, 2016, <http://www.economist.com/blogs/prospero/2016/04/international-music>

managed to beat the US national team with the score 6:5. To a large extent by adamant Latvian support, Girgensons was the runaway leader in fan voting for the 2015 All-Star Game, gaining half a million votes more than other stars.<sup>26</sup>

A real sensation in 2015 has been Kristaps Porziņģis: a 7-foot-3 “NBA phenom from Latvia.”<sup>27</sup> Kristaps has made history as the first NBA player from Latvia and in his first season has already set new NBA rookie records. Thanks to ardent Latvian fan support worldwide, in his first season, Porziņģis almost made it to the 2016 NBA All-Star game, being the only rookie in the top 50 votes. Latvians in the US and elsewhere are proud “one of the most exciting players to ever come out of Europe” is Latvian. Porziņģis has become the face for Latvia for many in New York. YouTube videos featuring his skills and unique style of play reach hundreds of thousands viewers, and reporters have come to Latvia to discover Kristaps’ origins.<sup>28</sup> The Latvian Tourism Development Agency has also used the opportunity to promote Latvia as a tourism destination by publishing an advert next to Porziņģis profile in the Official Yearbook of the New York Knicks 2015-2016.

## **Recommendations for Increasing American Understanding of Latvia**

In September 2014, when asked about the possibility of Russia invading the Baltic countries, only 44 percent of Americans supported using US forces to protect “NATO allies such as

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26 “An All-Star Candidate Wins a Nation’s Support,” *New York Times*, December 14, 2014, [http://mobile.nytimes.com/2014/12/14/sports/hockey/buffalo-sabres-zemgus-girgensons-racking-up-fan-votes.html?referer=&\\_r=1](http://mobile.nytimes.com/2014/12/14/sports/hockey/buffalo-sabres-zemgus-girgensons-racking-up-fan-votes.html?referer=&_r=1); “A Little-Known Sabres Player is Leading NHL All-Star Voting because of People in Latvia,” *USA Today*, December 2, 2014, <http://ftw.usatoday.com/2014/12/buffalo-sabres-zemgus-girgensons-all-star-latvia>

27 “Latvian Rookie Sensation Kristaps Porzingis Closes in on NBA All-Star Selection,” *PR Newswire*, January 15, 2016, <http://www.prnewswire.com/news-releases/latvian-rookie-sensation-kristaps-porzingis-closes-in-on-nba-all-star-selection-more-fan-votes-needed-300205329.html>

28 “NBA Shouldn’t Deprive Fans of Kristaps Porzingis on Big Stage,” *New York Post*, January 20, 2016, <http://nypost.com/2016/01/20/why-kristaps-porzingis-should-get-spot-on-all-star-team/>

Latvia, Lithuania, and Estonia.”<sup>29</sup> Thus, there are cultural and political reasons to promote Latvia’s visibility in the US and the knowledge about Latvia among American people, to increase the support of Americans to protect less known NATO allies.

To increase American understanding of Latvia, the Latvian Tourism Development Agency should increase the priority of US audiences by promoting Latvia as a tourism destination. Due to its size and population, Latvia has to put extra effort in being recognized by US people. Among other outreach possibilities there could be more Latvia initiated city-to-city programs, school friendships, and university exchanges. Strategically, it is important to collaborate with Lithuania and Estonia. Thus recent agreements among tourism professionals in the three Baltic countries to focus on distant markets, among them the US, is extremely welcome.<sup>30</sup> Baltic countries should participate together in the US’ largest tourism shows on a regular basis, such as the New York Times Travel Show and the Washington, DC Travel & Adventure Show, and place more articles and adverts in local and national newspapers and travel literature, in print and on the internet.

In shaping the image of Latvia and the other two Baltic countries, it is important to emphasize the Northern-European identity. Latvia is normally associated with Eastern Europe and attributed as Slavic, although the geographic location, as well as culture and mentality of the people are Northern. Thus, Latvia should be marketed as a Nordic-Baltic country, distinguishing its unique Baltic language and culture that is not Slavic. Drawing this distinction should encourage people to discover the Baltic region.

As noted, the number of Latvians and Americans visiting each other’s countries has slowly been increasing since Latvia joined the Visa Waiver program in 2008. In 2015, about 18,700 Latvians, out of 2 million, visited the US, while 31,000 Americans, out of 322 million, visited Latvia. In proportion to the population, it shows that Latvians visit the US at a rate 1000 times greater –

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29 Ivo Daalder, “American Public Opinion on NATO,” The Chicago Council on Global Affairs, September 2, 2014, <https://www.thechicagocouncil.org/blog-entry/american-public-opinion-nato>

30 Latvian Tourism Development Agency, “Baltieši plāno aktīvāk strādāt Vācijā un tālajos tirgos,” April 8, 2016, <http://www.tava.gov.lv/lv/baltiesi-plano-aktivak-stradat-vacija-un-talajos-tirgos>

so there is definitely room to increase American tourism to Latvia. While in 2007 and 2008 there were articles in mainstream US media about Latvia as one of Europe's great but uncrowded, unspoiled, and affordable experiences, and Riga as the "new Prague," "the rising star of European destinations" and "a city whose time truly has come,"<sup>31</sup> the tourism wave never really happened. In 2014 it was still Europe's best kept secret.

As Latvia, along with several other European countries, will celebrate 100 years of independence in 2018, it is another opportunity to increase American interest in visiting Latvia and getting to know it firsthand. This is a win-win for the people of both countries: Latvia gaining American recognition and, hypothetically, more popular support for defense, and Americans discovering "the next great destination [...] something underrated and under-the-radar, a place that will satisfy nature lovers, culture buffs and urban explorers, and, of course, a place that is breathtakingly beautiful."<sup>32</sup> The new Latvian tourism image "Best enjoyed slowly" captures the unhurried approach to recreation that Latvia has to offer.<sup>33</sup> The sophisticated architecture collection lets one explore styles from baroque, gothic and Romanesque, to art nouveau, Soviet era, and modern times. The vibrant culture offers visual art and musical explorations daily, from folk to the finest operas. Also, with 50 percent of its territory undeveloped, Latvia provides endless opportunities for ecotourism, water sports, and hiking. There are many small medieval towns, country castles, and folk parks to be visited.<sup>34</sup> And let's not forget, Riga is the place where the Christmas-tree tradition was born.

Because culture and art is at Latvia's core, the Latvian Ministry of Foreign Affairs should consider establishing a cultural

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31 Peter Greenberg, "Unique, Affordable Destinations not on Your List," *Today Travel*, November 11, 2007, <http://www.today.com/id/22010639>; Gary Lee, "Riga: The Curtain Rises," *The Washington Post*, July 22, 2007, <http://www.washingtonpost.com/wp-dyn/content/article/2007/07/20/AR2007072000718.html>; Joe Bates, "Riga Rocks!", *NBC News*, June 16, 2008, <http://www.nbcnews.com/id/25148824/from/ET/>

32 "18 Reasons Latvia Is Europe's Best Kept Secret," *Huffpost Travel*.

33 Latvian Tourism Development Agency, "Latvian Tourism Image", <http://www.tava.gov.lv/en/latvian-tourism-image>

34 Embassy of Latvia to the USA, "Tourism," December 2, 2014, <http://www.mfa.gov.lv/en/usa/tourism>

attaché office at the Embassy in Washington, DC, and more funds should be allocated for public diplomacy endeavors. This is especially important in preparation for the centennial celebration of Latvia's independence in 2018, and for increasing Latvia's visibility in the US. Latvia should be better known and identified for its rich culture and achievements and not only for regional security concerns. A strong cultural program will expand the awareness of the Baltic's geopolitical situation beyond Washington, DC.

# The Latvian American Community: The True Agency for Stronger Partnerships

Ilze Garoza

When speaking about promoting closer partnerships between Latvia and the United States, it would be impossible to draw a complete picture without paying attention to the concerted efforts and contribution of Latvian community organizations in the US to the advancement of this goal. Since the re-establishment of Latvia's independence in 1991, the Latvian-American community in the US has been the strongest and most direct link between the two countries, playing a dual role – representing core American values in Latvia and Latvia's interests in the United States. The Latvian-American community has been an outspoken advocate for increased US involvement and investment in the Baltic region, whether it be politically, economically, or militarily. Latvian-Americans have also been passionate representatives and genuine supporters and sponsors of Latvian culture and arts in the United States.

The first account of Latvians reaching America dates back to the seventeenth century, long before the United States of America and Latvia became independent countries.<sup>35</sup> But when speaking about bilateral relations between Latvia in the US in the twenty-first century, especially the past few years, the driving force of increased US engagement in the Baltics to this day has been the community of former exiles and descendants of Latvians, who arrived in the US after World War II, fleeing Soviet occupation of their homeland. Since the early nineties, they have been joined by a much smaller number of post-independence immigrants from Latvia,<sup>36</sup> who are gradually assuming an increasingly active role in Latvian community life in the US.

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35 Maruta Kārklis, Laimonis Streips, Līga K. Streipa, *The Latvians in America, 1640-1973* (New York: Oceana Publications, 1974).

36 Ilze Garoza, *Defining Boundaries between Two Immigrant Waves from Latvia: A Study of Latvian Supplementary Schools in the U.S.* (2011), University of Minnesota Digital Conservancy, <http://purl.umn.edu/116895>



According to the American Community Survey, an estimated 87,817 people reported Latvian ancestry in the United States in 2014.<sup>37</sup> But needless to say, not everyone claiming Latvian ancestry is an active member of the Latvian community in the US. The focus of this article will be the activities of the organized Latvian community aimed at strengthening ties, promoting partnerships and people-to-people relations between Latvia and the United States, and vice versa. Partnerships can be measured in many ways – legal, political, institutional, economic, social or cultural. If the governments can spearhead the first three, then the community can be the driving force behind the latter.

### **True Agents for Stronger Partnerships**

The recent scholarly literature and migration policy papers increasingly depict migrant networks and ethnic community organizations as “development agents” and, among other things, attribute them power to establish and strengthen transnational ties.<sup>38</sup> The American Latvian Association (ALA), founded in 1951, is the umbrella organization of more than 140 Latvian community organizations, schools, churches, welfare organizations, fraternities etc. It has played a pivotal role in building relations and strengthening partnerships between Latvia and the United States ever since Latvia re-established its independence in 1991 and stood firmly behind the restoration of independence long before that.

The most widely acknowledged and significant contribution of the Latvian-American community in the post-independence period has been its campaign to ensure Latvia’s admission to NATO in 2004. This was followed by a decade of

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37 American Community Survey, *People Reporting Ancestry. 2014 American Community Survey 1-Year Estimates* (2014), <http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmk>

38 Giulia Sinatti and Cindy Horst, “Migrants as Agents of Development: European Diaspora Engagement Discourse and the Essentialisation of Diaspora Roots” in *Ethnicities* (2014); Dovelyn Rannveig Mendoza and Kathleen Newland, *Developing a Road Map for Engaging Diasporas in Development: A Handbook for Policymakers and Practitioners in Home and Host Countries* (Migration Policy Institute, International Organization for Migration, 2012), <http://www.migration-policy.org/research/developing-road-map-engaging-diasporas-development-handbook-policymakers-and-practitioners>

relative stability and belief that Europe is finally “whole, free, and at peace”, during which much of the attention from the Latvian-American community became redirected to the preservation of the Latvian language and culture, and strengthening cultural and economic ties with Latvia. However, dramatic transformation of the European security landscape in the last couple of years has brought Latvia’s security to the forefront of ALA’s agenda.

The appearance of “green men”, namely, unmarked Russian armed forces and paramilitaries in Ukraine in 2014, may have surprised many, but not the Baltic communities which having experienced Soviet occupation seven decades earlier have always been mistrustful of Russia’s imperial ambitions and interference in its neighboring countries, especially under the rule of former KGB officer, now Russian President, Vladimir Putin. Following the Crimean occupation, Latvians together with Estonians and Lithuanians joined Ukrainians at political rallies in Washington, New York, Chicago and elsewhere, voicing their strong condemnation of Russia’s interference in Ukraine. Concurrently, in meetings with US officials, the Latvian-American community pleaded for stronger US assurances and a presence in the Baltic region under NATO’s Article 5.

As former Latvian Ambassador to NATO Jānis Eichmanis reflected in his article published in the ALA-sponsored publication “The Campaign to Admit Latvia into NATO” one decade earlier, though relatively small (numbering about a million according to the 1990 and 2000 US census figures) the Baltic communities were “able to utilize the political capital they had accumulated in their host countries to help their former homelands, especially at critical moments when they needed support in their search for a secure place in the international state system”.<sup>39</sup> As international law and order was shaken by Russia’s efforts to redraw the geopolitical map of Europe, the role had changed from securing Latvia’s place in the international security system to saving the system and NATO itself.

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39 Jānis Eichmanis, “The Baltic States Join NATO: A Washington Perspective” in *The Campaign to Admit Latvia into NATO*, eds. Anita Tērauds and Karl Altau (Canada: World Federation of Free Latvians, 2005), 6.

## Advocating for increased US involvement in the Baltics

As diplomats and scholars admit, the Latvian community in the US can and indeed does accomplish many things the Latvian government cannot – it can participate in the US political and electoral process, and hence shape US foreign policy, especially when it comes to transatlantic issues, US engagement with Europe, and the Baltic Sea region in particular. While this may create an impression Latvian diaspora in the US is a tool in the hands of the Latvian government to advance its foreign policy goals, in reality the Latvian-American community is an agency of its own, driven by its genuine desire to support Latvia's security and development, and strengthen bilateral ties between the two countries.

On August 21, 2014, then President of the American Latvian Association Anita Bataraga sent a letter to the President of the United States Barack Obama, applauding his visit to the Baltic region, which took place on August 23, 2014. On behalf of the American Latvian Association she also wrote: “As the voice of the Latvian-Americans residing in this country, we urge that the United States along with NATO allies commit to a permanent NATO military presence in the Baltic States in the form of an active and visible NATO troop presence.”<sup>40</sup> The letter pointed out that sovereignty for the independent nations of Latvia, Lithuania and Estonia, as well as Ukraine, is unfortunately once again jeopardized by the aggressive actions of a resurgent, militarized Russia and requested the United States not recognize Russia's annexation of Crimea, in much the same way the US did not recognize the Soviet Union's annexation of the Baltics.

In order to drill the point even further, in spring 2015 the American Latvian Association launched a Call to Action,<sup>41</sup> encouraging its members and supporters to reach out to their representatives in the U.S. Congress with the following requests. Firstly, refuse to recognize Russia's annexation of eastern Ukraine by co-sponsoring the Crimea Annexation Non-Recognition Act HR 93. Secondly, guarantee a continued active and endur-

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40 Anita Bataraga, “Letter to the U.S. President Barack Obama”, August 21, 2014.

41 Amerikas latviešu apvienība, “Baltijas valstu drošības jautājumi”, 2015, <http://www.alausa.org/lv/citi/baltijas-valstu-drosibas-jautajumi/>

ing NATO presence in the Baltics through troop deployments, prepositioned military equipment, joint military exercises, and strengthened capacity. And thirdly, support initiatives aimed at strengthening independent news outlets broadcasting in Russia and Ukraine in the Russian language, such as *Voice of America* and *Radio Free Europe*. The American Latvian Association also pleaded for more targeted economic sanctions against Russia to stop its lawless aggression in Ukraine and ensure implementation of the provisions of the Ukraine Freedom Support Act.<sup>42</sup>

In April 2015, the American Latvian Association sponsored the semi-annual conference of the Joint Baltic American National Committee (JBANC) titled “History Repeated: Baltics and Eastern Europe in Peril?” This was the eleventh conference organized by JBANC with the aim of engaging US and Baltic diplomats, think tanks, politicians, policy makers and Baltic community members in topics at the top of the public agenda. The keynote speaker at the conference was Estonian president Thomas Hendrik Ilves. The Latvian Ambassador to the U.S. Andris Razāns and the Latvian politician and Member of the European Parliament Artis Pabriks represented the Latvian perspective on developments in Europe and Euro-Atlantic relations.

On December 4, 2015, the American Latvian Association was the driving force behind the seminar in New York titled “The Future of Baltic Nordic Security and Trade: Sustaining and Strengthening U.S. Engagement in the Region”, which it organized in cooperation with JBANC. The seminar took place at Scandinavia House and brought together about 100 participants, including leading officials from the Baltic diplomatic corps, think-tank representatives, the former biggest foreign investor in Russia and author of “Red Notice” Bill Browder, senior editor of “Daily Beast” Michael Weiss, and Senior Fellow of the McCain Institute for International Leadership Erik Brattberg, to name a few. ALA President Pēteris Blumbergs, who in 2015-2016 also presided over the JBANC, underscored that the goal of the seminar was to call attention to developments in the Baltic Sea region: “At a time when global attention is focused on fighting ISIS and radical Islamic terrorists, it is important for Balts to remind

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42 Amerikas latviešu apvienība, “Baltijas valstu drošības jautājumi”, 2015.

their partners about Russia's continued aggression and threat to regional security".<sup>43</sup> "We have to make sure that Baltic and Eastern European security is not sacrificed for other security goals of our Western allies," he added. Even though it is hard to measure the direct impact of such activities, keeping the Baltic question in focus and providing Baltic-Nordic perspective on global events cannot be underestimated, especially at a time when the strength of the Euro-Atlantic partnership is being put to the test by an increasingly aggressive Russia.

## **Speaking in One Voice**

In efforts to strengthen its voice and reach out to American policy makers, the American Latvian Association is an active supporter of the Joint Baltic American National Committee, which it co-founded together with the Estonian American National Council and the Lithuanian American Council back in 1961. This Washington-based organization's main task is to coordinate the work of the three Baltic American communities and represent them in communication with the US Congress, State Department, White House, other US governmental agencies, various think tanks, and media outlets. Consequently, JBANC along with its West Coast counterpart – the Californian-based Baltic American Freedom League – has been closely following and focusing on legislation relevant to the three Baltic countries. Over the past four years JBANC has been advocating for the introduction and expansion of sanctions against Russia in relation to its human rights abuses, but even more so – for breaking down the international order - annexing Crimea, fueling conflict in Eastern Ukraine, and meddling in Syria.

The key priority of ALA and JBANC over the past several years has been to bolster reassurances for Baltic countries and other affected NATO members and increase and see to the continuation of funding for the European Reassurance Initiative (ERI) launched by U.S. president Barack Obama on June 3, 2014 as a key

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43 Amerikas latviešu apvienība, "Ņujorkā spriedīs par Baltijas valstu drošību un ekonomisko sadarbību", December 1, 2016, <http://www.pbla.lv/nujorka-spridis-par-baltijas-valstu-drosibu-un-ekonomisko-sadarbibu/>

element of his strategy to counter Moscow's provocative military actions in Eastern Europe. In February 2016, the U.S. Administration introduced a defense budget request, which asked for a US \$3.4 billion allocation to the ERI – a quadruple increase from the year before. Since then JBANC has been encouraging its members and supporters to reach out to their representatives at the U.S. Congress and request them to join the House Baltic Caucus and back the proposed funding bill. Along with that JBANC has been leading a concerted effort of calling for more funding to the fight against Russian propaganda and disinformation campaigns. Additionally JBANC has been actively advocating and supporting Ukrainian territorial integrity and the Crimean Occupation Non-Recognition Act, along with continued sanctions against Russia until it implements provisions outlined in the Minsk agreement, which is a package of measures aimed at alleviating war in Eastern Ukraine as agreed by the leaders of Ukraine, Russia, Germany and France. The third priority, as described by JBANC's Managing Director Karl Altau, has been calling attention to human rights abuses in Crimea and Eastern Ukraine, Russia and Belarus, and the implementation of sanctions adopted in relation to Russia's human rights abuses at home and abroad.

To achieve these goals, JBANC applies various methods. On a regular basis JBANC delivers letters to US Congress, with a particular focus to relative committees, such as the Committee on Foreign Affairs, Committee on Appropriations, and the Committee on Armed Services. At least once a year JBANC, in cooperation with the Central and East European Coalition (of which ALA is also a member), organizes advocacy days at US Congress and holds regular meetings with officials at the US Department of State, think tanks and other institutions. Every two years JBANC hosts a conference in Washington, DC on topics that are at the forefront of the Baltic agenda. And every presidential election cycle JBANC monitors the American political landscape and surveys presidential candidates on their foreign policy outlook, in particular with relation to NATO, Europe, and the Baltics.

An ongoing effort among the three Baltic communities, including the ALA, is raising the profile of the Baltic Caucus at US Congress, which is a bipartisan caucus in the US House of Representatives created in 1997 with the aim of strengthening economic,

political, and cultural relationships of the US in the three Baltic countries. The Baltic Caucus is currently composed of 53 members from Democratic and Republican parties. During the 112th and 113th Congresses, JBANC helped lead efforts to pass a Black Ribbon Day resolution, supporting the designation of August 23 as a day to commemorate victims of both Soviet and Nazi crimes. The US House passed the resolution H.R. 4435 in May 2014, introduced by long-time House Baltic Caucus co-chairman Rep. John Shimkus. But the resolution has yet to be passed in the US Senate. Similar legislation has already been passed in Europe and Canada.

As Altau points out, each of the three member communities of JBANC – Latvians, Lithuanians, and Estonians – contribute to the advancement of the Baltic cause in their own way. What makes the American Latvian Association stand out is its organizational structure, expansive network, and its commitment to constant communication with its broad membership base.

## **Getting the Message Across in Latvia**

While most programs and activities launched by the American Latvian Association are implemented in the US, many of them are directed at creating stronger ties and providing support to Latvia. The annual congresses of the American Latvian Association, which bring together representatives from ALA member organizations to elect the ALA Board of Directors and set agendas for the following year, is one of the most vivid examples of strengthening ties between the Latvian-American community and its ancestral homeland. Over the course of past several years, a broad range of Latvian statesmen, politicians, diplomats, scholars, and journalists have participated in ALA's annual congresses, including Latvian Prime Minister Laimdota Straujuma, Minister of Economics Vjačeslavs Dombrovskis, the Director of Latvian Investment and Development Agency Andris Ozols, and President of the Latvian Science Academy Ojārs Spārītis, to name a few.

Each ALA congress brings together on average 60 to 80 delegates and several dozen independent community members who draft and vote on resolutions, outlining priorities for the following year. While many of the resolutions passed during ALA congresses focus on ALA internal affairs, a large proportion of

the resolutions commonly focus on developments in Latvia. For example, in response to developments in Eastern Europe, over the course of the past four years ALA has repeatedly encouraged the Latvian government to fulfill Latvia's member obligations under the NATO treaty and increase the Latvian defense budget to 2 percent of the GDP, to strengthen its defense capabilities and Eastern borders; to address the question of Russian propaganda and support social integration programs for Latvia's ethnic minorities.

Many of these resolutions are reinstated in the final accords of the World Federation of Free Latvians' (WFFL) annual meetings in Riga. The WFFL is the central umbrella organization for overseas federations of Latvian organizations, representing Latvian communities in four continents of the world. The ALA and WFFL share an office in Rockville, MD, the latter of which has its own permanent representative office in Riga, through which several ALA programs are coordinated.

## **Dual Citizenship and the Latvian Electoral Process**

On October 1, 2013, amendments to the Latvian Citizenship Law entered into force, allowing for dual citizenship with European Union member states, states that are members of the European Free Trade Association, and NATO member states, including the United States of America. It was a long awaited move and resolution by the Latvian Parliament to restore the rights of former Latvian exiles and their descendants to obtain Latvian citizenship, which was permitted for a short period of time after the re-establishment of Latvia's independence. Even though the US Government does not endorse dual citizenship as a matter of policy, it does not impose any legal restrictions on the maintenance of dual citizenship among US citizens.

Latvian-American dual citizenship is the ultimate form of bilateral engagement. It allows Latvian-American dual citizens to exercise their political agency in the United States and Latvia, and hence promote partnerships between the two countries in yet unprecedented ways. In the US it means advocating for increased US involvement in the Baltic region, and in Latvia it means the ability to vote for Westward-oriented political



parties and figures that stand strong in support of democratic values, transparency, and transatlantic ties.

In the first two and half years since the passing of the so-called Dual Citizenship Law in Latvia, 925 people from the United States have applied for the Latvian citizenship, according to the Latvian Embassy to the US, which is a small number compared to the number of people who would be eligible to become Latvian citizens under the amended Latvian Citizenship Law. Also the number of Latvian citizens participating in Latvian parliamentary elections in the US may appear insignificant, as only about 2300 citizens of Latvia cast their votes at the US polling stations at the most recent Latvian Parliamentary elections in October 2014.<sup>44</sup> Nevertheless, the Latvian-American community still treats this as an important task by coordinating and voluntarily staffing 13 out of 15 polling stations in the US, as it was the case in 2014.

## **Finding New Agents for Trade and Investments**

Strengthening political ties and civic engagement is one way of promoting bilateral ties, but making the relationships count in economic terms also is another area where the Latvian community in the US has started to take an increasingly active role. In 2013 the American Latvian Association was one of the main supporters of the first World Latvian Economics and Innovation Forum (WLEIF), which took place in Riga during the XXV Latvian Nationwide Song and XV Dance Festival. Among more than 350 participants from 21 countries, there were about 70 participants from the US, many of whom in one way or another have already invested in Latvia, either via investments in real estate, opening their branch offices, outsourcing and the like. As the president of the World Federation of Free Latvians Jānis Kukainis stated in his call to participants: “Since regaining independence in 1991, Latvia has made and is continuing to make great strides in its economic development. We, people of Latvian descent and friends of Latvia, can contribute with our ideas, experience and investment. The forum’s goal is to provide net-

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44 Centrālā vēlēšanu komisija, “12. Saeimas vēlēšanas”, October 20, 2014, <http://sv2014.cvk.lv/Result-8.html>

working opportunities with a resultant positive impact on Latvia's economic development".<sup>45</sup>

Currently, there are 14 Latvian honorary consuls in the United States who, responding to the invitation of the Latvian Ministry of Foreign Affairs, have assumed the voluntary role of promoting diplomatic, economic, cultural, and educational relations between the two countries. At least ten of them have ancestral ties to Latvia. The goal of the World Latvian Economics and Innovations Forum was to reach out to the broader network of American business leaders, entrepreneurs, and professionals with Latvian ties and engage them in Latvia's economic development by introducing them to various cooperation possibilities and investment opportunities. The Latvian community in the US is not only one of the most populous compared with other Latvian host nations around the world, but in many ways also one of the most active and prosperous ones. Much of this can be attributed to the overall development ranking of the host nation, and equally as much to the American entrepreneurial traditions and meritocracy which has allowed many Latvians to excel and prosper. A number of them have made their investments in Latvia, choosing it over investment opportunities in other places of the world.

As of 2016, other than one economic attaché at the Latvian Embassy and the corps of the Latvian honorary consuls, Latvia does not have a separate representative office of economic or business affairs in the United States. Since the closing of the Latvian Investment and Development Agency's branch in the US, which was operational between 2005 and 2009, the office has not been re-opened despite repeated calls from Latvian business and trade organizations, such as the Latvian Chamber of Industry and Commerce, the American Chamber of Commerce in Latvia and others. Consequently, Latvian businesses frequently reach out to the ALA Office to find leads in US markets.

## **Investing in Latvia's Future and Strengthening Social Ties**

In addition to the many macro level efforts supporting the development of Latvia, ALA has launched several direct support

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45 Jānis Kukainis, "World Latvian Economics and Innovations Forum", February 20, 2013, <http://2013.ieguldilatvija.lv/en/>

programs to Latvia. The ALA's Office of Support and Aid to Latvia (SAL) reports that in 2014 the value of donations sent via ALA to large and needy families, orphans, and children with special needs in Latvia exceeded US\$ 2.5 million.<sup>46</sup> This support program was launched in 1994 in cooperation with the Children's Fund of Latvia (*Latvijas Bērnu fonds*), which administers the distribution of financial aid in Latvia. As the Director of the ALA's Office of Support and Aid to Latvia Kaija Petrovska explains, the SAL office does not provide just one-time donations, but regular financial assistance lasting approximately for two years, which has been titled "The Secure Bridge" (*Drošais Tilts*). In other words, it is a secure channel or "bridge" from a donor in the US to a needy child or family in Latvia. Each recipient of the ALA scholarship maintains connections with families in the US, creating lasting bonds that transcend borders and time. Additionally, several similar Aid to Latvia programs have been launched by the Latvian Evangelical Lutheran Church in America and the Latvian Welfare Association "Daugavas Vanagi".

Similarly, several independent scholarship funds have been created by Latvian-Americans in support of students and young professionals in Latvia. Among them is the Dr. Aina Galējs' scholarship fund, Dr. Jānis Grundmanis' graduate and postgraduate fellowships, Mudīte I. Zilīte Saltups' postgraduate and postdoctoral fellowships, each of which provides Latvian students with opportunities to study in the US then encouraging them to return to their homeland upon completion of their studies.

In November 2013, the biggest tragedy of the post-independence period struck Latvia, when the roof of a shopping centre in Zolitude neighborhood in Riga collapsed, resulting in the deaths of 54 people and injuries to another 41 people. This biggest peacetime tragedy not only shocked the Latvian nation, but deeply resonated with the Latvian-American community which started its own fundraising campaigns in support of victims of the tragedy. The American Latvian Association took a different stance, reaching out to the Riga Technical University (RTU) and pledging a donation US\$ 10,000 to the efforts of creating safe

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46 Latvijas Bērnu fonds, "Pasniegs ALA stipendijas "Drošais tilts" Latvijas ģimenēm un studentiem", October 5, 2016,

and sustainable construction practices in Latvia. As a result, a student research competition for interdisciplinary teams was launched focusing on best practices from abroad that could and should be adopted in Latvia to make Latvian construction process safer. At the one-year anniversary since the tragedy, Riga Technical University with the support of ALA organized a conference. Its objective was to become a meeting point for local and international construction industry experts to exchange experiences in construction supervision and quality control. Several Latvian-American experts were engaged in the organization of the first conference, which was repeated by RTU one year later.

### **Strengthening Ties and Investing in the Future**

The Latvian community in the US has played a pivotal role not only in bringing the two countries closer politically and economically, but also culturally. The role of Latvian supplementary schools and summer schools in the US, and the ALA Education Office, which provides support and assistance to these schools, cannot be emphasized enough. In 2015-2016, 18 Latvian supplementary schools operated in the US, providing Latvian language and culture training to more than 500 students up to the 8<sup>th</sup> grade. In addition, two Latvian summer high schools Ģarēzers and Kurša are still operational in the US, one in Michigan and one in Washington state, through which the Latvian language and culture are passed on to younger generations of mostly American-born Latvian youth. Thanks to the generous bequest of Elmārs Freibergs and many other loyal donors, ALA in the past few years has been able to launch several new programs aimed at promoting Latvian language acquisition, cultural preservation, and strengthening ties with Latvia.

In 2015, ALA in cooperation with the Latvian Ministry of Culture launched a new Summer Internship program in Latvia, which was created to strengthen ties between second and third generation Latvians in the US and their ancestral homeland. Altogether 16 participants from the US and Canada joined the program in the summer of 2015, two of who received permanent job offers and decided to stay in Latvia indefinitely. The summer internship program as such was not new as the ALA had for many

years supported internships at the Latvian Museum of Occupation and the Latvians Abroad Museum and Research Center. However, what was new, was the scope and the outreach of the “Spend a Summer in Latvia” program. The Director of ALA’s Cultural Office Līga Ejups believes this program will become as popular among Latvian-American youth as the highly-acclaimed “*Sveika, Latvija!*” and “Heritage Latvia” programs among Latvian-American adolescents. The latter were created in 1998 and 2006, respectively, and since their inception have introduced more than 600 teens of Latvian origin to their ancestral homeland.

The presence of Latvian music stars at the Metropolitan Opera in New York City, the Kennedy Center in Washington, DC, or at the Boston Symphony Orchestra can only be credited to the artistry and the mastery of these stars themselves, which in many ways transcend their nationality. However, the presence of Latvian folk costumes, folk dances and folk artistry rests more on the shoulders of the Latvian-American community, which is an active participant of various ethnic festivals around the US. These are the events where ties are strengthened on day-to-day basis, where an average American gets a glimpse into Latvian culture and tastes Latvian ethnic cuisine. An active player in this regard is the Latvian cultural association “Tilts” (“The Bridge”), which organizes regular tours of Latvian musicians and artists around the US, as well as local folk dance groups and choirs, who keep the Latvian folk tradition alive. In 2013, ALA financially supported the participation of four Latvian-American folk dance groups and three choirs in the XXV Nationwide Song and Dance Festival in Latvia. To many participants from the US it was a life-changing experience which reinvigorated Latvian-American folk dance groups and choirs in the run-up to the Song and Dance festival and strengthened their engagement thereafter. Several of these participants have taken the lead of organizing the XIV Latvian Song and Dance Festival in the US, which will take place in Baltimore, MD, in July 2017.

Another yet unacknowledged area of cooperation is sports where the American Latvian Association and its Sports Division places focus on engaging the younger generation of Latvian-Americans who may not be interested politics, culture or education. In addition to organizing annual ALA Championships and

tournaments in the US, every three to four years ALA organizes trips to Latvia with men's and women's volleyball and basketball teams and supports participation in "friendship games" with their Latvian counterparts. The last such trip took place in 2014, and the next will coincide with the Latvian Centennial celebration in 2018. In addition, in 2015, the ALA Sports division launched a campaign to support the construction of *Likteņdārzs* (*Garden of Destiny*), where the Global Latvian Sports Games are expected to take place in 2018.

## **Preserving the Shared History**

There are a lot of day-to-day programs and projects launched by the American Latvian Association aimed at strengthening ties between Latvia and the United States. In order to acknowledge and preserve the shared history and contribution to strengthening ties between Latvia and the US, ALA actively supports preservation efforts of Latvian archives, libraries, and material culture in the US.

In 2014, the Library of Congress in Washington, DC, hosted "The Second Conference on Latvian Diaspora Archives, Libraries, and Material Culture", which was sponsored by ALA and the Latvian Embassy in the US. As noted by James H. Billington (the Librarian of Congress between 1987 and 2015) it was the first conference that the Library of Congress had ever held with any ethnic community regarding the library's collections pertaining to that community.<sup>47</sup> The focus of the conference was the preservation efforts for Latvian archival collections, books, and material culture, documenting the history of Latvia and the Latvian diaspora – departure from homeland and commitment to fight for the restoration of Latvia's independence, preservation of Latvian language and culture. The conference engaged in conversation with leading Latvian and American institutions that hold such collections.

The conference built on a similar event organized by ALA in cooperation with the University of Minnesota's Immigration History Research Center (IHRC) in April 2012. Were it not for the

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47 Library of Congress, "Latvian Diaspora Archives, Libraries and Material Culture Conference Sept. 11", August 14, 2014, <http://www.loc.gov/today/pr/2014/14-143.html>

drive of the Latvian-American community and sponsorship of ALA, this avenue of cooperation would likely have not existed. To aid the claim, the IHRC in 2004 received a combined endowment from the American Latvian Association, the Latvian Welfare Association, and the World Federation of Free Latvians, which allowed for the creation of a scholarship fund that supported students focusing on Latvian-American studies at the University of Minnesota. An additional major contribution was made to the program in 2005 from the Diaspora Fund of the Republic of Latvia.

A similar view could be taken at those few Baltic studies programs at American universities whose existence is largely attributable to the persistence of several Latvian professors, who have fought hard to have the Latvian language and culture being part of syllabi at American campuses. Once their energy and support from the Latvian community had dried up, Latvian programs and collections have fallen prey to cost cutting as has been experienced at the Latvian Studies Center at the Western Michigan University, New York Public Library<sup>48</sup> and elsewhere.

## **Conclusion and Recommendations**

The role of Latvian-American community organizations in strengthening ties and building partnerships between Latvia and the US is manifold. The Latvian-American community plays an important role in advocating for increased US involvement in strengthening Latvia's defense, security, and development. As outlined in the article, by being citizens of the US, Latvian-Americans have the ability to reach out to US policy makers in ways the Latvian government cannot. The same goes the other way – the Latvian-American community can speak to the Latvian government as compatriots and citizens of Latvia, and launch programs and initiatives that connect people at a very personal level.

As is proclaimed in the opening statement of the article, the Latvian-American community is a bridge between the two countries; however it is a somewhat narrow bridge with highly intense traffic. Much of this traffic is driven by the enthusi-

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48 Scott Sherman, "Upheaval at the New York Public Library", *The Nation*, November 30, 2011, <http://www.thenation.com/article/upheaval-new-york-public-library/>

asm and financial support from first generation Latvians who departed their homeland during World War II or were born in Displaced Persons' camps in the early post-war period. The challenge for the American Latvian Association and its member organizations is attracting more members among younger generations and American-born Latvians, which, as argued by social scientists, represent a significant decrease in traditional forms of civic activism compared to previous generations of Americans.

The potential is vast (as there are close to 90,000 people in the US who claim Latvian ancestry), but so are the challenges. Currently the American Latvian Association, with more than 140 registered member organizations and more than 5,000 individual members, is the largest Latvian association in any country outside of Latvia. But as the population of first-generation Latvians in the US is diminishing, it is absolutely vital to invest in the younger generations of Latvian-Americans, whose main link to Latvia are their parents and grandparents. In this regard, continued support to Latvian supplementary schools around the US, which play an important role in preserving Latvian language and culture among second, third, and fourth generation Latvians in the US, is absolutely critical. In order to strengthen people-to-people relations, programs like "Sveika, Latvija!", Heritage Latvia, and "Spend a Summer in Latvia" are absolutely fundamental as they allow American-born Latvians to explore and discover the homeland of their ancestors and establish contacts with their Latvian counterparts. More outreach programs to engage Latvian-Americans who have limited or no knowledge of the Latvian language and their non-Latvian spouses, would be strongly recommended.

An important element in preserving cultural ties with Latvia is access to authentic traditional and contemporary Latvian culture in the US. An acute and pressing issue for the Latvian-American community is the ability to invite visiting artists from Latvia, which according to such tour organizers is a very lengthy and expensive process. Community organizations have repeatedly sought support from the US Embassy in Latvia in performance visa matters, but a more simplified and sustainable solution that would support cultural preservation efforts among America's ethnic minorities would be strongly advisable.



To strengthen ties between Latvia and the Latvian community in the US, it would be advisable for the Latvian government to continue supporting Latvian educational and cultural programming outside of Latvia, including the US. This would not only support the preservation of the Latvian language and culture in the US, but would also promote bilateral relations in the future. For the Latvian-American community to be better able to advocate for increased US support and investments in Latvia, it is very important for the Latvian government to demonstrate a strong stance and genuine determination to strengthen its national defense and security, strengthen its court system, and fight against corruption, all of which at one point or another emerge as questions in conversations between Latvian-Americans and their American counterparts. To demonstrate genuine interest in promoting economic ties and business relations, Latvia should re-open a branch of the Latvian Investment and Development Agency in the US which should take a proactive role in creating business connections and advertise investment opportunities in Latvia, remembering the vast Latvian community network who may come to aid in advancing this goal.

In conclusion, more research needs to be conducted and published on the contribution of the Latvian-American community to the restoration of Latvia's independence, and its development and strengthening of bilateral ties between Latvia and the US thereafter. This would not only be a significant contribution to better understanding the development of Latvian and US relations retrospectively, but would also help assess and better engage the Latvian-American community in building partnerships and strengthening people-to-people relations in the future.

# Conclusions: Building Bridges across Transforming Shores

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**Diana Potjomkina**

**T**his book is a testimony to the diverse and close relations between Latvia and the United States that command attention of some of the best and brightest policy-makers and experts on both shores of the Atlantic. While the strategic nature of this partnership between the two countries has remained undisputed, the last few years have brought new challenges and changes to both allies. A deteriorating security situation in Europe and especially in the Baltic Sea Region, including conventional and hybrid threats posed by Russia, shifting alliances within Europe, negotiations on the Transatlantic Trade and Investment Partnership, changing political allegiances and public sentiments have been among these developments. Both partners have acted jointly in responding. The authors of this book analyze the recent past and prospects of Latvian-US relations, and in doing so demonstrate the multifaceted and flexible nature of this relationship – resulting in positive but inevitably somewhat diverging assessments. These differences are a sign of a mature, open and broad relationship that is not monopolized by a narrow body of accomplices; they should be embraced and discussed further for mutual enrichment. These concluding remarks aim to reflect the broad consensus among authors on each topic as well as the richness of their views and issues that merit further consideration. For a detailed analysis and recommendations the reader is invited to refer to the specific chapters.

Among the many issue areas constituting the strategic partnership between Latvia and the US, three are prioritized: cooperation in security and defense; economic ties, including transport and energy; and people-to-people relations.

Latvian-US cooperation in the area of security and defense has been exceptionally strong; it is arguably the cor-

nerstone of the partnership. As Uģis Romanovs details, formal military cooperation between the two countries started in 1991, and over the years the US invested a substantial amount of resources into developing Latvian military forces including the Home Guard. US political and military support continued after Latvia joined NATO, and Latvia, in turn, gradually became a loyal ally contributing to joint international operations and overall NATO capabilities. In contrast to certain other European states, Latvia shares the US's assessment of the international environment and sees it as a pivotal guarantor of European security. Cooperation at political and military levels further intensified as both countries had to deal with Russia's aggression in Ukraine and a changing geostrategic landscape in the entire European continent.

As a principle, the importance of continuous Latvian-US cooperation in this environment is unanimously endorsed by the authors, however, opinions differ on whether it has already reached the peak level. This has been applied to both US and Latvian sides. Speaking about the former, some authors – including Jeffrey Rathke and Matthew Melino, Magnus Nordenman and Jon Dunne, and Edward Rhodes – highlight the strong and unconditional nature of support to its European allies in general, and Latvia in particular, provided by President Barack Obama's administration and endorsed in a bipartisan consensus. They argue that Russia is considered the main threat to US security by the current administration, that “the United States' partnership with Europe is essential to pursuit of the US national interest”<sup>49</sup> and, after a period of lower intensity, has been reinvigorated over recent years, that the Baltic Sea Region in particular is recognized as “a central friction zone”.<sup>50</sup> and that US commitment to the security of the Baltic States including Latvia is not only undisputed in US policy-making circles but has also been proven politically and materially in bilateral relations.<sup>51</sup> Some also foresee continued and even strengthened US attention to the region in the years

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49 Jeffrey Rathke and Matthew Melino, “Confronting a Common Threat: Reinvestment in Bilateral Defense Relations”, this volume.

50 Magnus Nordenman and Jon Dunne, “Friction in the Baltic Sea Region and the Future of the US-Latvian Defense Relationship”, this volume.

51 Edward Rhodes, “US Policy toward Latvia in the Post-Crimea Era”, this volume.

to come.<sup>52</sup> Tangible proof of US assistance to Latvia include the former's participation in numerous bilateral and NATO military exercises, including a rotating US military presence in Latvia, increased attention to NATO contingency planning, and the European Reassurance Initiative that may reach USD \$3.4 billion in 2017: "A shift from reassurance to deterrence [...] a more forward-looking, sustained, and proactive approach to the security challenges, which was lacking prior to 2014."<sup>53</sup>

This optimism, however, is not fully shared by other US and Latvian authors. For Donald Jensen, President Obama's refocusing on European defence has been visible but not entirely satisfactory; while inspired by the Russian-Ukrainian conflict, the EU and US agreed on a joint course of action and the US substituted sanctions for its "reset" policy towards Russia, the US, he argues, sees this essentially as a "regional" – not a global – problem. He is also critical of the level of US and NATO presence in the Baltic Sea Region.<sup>54</sup> Gunda Reire goes somewhat further by arguing that President Obama has been rather hesitant in the Ukrainian conflict and somewhat optimistic about continuing negotiations with current Russian leadership.<sup>55</sup> Other authors focus on future prospects for the US strategy towards Latvia and Europe as a whole, and similarly find it necessary to warn the US against possible withdrawal or passivity. Although being optimistic about the present, Edward Rhodes brings attention to the rising Jacksonian trend in US society – a "widespread public anger with the foreign and domestic policies pursued by the American political elite" that calls for unilateralism and special attention to maintaining the US's internationally beneficial position and prestige. While he believes the next US leadership will in any case honor its commitments towards the Baltic States, this support may become less automatic and US diplomatic resources somewhat more limited.<sup>56</sup> On a slightly different note, Glen Howard believes that Latvia

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52 Jeffrey Rathke and Matthew Melino, "Confronting a Common Threat: Reinvestment in Bilateral Defense Relations".

53 Ibid.

54 Donald N. Jensen, "Obama, Europe and Russia: Catching Up to Europe's Evolving Security Threats", this volume.

55 Gunda Reire, "A Fresh Start for US-Latvia Relations Is Needed".

56 Edward Rhodes, "US Policy toward Latvia in the Post-Crimea Era".

should become more proactive in communicating its challenges and achievements to American public and policy-makers, convincing them, among other things, that Latvia is actually defensible contrary to what some superfluous US-produced assessments have said.<sup>57</sup> Edijs Boss, in turn, looks at US foreign policy from a geopolitical, not ideational, perspective. He notes that historically US support to Latvia has been most pronounced after the end of the Cold War when the US enjoyed a central position in a basically unipolar international system and faced few external challenges. However, as this unipolarity begins to wane the US may find itself tempted to soften its posture in the region. Edijs Boss thus advises Latvia to focus away from supporting continued NATO expansion in Eastern Europe towards solidifying the already existing Transatlantic relationships.<sup>58</sup>

Different opinions have also been voiced on the readiness of Latvia to defend itself against unwelcome outside intervention. Latvia has been commended for its legally enshrined commitment to dedicate 2 percent of the GDP to defence by 2018. Faced with numerous European allies who are not abiding by this principle and pressured internally to not help “free-riders”, the US highly appreciates this Latvian step. The authors of this volume share this sentiment unanimously and say it “will make Latvia’s case in Washington considerably stronger.”<sup>59</sup> At the same time, many of them would like to see Latvia doing even more for its own defence, even as it continues to closely cooperate with the US. Experts also warn Latvia against any policies that might seem uncooperative to the US, including any delays in implementing the promise of spending 2 percent of the GDP on defense, or “allow[ing] itself to be provoked into a confrontation with Russia.”<sup>60</sup>

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57 Glen E. Howard, “Latvia-US Relations and the Changing Security Environment in the Baltic”, this volume.

58 Edijs Boss, “A Strategic Appraisal of the Centenary of US-Latvian Relations: The Baltic Issue in American Policy from Wilson to Obama”, this volume.

59 Jeffrey Rathke and Matthew Melino, “Confronting a Common Threat: Reinvestment in Bilateral Defense Relations”; Magnus Nordenman and Jon Dunne, “Friction in the Baltic Sea Region and the Future of the US-Latvian Defense Relationship”.

60 Edward Rhodes, “US Policy toward Latvia in the Post-Crimea Era”.

Ugis Romanovs in his article offers a comprehensive view on the evolution of Latvia's defence strategies, arguing that conceptual changes have been too frequent and not necessarily underpinned by real improvements in capacities; as a result, the potential of cooperation with the US military has not been used to the fullest possible extent. He also argues that Latvian strategists have not paid sufficient attention to conventional threats, focusing on expeditionary capabilities instead, an error that can potentially be remedied by the new National Defence Concept due to be adopted this autumn. According to Romanovs, Latvia needs to develop its core capabilities, and here, the US can provide crucial help already in the short term.<sup>61</sup> Rathke and Melino, while being very positive about Latvian achievements, argue that it needs to improve its absorptive capacity, improve logistical support for US and allied forces, step up cooperation between civilian and military authorities, harmonize defence approaches with the other Baltic States, and build missing capacities such as air defence. Moreover, Latvia should be prepared for the new US administration (2017) reviewing its allies' contributions to collective defense and burden-sharing.<sup>62</sup> Nordenman and Dunne offer additional detailed recommendations, including the need to strategically plan its increased defense funding (while increasing interoperability with the US as one of the aims), maintain and increase the role of the National (Home) Guard, and consider re-introducing some form of conscription. They also speak about jointly developing a maritime strategy for the Baltic Sea Region and modernizing Latvia's traditional, energy and cyber infrastructure. This would include, for instance, security of Latvia's eastern border and joint Latvian-European-American initiatives for improving Latvian "dual-use" facilities.<sup>63</sup>

Thus, while there is no doubt that Latvian-US cooperation on security and defense will remain strategic and highly

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61 Ugis Romanovs, "Military Cooperation between Latvia and the United States: Achievements, Missing Links and Opportunities", this volume.

62 Jeffrey Rathke and Matthew Melino, "Confronting a Common Threat: Reinvestment in Bilateral Defense Relations".

63 Magnus Nordenman and Jon Dunne, "Friction in the Baltic Sea Region and the Future of the US-Latvian Defense Relationship".

valued on both sides, it remains to be seen how exactly the partners will prepare for and respond to conventional and hybrid challenges faced by the Baltic States. The strategic appraisal of both types of issues is interesting in itself; while US policy-makers and some authors in this volume are increasingly refocusing on conventional threats and even consider them to be the primary ones,<sup>64</sup> other experts, like Reire, are more preoccupied with hybrid threats including subsidized lobby groups and Russian propaganda, and the US/NATO response to these. Reire argues that NATO should think of itself in terms of a “battle space”, not “battlefield”, that is, more than a traditional military organization. It should also make operational its new hybrid security strategy – concerning itself with issues like the societal resilience of its members.<sup>65</sup> Nordenman and Dunne support this Latvian focus by arguing that the US should become a sponsoring nation of the Riga-based NATO STRATCOM Centre of Excellence and that Latvia should highlight strategic communications “as a primary pillar of its strategy.”<sup>66</sup> We can, however, hope that Rathke and Melino are right when speaking about a “convergence of views on the threat in recent years” and mutual efforts to “build the ability to resist coercion across the civilian-military spectrum.”<sup>67</sup>

No less important issues are raised in the second part of the book concerned with economic relations. The greatest novelty from recent years, which has not yet borne fruition however, is negotiations on the Transatlantic Trade and Investment Partnership (TTIP) between the European Union and the United States. For a long time economic relations between Latvia and the US were overshadowed by the strategic dialogue on security and defense: although they did play a role in bilateral visits, they received less attention at least in public debates and remained

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64 Magnus Nordenman and Jon Dunne, “Friction in the Baltic Sea Region and the Future of the US-Latvian Defense Relationship”; Donald N. Jensen, “Obama, Europe and Russia: Catching Up to Europe’s Evolving Security Threats”.

65 Gunda Reire, “A Fresh Start for US-Latvia relations is needed”.

66 Magnus Nordenman and Jon Dunne, “Friction in the Baltic Sea Region and the Future of the US-Latvian Defense Relationship”.

67 Jeffrey Rathke and Matthew Melino, “Confronting a Common Threat: Reinvestment in Bilateral Defense Relations”.

underdeveloped in practice. For Latvia, trade with the US comprised 1.02 percent of its total foreign trade in 2015, and although there has been some increase in exports to the US lately, Latvia in this regard falls behind not only Lithuania and Estonia but most of the other EU Member States also. Latvian imports from the US, as well as US Foreign Direct Investment into Latvia, have decreased by almost twice over 2011-2015. Judging from the statistics of other comparable EU Member States Latvia has a good potential to expand trade with the US.<sup>68</sup>

Experts contributing to this volume mention several steps of action needed to make Latvian-US economic ties more important and strategically oriented, in line with the nature of the political and defense partnership. One of the main tasks for Latvia is to reopen a specialized economic representation in the US that would be run by the Investment and Development Agency of Latvia. Such a representation existed until 2009, but was shut down and no plans to reopen it are currently in place (arguably showing that economic cooperation with the US has not been considered as one of the ways to overcome the negative consequences of the economic crisis). The task of promoting mutual economic relations is performed only by an officer at the Latvian Embassy in Washington, DC.<sup>69</sup> However, entering the US market is difficult because substantial investments in reputation-making have to be made in advance, and due to other challenges.<sup>70</sup> Moreover, as Liga Smildzina-Bertulsone notes, although Latvia is a very attractive business partner by internationally accepted standards, US investors have very limited knowledge about it.<sup>71</sup> An economic representation could provide much-needed assistance. Second, Latvia has to set priorities for economic cooperation with the US; currently, it has not defined priority sectors, so support from government and non-governmental organizations

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68 Kristaps Supe, "Latvia and US Economic Relations: Trade, Investment and Representation", this volume; Liga Smildzina-Bertulsone, "TTIP on the Horizon: A View on Prospects for Developing Economic Relations between Latvia and US", this volume.

69 Ibid.

70 Ibid.

71 Liga Smildzina-Bertulsone, "TTIP on the Horizon: A View on Prospects for Developing Economic Relations between Latvia and US", this volume.



remains diffuse.<sup>72</sup> Third, it has to make good use of other available resources such as the large, active and supportive Latvian diaspora in the US. Ilze Garoza, in her chapter, describes the increasingly active role that Latvian Americans play in promoting economic relations, including through investments and co-organizing the first World Latvian Economics and Innovation Forum in 2013.<sup>73</sup>

Finally, and most importantly, Latvia and the US should analyze possible consequences of and prepare for the TTIP. This landmark agreement will bring closer two of the largest world economies jointly accounting for half of the world's economic output, and will remove tariff and non-tariff barriers to trade. As Smildzina-Bertulsone argues, quoting a recent study commissioned by AmCham EU, the impact for Latvia will likely be positive, resulting in increased trade, improved conditions for small and medium-sized enterprises (SMEs), new jobs, investments, and lower prices (0.2 percent decrease). According to this forecast, Latvia's exports will increase by 15 percent, and the GDP – by 0.4 percent.<sup>74</sup> However, no publicly available research has been conducted on the TTIP by Latvia itself. The level of awareness among the main potential beneficiaries – SMEs – is low,<sup>75</sup> and while the Latvian government strongly supports the agreement, there is certain public skepticism that calls for more active dialogue with the non-governmental sector. In parallel, even with the TTIP in force, Latvia will have to continue work on strengthening the competitiveness of its enterprises and promoting them in the US market.<sup>76</sup> Alongside this agreement, it is also worthwhile discussing the benefits and consequences of Latvia's expected accession to the Organisation for Economic Co-operation and Development (OECD), of which the US is a member.

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72 Kristaps Supe, "Latvia and US Economic Relations: Trade, Investment and Representation", this volume.

73 Ilze Garoza, "The Latvian American Community: The True Agency for Stronger Partnerships", this volume.

74 Liga Smildzina-Bertulsone, "TTIP on the Horizon: A View on Prospects for Developing Economic Relations between Latvia and US".

75 Kristaps Supe, "Latvia and US Economic Relations: Trade, Investment and Representation", this volume.

76 Liga Smildzina-Bertulsone, "TTIP on the Horizon: A View on Prospects for Developing Economic Relations between Latvia and US", this volume.

Transportation and transit are among the most important and dynamic sectors in Latvia, accounting for approximately 10 percent of its economy.<sup>77</sup> Maris Andzans, in his chapter, offers a review of a highly politically and economically successful Latvian cooperation with the US on the Northern Distribution Network (NDN) – a transport corridor used during 2009-2015 for transporting cargo to and from Afghanistan – and touches on future prospects. According to Andzans, NDN has already proven that Latvia has the “capability to establish and run new and complicated transportation lines over Eurasia”. In the future, “Latvian railroads will probably have a permanent instrumental role in the defense architecture of Latvia”, which will result in closer cooperation with the increasingly present US. New possibilities for military cargo transportation may open thanks to Rail Baltica, a “European gauge” railroad that will connect the Baltic States to Western Europe. Additionally, Latvia is working on commercialization of the NDN route and expanding transit across the East-West corridor, going as far as China. Transporting Chinese cargo through Kazakhstan, Russia, and Latvia only takes 11-12 days, that is, three times less than the same route by sea. Thus, one recent Latvian initiative has been to establish a coordinating secretariat for transport and logistics in Riga, positioning itself as a hub of European and even Eurasian importance. Developing the North-South corridor also becomes increasingly desirable, and here Latvia not only has Rail Baltica but also railroad initiatives that are already operational and successful.<sup>78</sup> Thus, Latvia and the US should look to build on previous successes and expanding cooperation with military and private transit initiatives.

Kristine Berzina’s chapter deals with Latvian-US cooperation on energy – another sphere where substantial progress has been achieved over the last few years and which has far-reaching potential. Energy is a security and economic issue for Latvia; at this “unique moment in the energy trajectories of Latvia and the United States” another strategic relationship can be born between the two. Both countries are interested in strengthening

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77 Maris Andzans, “Transportation Corridors: Prospects for Bringing Latvia and the US Closer”, this volume.

78 Ibid.

Latvian and European energy security and aiding Ukraine; Latvia highly values US political support on issues where its opinions differ from those of other EU allies, such as on the harm of the Nord Stream 2 pipeline, and is interested in importing liquefied natural gas (LNG) from the US that, in 2016, began exporting it for the first time. LNG is a possibility for Latvia to diversify its natural gas sources and ease total dependence on Russia. Importing it will become possible once the Latvian gas market is liberalized in 2017 (a step politically supported by the US), and easier with the conclusion of the TTIP. Additionally, Latvia aims to become a regional energy hub, enabled by, among other things, its unique Incukalna gas storage facility.<sup>79</sup> While energy and transit sectors depend on a multitude of factors including political and market conditions, expanding Latvian-US cooperation in these sectors should be accorded the utmost importance.

Finally, people-to-people relations are, in a fundamental way, at the core of the Latvian-US friendship. Even the most sophisticated political initiatives can fail without popular backing, and it is therefore particularly auspicious that both societies are tied in close and diverse ways. Ilze Garoza in her chapter discusses the manifold role of the Latvian American community, indeed calling it “the strongest and most direct link between the two countries.”<sup>80</sup> Latvian diaspora is well integrated into US society but at the same time attentively follows and supports the Latvian state, while remaining politically independent from the Latvian government. The American Latvian Association (ALA), uniting more than 140 local organizations, has over recent years actively and consistently lobbied US policy-makers calling for a permanent NATO military presence in the Baltic States, stronger US assurances, and condemnation of Russia’s policies towards Ukraine, among other issues. ALA is also active within the Joint Baltic American National Committee (JBANC), showing the Baltic states can indeed speak in one voice. While the direct impact of these activities is difficult to assess, Garoza argues that Latvian diaspora plays a key role in keeping the Latvian / Baltic issues

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79 Kristine Berzina, “Latvia and the United States: Working Together to Strengthen European Energy Security”, this volume.

80 Ilze Garoza, “The Latvian American Community: The True Agency for Stronger Partnerships”, this volume.

high on US policy-making agenda.<sup>81</sup> Moreover, Latvian Americans have popularized Latvian traditions and culture, including Latvian language classes in US universities. It is a separate topic about how the Latvian state should develop its relations with this influential community that has consistently invested in Latvia's security and well-being, as well as in strong and substantial Latvian-US relations. Dual citizenship for Latvian citizenship holders, introduced in 2013, is an important step in the right direction. Garoza's article addresses a number of important points in the domain of diaspora and societal activities.

Alise Krapane, in her chapter, focuses on aspects of people-to-people relations between Latvia and the US, showcasing the multiple ways in which dialogue takes place – from tourism through to exchange programs to Latvian opera, arts and sports stars captivating US audiences. (The cultural presence of the US in Latvia, as well as meticulous Latvian media attention to its strategic partner, has been so long-standing and deeply entrenched that it does not call for further discussion, although overall opinion on the US in Latvian society remains divided, most likely for political reasons.) Similarly as in the case of business, however, Latvian visibility in the US is to a large extent based on personal talent and private initiative; there is no cultural attaché at the Latvian Embassy in the US. Public diplomacy was more active during 2014 when Riga held the status of the European Cultural Capital, and 2015 when Latvia presided over the Council of the European Union. However, continued investment is needed for increasing Latvia's visibility, not only through creating new diplomatic posts but also through such methods as university exchanges, school friendship, and promoting tourism.<sup>82</sup>

Thus, one of the main conclusions from the entire book is the sheer scope of new possibilities for strengthening, deepening and broadening the strategic partnership between Latvia and the US. Both countries have an extremely close relationship on security and defence issues; over the last few years new steps have been made to expand the same strategic approach to trade,

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81 Ilze Garoza, "The Latvian American Community: The True Agency for Stronger Partnerships", this volume.

82 Alise Krapane, "Latvia-US Public Diplomacy and People-to-People Relations", this volume.

transit, energy, and hopefully people-to-people ties. The partnership grows and this calls for new initiatives and discoveries. At the same time each partner also continues to grow and the international environment is changing on both sides of the Atlantic. This is not a time for complacency; to be truly successful the strategic Latvian-American partnership must stay agile and attentive to developments on both sides and internationally. This involves continuous dialogue and a search for common solutions, as well as doing each country's "homework": for instance, investing in defence, developing new capabilities, generating innovative trade and transit projects, providing political support and sponsoring new initiatives.

This book, which has brought together a large number of authors from Latvia and the US, also attests to the importance of dialogue, domestically and internationally. The viewpoints of different authors included here reflect the richness of ideas and opinions on both sides, and it is vital to continue such conversations in person, in different formats and among different stakeholders. Improved knowledge in Latvia about the US and in the US about Latvia will help to launch new business, transit and cultural initiatives and to harness much-needed political support for joint initiatives; dialogue between policy-makers and societies on issues like the TTIP will help to ensure that new initiatives are not only sustainable, through being supported by the society, but are widely and fruitfully used. As the shores change the bridges must stay strong; the potential for this close, open and trustful partnership remains enormous.

## About the Authors

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Research Fellow at the Latvian Institute of International Affairs and Assistant Professor at Rīga Stradiņš University. For several years, he served as a civil servant in the transportation branch of the Latvian public administration. One of his spheres of responsibility was cargo transportation to and from Afghanistan through Latvia.

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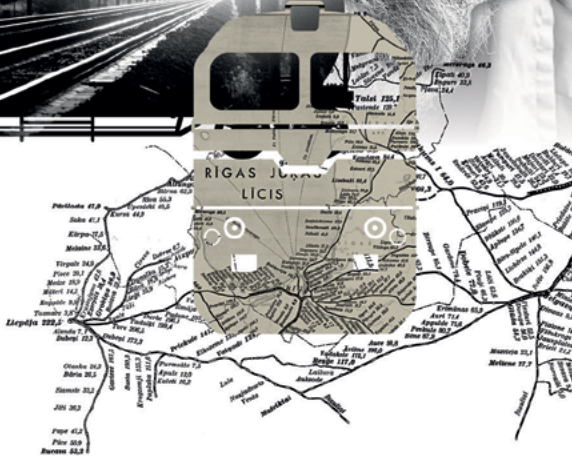


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# Latvian Institute of International Affairs



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The Latvian Institute of International Affairs was established in May 1992, in Riga, as a non-profit foundation, charged with the task of providing Latvia's decision-makers, experts, and the wider public with analysis, recommendations, and information about international developments, regional security issues, and foreign policy strategies and choices. It is an independent research institute that conducts research, develops publications, as well as organizes lectures, seminars, and conferences related to international affairs. Among Latvian think tanks, the LIIA is the oldest and one of the most well-known and internationally recognized institutions, especially as the leading think tank that specializes in international affairs.

The Institute has recently been focusing on such research themes as the Latvian Presidency of the Council of the European Union; the crisis in Ukraine, its geopolitical and security implications; Central Asia, including transportation and transit issues; the Eastern Partnership; Baltic-Visegrád cooperation; Transatlantic relations; Russia; and energy security and policies.



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The Embassy is grateful to **SIA Pata AB** for its generous donation that enabled support towards this book.

**The American Latvian Association (ALA)** is the main representative organization for the Latvian American community. Through about 140 active member organizations, churches, clubs and some 5,000 individual members we represent over 90,000 people of Latvian descent living in the United States.

ALA supports cultural activities and facilitates cooperation within the Latvian American community. We promote the study of Latvian language, history and culture. We ensure the availability of Latvian schools, books and teaching materials for our children. We assist newly-arrived immigrants with information about the USA and we provide humanitarian aid to people in Latvia.

ALA seeks to facilitate the peaceful and democratic development of Latvia by promoting understanding and support for Latvia through informational efforts in the USA.

The Latvian Institute for International Affairs is grateful to **the European Crabbing Association** for their generous support that helped to make this project possible.



