

THE DILIGENT TEENAGER: LATVIA'S 15 YEARS IN THE EUROPEAN UNION



Photo 1

The day of the EU enlargement. On 1 May 2004, ten countries became the new EU Member States: Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia. Romano Prodi, President of the European Commission, Pat Cox, President of the European Parliament and many EU Heads of State and Government, including President Vaira-Vīķe Freiberga, attended the official enlargement ceremony in Dublin.

Photo: The European Community, Maxwell's, Irish Presidency

Fifteen years ago, on 1 May 2004, Latvia joined the European Union (EU), thus closing almost ten-year long process of accession. Given the sensitive geo-political situation, the choice in favour of Europe was self-evident, even though, the ideas of neutrality or closer cooperation with the Commonwealth of Independent States originally emerged in the political environment. However, the history was still alive in people's memories, and it also determined the fate of Latvia in favour of integration into the EU, by choosing the so-called 'return to Europe'.

When regaining independence, Latvia based its statehood on the values of the republic proclaimed in 1918, providing that Latvia is an independent, democratic and parliamentary state. Accession to the EU provided for the strengthening of these values, by incorporating in the family of western democratic states, as well as the economic prosperity, well-being and security of Latvia by cooperating with like-minded countries. It would be difficult to challenge this choice now: the EU is the largest trading bloc in the world, the euro is the second largest currency in the world, the EU is a global leader in combating climate change and providing development aid; its population has almost the highest life expectancy in the world, and all EU countries rank among



Photo 1

the most developed countries by the Human Development Index of the United Nations Organization. And Latvia is a full-fledged member of this block.

Photo 2

Latvia's accession to the eurozone. Prime Minister Valdis Dombrovskis participates in the formal withdrawal of the first euro banknote.

1 January 2014, Rīga

Photo: The Bank of Latvia

Latvia's accession to the EU

On 27 October 1995, the Latvian government submitted a formal application for the EU membership. However, the rapprochement and adaptation to the EU started earlier. The Free Trade Agreement with the EU was concluded on 18 June 1994, and the European Association Agreement was signed on 12 June 1995.

Accession to the EU, along with the path towards membership of the North Atlantic Treaty Organisation (NATO) was considered a clear guarantee of Latvia's survival, security and economic development, and thereby the decisions on Latvia's integration into the EU were taken in a broad consensus, and there was practically no opposition to the Euro-Atlantic course of Latvia. Even Russia's activities, for example, by highlighting the issue of the citizenship of Russian-speaking residents, were demonstrative at this time and were not seen as an obstacle to Latvia's accession to the EU.

Latvia's accession to the EU is the merit of all people of Latvia - politicians, diplomats and officials. The contribution of former Presidents of Latvia - Guntis Ulmanis and Vaira Vīķe-Freiberga, should be particularly highlighted as they persuaded, by diplomatic means, the Western European countries about Latvia's compliance with the status of the EU Member State. The contribution of Edvīns Inkēns, Head of the Saeima European Affairs Committee and former Prime Ministers - Ivars Godmanis, Valdis Birkavs, Māris Gailis, Andris Šķēle, Guntars Krasts, Vilis Krištopans, Andris Bērziņš, Einars Repše un Indulis Emsis, and Ministers for Foreign Affairs - Georgs Andrejevs, Indulis Bērziņš, Sandra Kalniete



Photo 2

and also Valdis Birkavs, former Prime Minister in the post of the Minister for Foreign Affairs should also be mentioned. In addition, Latvia had to adapt the national legislation to the European regulations, by taking over the so-called *acquis communautaire* or the EU legislative package of 80,000 pages. In order to coordinate the work of ministries in the EU integration process, the European Integration Bureau was established on 1 November 1994 - even prior to the submission of Latvia's official application to the EU. It carried out most of the bureaucratic coordination work, for example, by formulating responses

to 2000 questions from the European Commission regarding all areas of EU legislation in the course of a three-month period in 1996.

On 15 July 1997, the European Commission delivered an opinion on Latvia's readiness to open accession negotiations with the EU (Agenda 2000). Unfortunately, it was unfavourable for Latvia as it did not recommend the opening of the accession negotiations and called on Latvia to continue with the full implementation of the Copenhagen criteria. Lithuania also received a

Photo 3

Prime Minister Laimdota Straujuma meets with Donald Tusk, President of the European Council at the Cabinet of Ministers in January 2015, at a time when Latvia became the presiding country of the Council of the European Union.

Photo: The State Chancellery

similar rejection while Estonia was invited to the accession negotiations.

Following the accelerated institutional work on the legislative adaptation and intense international lobbying, after a couple of years, on 13 October 1999, the European Commission adopted a decision that was favourable for Latvia. On 15 February 2000, the Intergovernmental Conference launched work and the accession negotiations were opened, and thus Latvia officially became the EU candidate country. The accession negotiations included 31 negotiation chapters on a variety of issues, such as free movement of goods, agriculture, social policy and employment, energy, taxation. These negotiations took place under the guidance of the Latvian diplomats Andris Piebalgs and Andris Ķesteris. On 13 December 2002, the accession negotiations were completed, and on 16 April 2003, Vaira Vīķe -Freiberga, President of Latvia, Prime Minister E. Repše, Minister for Foreign Affairs S. Kalniete and the head of the accession negotiations, A. Ķesteris signed the treaty on Latvia's accession to the EU in Athens (Greece). On May 1, Latvia started participating in the work of the EU institutions as an observer, with nine members of Latvia in the European Parliament.

Latvia's accession to the EU was not only an intense work of politicians, diplomats and officials, but also an acknowledgment of public self-confidence and national thinking. Being aware of the risks associated with Latvia's geo-political situation and historical heritage, on 20 September 2003, the people of Latvia expressed their support for Latvia's EU membership in a referendum.



Photo 3

71.5% of electorate participated in the referendum, 67% of whom voted in favour of Latvia's accession to the EU. On 30 October 2004, the Saeima ratified the Treaty of Accession to the EU while respecting the opinion expressed by residents, thus paving the way for Latvia's full membership of the EU as of 1 May 2004.

Latvia's EU membership

Latvia has been fully involved in the EU's work and decision-making process for already

15 years. Although Latvia is not a large country neither in terms of territory nor population, the ministers of Latvia have the same influence in the EU Council of Ministers (e.g. meetings of Ministers for Finance or Agriculture) as the ministers of large EU countries, such as Germany, France or Poland. The civil servants and experts of Latvia participate daily in the working groups of the EU Council by drafting the EU legislation and defending Latvia's interests. Each country, regardless of its size, has one vote in the Council of the European Union.

Figure 4

Map – EU Member States

Source: www.europa.eu

Latvia's Permanent Representation to the EU in Brussels is actively lobbying for Latvia's position in all EU institutions. Although Latvia initially played rather a role of an observer, over the years, Latvia's voice in the EU Council has become more audible, particularly with regard to respect for the EU's single market and its fundamental freedoms, energy security and diversification of energy sources, digital development and security, as well as Russia and the EU Eastern Partnership countries.

Latvia is eligible for one post of a Commissioner in the European Commission. The Commissioners represent all the interests of the EU; thus, Latvia has taken the opportunity to delegate experienced and professional representatives to the Commissioner's post who have contributed significantly to the overall development of the EU. Latvia's first Commissioner was S.Kalniete, the activist of the Popular Front of Latvia, the ambassador and then the Minister for Foreign Affairs, acting as the Shadow Commissioner for Agriculture and Fisheries from the moment of Latvia's accession to the EU until the establishment of a new European Commission in the autumn of 2004. She was followed by the former Minister for Finance and Education, Andris Piebalgs, the Latvian Ambassador to the EU in the post of the EU Energy Commissioner from 2004 to 2010 and in the post of the EU Development Commissioner from 2010 to 2014. Since 2014, Latvia's former Prime Minister Valdis Dombrovskis has been the Vice-President of the European Commission and the Commissioner for Euro and Social Dialogue, also in charge of Financial Stability, Financial Services and Capital Markets Union.

In the course of 15 years, Latvia's electorate



Figure 4

has participated in three elections of the European Parliament held on 12 June 2004 and on 6 June 2009, electing nine Members to the European Parliament (MEPs), while eight MEPs were elected in May 2014. The reduction in the number of MEPs is linked to Croatia's accession to the EU.

Although the number of Latvia's seats in the European Parliament is small against the background of the total number of MEPs, and the confidence of the Latvian population

in the MEPs' influence is low, as is also confirmed by the low turnout in the elections to the European Parliament (41.3% of the people with the right to vote in 2004, 53.7% in 2009 and 30.2% in 2014.), the MEPs of Latvia have been active in the committees of the European Parliament and participated in co-decision procedure with the Council of the European Union.

Roberts Zīle (National Alliance) has, for example, been one of the most active

Photo 5

EU flag

MEPs of Central and Eastern Europe and has encouraged clear financial and tax transactions, as well as the development of transport infrastructure, while Krišjānis Kariņš (New Unity) has been a strong advocate of the EU's energy independence, and Sandra Kalniete has been active in foreign affairs, especially for Russia, the Eastern Partnership and Central Asian countries, Inese Vaidere (New Unity) has defended Latvia's interests in the EU's multiannual budget and has raised issues of Latvia's history, particularly in the context of Stalinism. Latvia's representatives are also active in other EU institutions, such as the European Court of Justice, the Court of First Instance and the Court of Auditors, as well as the European Economic and Social Committee and the Committee of the Regions. Over the years, Latvia's representation in the European Commission, the General Secretariat of the Council and the European External Action Service has increased, but Latvia's potential remains significant compared to the so-called old Member States. In order to defend its interests, Latvia is actively cooperating with the EU Member States, particularly the Baltic and Nordic countries, in various formal and non-formal formats (e.g. the Baltic Council of Ministers, the Council of Baltic Sea States, NB6 and NB8), by reconciling the national positions.

As part of the EU's institutional framework, over the course of 15 years Latvia has been moving towards the external policy objective of being at the 'core' of the EU. On 21 December 2007, Latvia joined the Schengen area, which meant the abolishment of passports and border controls for EU citizens at EU internal borders and ports. At the beginning of the Millennium, Latvia



Photo 5

actively participated in discussions on the Treaty establishing a Constitution for Europe (hereinafter the Constitution), emphasizing, in particular, the need for the EU to become more uniform regarding foreign policy, as well as strengthening the parliamentary dimension and the EU dialogue with citizens in order to reduce the democratic deficit. On 8 May 2008, the Latvian Parliament was one of the first to ratify the Treaty of Lisbon that was drafted to substitute the Constitution, thereby accepting the EU's closer integration into the economy, internal affairs and justice, as well as foreign policy. On 1 January 2014, Latvia joined the euro area, as the result the national currency was replaced by the euro.

In 2015, ten years after Latvia's accession to the EU, Latvia demonstrated its maturity and leadership capacity. From January 1 to June 30 Latvia was presiding over the Council of the European Union. During the presidency, the representatives of Latvia organized 1726 meetings on various EU policy and legislative issues, by focusing on the priorities of the presidency: a competitive, digital and involved Europe. 1483 meetings were held in Brussels, while 197 official presidency events, including the Eastern Partnership Summit and 10 informal ministerial meetings, took place in Latvia. A total of 25 300 participants from 105 countries participated in the events held in Latvia. There were also six events

Photo 6

*Eastern Partnership Summit in Rīga,
21-22 May 2015*

Photo: The State Chancellery

organised by the Saeima of the Republic of Latvia and 61 associated events organised by the State institutions in cooperation with the non-governmental sector, which were closely linked to the program of presidency's activities. The Latvian Presidency had to act during the crisis: first, the terrorist attack on the French satire newspaper Charlie Hebdo, which was followed by the asylum crisis in the Mediterranean and southern Europe, and culminated with an unexpected announcement by the Prime Minister of Greece on the holding of a referendum on the conditions of international creditors for the Greek "rescue" programme. Relatively recently, on 16 March 2014, Russia had occupied Ukraine-owned Crimea.

In addition to the crisis resolution, the Latvian Presidency managed to reach an agreement on the European Strategic Investment Fund to promote investment attraction for the European economy, to take decisions regarding the European Energy Union in order to strengthen the EU's energy independence, to reach an agreement within the EU Council on a proposal for a Data Protection Regulation to protect personal data in the digital environment, and to reach an agreement on financial support with a view to promote Ukraine's development and approximation towards the EU, as well as to raise the Central Asia issues on the EU agenda.

The Latvian Presidency of the Council of the European Union was highly recognized from both a substantive and organisational aspect, therefore there are grounds to consider that Latvia has passed its "exam" for the EU membership and has become a fully functioning EU Member State that understands and is able to participate fully in the EU's decision-making process.



Photo 6

Latvia's benefits from the EU

Latvia has changed significantly over 15 years. This is largely due to Latvia's membership in the EU. Latvia is closely integrated into the EU's economic and security area – its main trading partners are the EU Member States and economic growth is boosted by the participation in the single market. Latvia has loyal allies, and its voice in global policy has become stronger thanks to the common EU foreign policy. Although the poverty, inequality and social inclusion issues still need to be addressed, over last 15 years Latvia has been able to reduce the gap in living standards with EU Member States by more than 20%. If in 2004 Latvia's gross

domestic product (GDP) per capita was 42% of the EU average, it reached 67% of the EU average in 2017.

The EU's multiannual budget has played a major role in promoting economic and social convergence. From 2004 to 2018, Latvia has received EUR 10.56 billion from the EU budget, and invested it in Latvia's infrastructure, energy security, economic modernization, rural development and increasing labour productivity. Latvia has received nearly four times more from the EU budget than it has contributed. The EU funds provided substantial support in the wake of the financial crisis of 2008-2010. Thanks to the support from the EU funds, Latvia was able to recover and achieve rapid economic

Photo 7

Speech by Prime Minister Krišjānis Kariņš to the Members of the European Parliament on the future of the European Union at the Parliament's Plenary session in Strasbourg (France).

17 April 2019

Photo: The European Parliament



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growth already in 2011 – its GDP increased by 6.4% in the post-crisis period. Overall, the EU budget contributes additional 2% to Latvia's GDP growth.

Latvia's participation in the European single market and the euro have been important incentives for Latvia's economic development. In 2018, 72% of Latvia's exports were directed to EU countries. Most exports – almost 50% – arrived in euro area countries. Similarly, 76% of Latvia's imports come from the EU Member States, and 57% of imported goods originated from the countries of the euro area (Central Statistical Bureau, July 2018). Latvia has the highest support among all EU Member States for the free movement of EU citizens within the EU, which allows them to live, work, study and do business anywhere in the EU – 96% of Latvian residents see it as the EU's priority, and 81% of Latvian residents support the use of the euro (Eurobarometer data, autumn 2018). The residents of Latvia have also actively used the fundamental freedoms of the single market, which, on the one hand, have given them the opportunity to build their own prosperity, on the other hand, have also promoted Latvia's depopulation. Latvia's membership of the European Union has always been based on security arguments. As the EU Member State, Latvia participates in the shaping of the EU's Common Foreign and Security Policy, including by condemning and sanctioning Russia for its activities in the Eastern Partnership countries, as well as participating in the EU civilian missions and in the EU's permanent and structured cooperation. Latvia's external border is also the EU's external border; consequently, the EU funding and instruments for border guards, customs and control are available to



Photo 7

Latvia. The nationals of Latvia have access to consular support in all EU missions in the world. Within the framework of the EU development aid policy, Latvia assists and transfers reform experience to countries that are only in transition to a stable and sustainable democracy.

Overall, Latvia is on the track to become a brave and self-assured Member State from a cautious observer and a conscientious reform introducer. The Latvian Presidency of the Council of the European Union was the first proof of Latvia's ability to manage work of the European Union in a smart and prudent manner, by efficiently focusing on the nuances of the EU policies and the background of EU decision-making.

Latvia's future success will be determined by confident steps towards the EU 'core' – not only by discussing proposals already made, but also by presenting its vision for the future development of the EU and through consistent work towards Latvia's security and prosperity.