

Latvian-Russian Relations: Dynamics Since Latvia's Accession to the EU and NATO

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Map of the Baltic States



I. Setting the Stage

Introduction

Russia looms large in discussions of Latvian foreign policy. This is true whether the discussion concentrates on military security, energy dependence, issues of history or a host of other topics. Despite its small size and relative stability and prosperity as compared to Russia's other neighbours, Latvia has also assumed a disproportionately important position in Russian foreign policy debates and in Russian public opinion. Until the Bronze Soldier Crisis in Estonia in 2007 and the Russian-Georgian war in 2008, Latvia steadily placed at or near the top of the Russian public's list of "least friendly countries". Russia has devoted an extraordinary amount of diplomatic energy in seeking to draw the international community's attention to Latvia and its treatment of Russians and "Russian-speakers" (people with Russian as a native language). What is more, Latvia's ports, banks, real estate and other economic assets have attracted a significant amount of Russian elite interest.

Reflecting the importance of bilateral relations, there is a growing literature on the topic in each country. In Latvia, two general studies were published several years ago. The first, published in 2006 not long after EU and NATO accession, provided an introductory look at the full gamut of inter-state relations (security issues, economic ties, energy relations, "compatriot" policy, etc.) and sought to trace the interaction of inter-state and inter-ethnic relations within Latvia.¹ The second, published in 2008, examined Latvia's encounters with Russia in various contexts – the United Nations, the European Union, NATO, Baltic Sea regional organizations, and elsewhere.² These general overviews have been complemented by a number of more focussed thematic studies by Latvian scholars examining issues such as Russian media portrayal of Latvia,³ energy around the Baltic Sea,⁴ the "humanitarian dimension" of Russian foreign policy in Latvia compared to other Russian neighbours,⁵ and the "geopolitics of history" in Latvian-Russian relations.⁶

¹ Muižnieks, Nils, ed. (2006), *Latvian-Russian Relations: Domestic and International Dimensions*. Riga: University of Latvia Academic Press.

² Ozoliņa, Žaneta, ed. (2008), *Latvia-Russia-X*. Riga: Zinātne.

³ Muižnieks, Nils, ed. (2008), *Manufacturing Enemy Images? Russian Media Portrayal of Latvia*. Riga: University of Latvia Academic Press.

⁴ Sprūds, Andris and Rostoks, Toms, eds. (2009), *Energy: Pulling the Baltic Sea Region Together or Apart?* Riga: Zinātne.

⁵ Pelnēns, Gatis, ed. (2009), *The Humanitarian Dimension of Russian Foreign Policy Toward Georgia, Moldova, Ukraine and the Baltic States*. Riga: Centre for East European Policy Studies.

⁶ Muižnieks, Nils, ed. (forthcoming), *The Geopolitics of History in Latvian-Russian Relations*. Riga: University of Latvia Academic Press.

In Russia, academic work generally places Latvia in a broader comparative context along with other neighbours or foreign policy targets. Most frequently, Latvia is seen as an inalienable part of the Baltic triad of Estonia, Latvia and Lithuania. The only recent book length study is a 2005 volume that focuses primarily on a comparative political sociology of the Baltic states and contains a concluding chapter on "Russia, the Baltic, and the EU."⁷ However, over the last several years Russian scholars have published a number of articles in Russian academic and policy journals on the Baltic and/or Baltic-Russian relations, paying most attention to issues of history⁸ and to economic relations after EU enlargement.⁹

Given the rapidity of change in the region, it is high time for an up-to-date study that examines the full range of Latvian-Russian relations since Latvia's accession to the EU and NATO. Indeed, a core research question to be addressed in this study is the following: how has Latvia's membership in the European Union and NATO affected Latvian-Russian relations? As will be elaborated below, accession to these organizations occasioned a host of contradictory predictions about how Latvia's relations with its large neighbour would evolve. This study will not only seek to investigate "events on the ground" in recent years, but also to embed them in a conceptual approach that considers the interplay of both interests and identities, combining both rationalist and constructivist explanations.

Conceptual Considerations

In assessing the role of the changing international environment on Latvian-Russian relations, it is necessary to keep in mind the power asymmetry between Latvia and Russia. Latvia's membership in the European Union and NATO went some way towards compensating the asymmetry in power in specific policy areas (e.g., visa policy, border control, customs, defence of air space) by removing them from the bilateral agenda and placing them on the EU-Russia or NATO-Russia agenda. Regardless, Latvia is far more constrained in its policy choices and subject to external influences and pressures than Russia. As Latvian officials have wryly noted

⁷ Simonian, Renald (2005), *Rossiya i strany Baltii*. 2nd ed., Moscow: Institut sotsiologii RAN.

⁸ Fomenko, Aleksandr (2008), "The Baltics as Russia's Problem," *International Affairs: A Russian Journal of World Politics, Diplomacy and International Relations* Vol. 54, Issue 4, pp. 52-67; Simonian, Renald (2009), "Pribaltika. Vspominaya predvoennye gody," *Mezhdunarodnaya zhizn'*, No. 1, January, pp. 58-77; Simonian, Renald and Kochegarova, Anna (2009), "Sobytiya 1939-1940 godov v massovom soznanii naseleniya stran Baltii," *Novaya i nov'eshaya istoriya* No. 3, pp. 19-33;

⁹ Kochetkov, Yuri (2006), "Latviya: Mezhdru Rossiyey i zapadom," *Mirovaya ekonomika i mezhdunarodnye otnosheniya*, No. 3, pp. 63-71; Kuznetsov, A. and Chetverikova, A (2009), "Problemy rossisko-pribaltiskikh ekonomicheskikh svyazei," *Mirovaya ekonomika i mezhdunarodnye otnosheniya*, No. 7, July, pp. 73-81; Simonian, Renald (2006), "Strany Baltii v Evrosoyuze", *Voprosy ekonomiki* No. 11, November, pp. 118-132; Sytin, Aleksandr (2008), "Pribaltika v Evrosoyuze. Itogi vstupleniya," *Svobodnoye Mysl'*, No. 4, April, pp. 43-54.

over the years, Latvia is more of a “policy taker” than a policy maker in the international arena. This suggests that it is necessary to keep in mind Russia's relative position in the international distribution of power over time and its interests in Latvia, whether they involve maintaining political or cultural influence, deflecting perceived security threats, pursuing economic advantage or asserting the Russian view of history.

Explanations based on relative power position and interests, however defined, are useful in identifying broad and stable trends in relations. However, this study also seeks to explain the contradictory development of Latvian-Russian relations, wherein, for instance, growing trade relations have been accompanied by increasing tensions over issues of history and identity. Here, it is necessary to incorporate second-image explanations as well, especially the role of domestic political actors. As George Breslauer has written, “Russian policy towards the Baltic states has been a function of its policy in Europe, and in East-West relations more generally. And these are functions of what kind of orientation was ascendant in Moscow's foreign policy-making circles.”¹⁰ It is impossible to examine this “orientation” in either Russia or Latvia without examining interest and preference formation, which invariably involves examining the role of ideas and identities.

Ideas and identities in international relations have been the focus of constructivists, whose “founding father” Alexander Wendt argued that social structures, including international structures, are “inseparable from the reasons and self-understandings that agents bring to their actions.”¹¹ As Ted Hopf has noted, “Constructivism argues that both material and discursive power are necessary for any understanding of world affairs.”¹² Thus, the analysis below will also seek to examine not only material power, but also discursive power – the “reasons” and “self-understandings” deployed by elites in the foreign policy arena. Following Ehin and Berg, my approach is based on the premise that identities are socially constructed, relational and have a narrative, discursive structure of which memory and history are essential ingredients.¹³

Issues related to identity, history and memory cannot be dismissed as mere “window dressing” for the pursuit of power, economic interest or international status in Latvian-Russian relations. It is difficult to explain

¹⁰ Breslauer, George (2003), “Russia, the Baltic States, and East-West Relations in Europe,” in Pettai, Vello and Zielonka, Jan, eds., *The Road to the European Union, Vol. 2: Estonia, Latvia and Lithuania*. Manchester: Manchester University Press, p. 40.

¹¹ Wendt, A. (1987), “The Agent-Structure Problem in International Relations Theory,” *International Organization* 41 (3), p. 359.

¹² Hopf, Ted (1998), “The Promise of Constructivism in International Relations Theory,” *International Security* Vol. 23, No. 1, (Summer 1998), p. 177.

¹³ Ehin, Piret and Berg, Eiki (2009), “Incompatible Identities? Baltic-Russian Relations and the EU as an Arena for Identity Conflict,” in Berg, Eiki and Ehin, Piret, eds., *Identity and Foreign Policy: Baltic-Russian Relations and European Integration*. Surrey: Ashgate, p. 9.

through a rationalist perspective why the Russian government and the media beholden to it for many years consistently manufactured an enemy image of Latvia, such that Latvia's importance as a foreign policy "partner" and "unfriendliness" were blown all out proportion.¹⁴ Moreover, not only Latvian and Russian foreign policy makers have engaged in "memory wars" – they have been joined by historians, textbook writers, documentary film makers, journalists and others.¹⁵ Without reference to ideational factors, it is also difficult to explain why the status of Russians and "Russian-speakers" has evoked such consistent interest and activity by the Russian political class, which has often ignored the worse plight of similar minorities in other neighbouring countries. Here, ingrained social practices – the Russian elite criticizing Latvia for "minority rights violations," the Russian media portraying Latvia as an enemy, Latvian elites invoking the Soviet occupation – reproduce the intersubjective meanings that constitute the framework of Latvian-Russian relations and Latvian and Russian identity alike.

The legacy of the past and how it is constructed and invoked continue to shape contemporary bilateral relations. The purpose here is not to provide an overview of all the "historical baggage" affecting the relationship, as such an overview falls far beyond the scope of this study. Rather, the aim below is to sketch in the legacy of the 1990s and the key issues, turning points and "crises" that set the backdrop for recent developments.

Legacies and Turning Points: 1991-2004

A key legacy of the past that continues to bedevil Latvian-Russian relations is divergent understandings of the nature of Latvian independence. The core disagreement revolves around whether Latvia is a restored state that was occupied by the Soviet Union or a new state that, aided by Yeltsin's Russia, seceded from the Soviet Union. This issue arose during the independence struggle of the late 1980s and became topical when Latvia attained full independence after the failure of the August 1991 *putsch*. Subsequently, it acquired tremendous symbolic and practical political importance in Latvian-Russian relations and lies just below the surface of many current disagreements.

On the symbolic plane, Latvian officials and commentators have often made Russian recognition of the occupation and restored independence a litmus test for whether Russia has come to terms with its past and renounced imperial ambitions. Russian officials and commentators, in turn, have perceived Latvian discourse on this topic as a thinly veiled attempt to discredit the Soviet role in World War II and justify "discriminatory" practices against post-war Russian-speaking settlers in Latvia. The issue of the nature of the

¹⁴ See Muižnieks, ed. (2008), *Manufacturing Enemy Images?*

¹⁵ See Muižnieks, ed., (forthcoming), *The Geopolitics of History*.

Latvian state is linked not only to debates about the proper status of post-war Russian settlers (“illegal immigrants” or “colonists” vs. “oppressed minority”), but also to such thorny practical issues as the appropriate border between Latvia and Russia (the interwar border as defined in the 1920 Peace Treaty vs. the de facto administrative border between the Latvian SSR and the RSFSR) and whether Russia, as the prime successor state to the Soviet Union, might be liable to compensation claims from Latvia or individual Latvian citizens.¹⁶ Here, ideas and interests reinforce one another at every turn.

Another legacy stemming from the collapse of the Soviet Union was the presence of between 50,000 and 80,000 Soviet/Russian military personnel and their families on Latvian territory, an issue that dominated the Latvian-Russian bilateral agenda from 1991 to 1994.¹⁷ The international environment during this period was favourable to Latvia, as Russia was weak, the United States enjoyed its unipolar moment, and the Yeltsin government was at pains to establish friendly relations with the West. However, Yeltsin was not always in full control of the military, which became involved in conflicts in Georgia and Moldova at this time and also engaged in “spontaneous boycotts” (e.g., refused orders to depart) during the withdrawal from Latvia. Primarily for domestic political reasons, Yeltsin also sought to link the troop withdrawal with the status of Russian-speakers in Latvia.¹⁸

Latvia countered by successfully “internationalizing” the troop withdrawal issue by involving the United States and placing the issue on the agenda of international organizations. However, as former OSCE official Wilhelm Hoyneck has noted, after internationalizing the troop withdrawal, “Latvia could not refuse international involvement in the minority problem.”¹⁹ Throughout the 1990s, Russia would seek to use international organizations to influence Latvian minority policy, a tactic that would only fade with Latvian accession to the European Union and NATO. The saga of troop withdrawal, together with the rise of ultranationalist Vladimir Zhirinovskiy in Russia and the elaboration of the Russian doctrine of the “near abroad,” rekindled Latvian fears of Russia, a point to be revisited below.

¹⁶ For a broad overview, see *Ibid.* Latvia’s judge at the European Court of Human Rights Ineta Ziemele has written extensively on the legal aspects of the issue. Among her many works, see Ziemele, Ineta (2005), *State Continuity and Nationality: the Baltic States and Russia*. Boston/Leiden: Martinus Nijhoff Publishers. For a prominent Russian view, see Chernichenko, Stanislav (2004), “Baltic ‘Occupation’ and the Violation of the Rights of Russian Speakers,” *Russian Journal of World Politics, Diplomacy and International Relations*, No. 5 Vol. 50, pp. 115-24.

¹⁷ The estimate was provided by Sergei Zotov, head of Russia’s negotiating team with Latvia. See *Diena* 10 March 1992.

¹⁸ See Simonsen, Sven Gunnar (2001), “Compatriot Games: Explaining the Diaspora Linkage in Russia’s Military Withdrawal from the Baltic States,” *Europe-Asia Studies* Vol. 53, Issue 5, July, pp. 771-791.

¹⁹ Hoyneck, Wilhem (2002), “Elements for Success of the OSCE Mission in Latvia,” unpublished presentation made at a conference “OSCE and Latvia: Past, Present and Future,” in Riga, Latvia on 20 March 2002.

While the troop withdrawal in August 1994 was a serious turning point in relations, it did not signify the removal of security issues from the Latvian-Russian agenda. In the mid- and late 1990s, the enlargement of NATO and possible Latvian accession became a source of increasing worry for the Russian political elite and tension in Latvian-Russian relations. In the hope of countering Baltic moves to join NATO, in the fall of 1997 Russia launched two proposals: Russian security guarantees and a Pact on Regional Security and Stability.²⁰ The former would consist of unilateral guarantees that could become multilateral by involving other countries in the region. The Pact would entail an umbrella agreement on political cooperation and a series of multilateral arrangements for regional cooperation in economic, military, social and environmental affairs. In the background was also the need to settle on a Latvian-Russian border agreement, where progress had also been made by late 1997. However, rather than a breakthrough on security and the border issue, a crisis slowly developed in Latvian-Russian relations. The Baltic states rejected the Russian proposals and reconfirmed the commitment to joining NATO. This snub was one of the factors contributing to the crisis in Latvian-Russian relations in 1998.

The negative impact of the rejection in Moscow was exacerbated by the growing involvement of the United States in Baltic affairs. Not long after rejecting Moscow's overtures, the Baltic governments signed "A Charter of Partnership Among the United States of America and the Republic of Estonia, Republic of Latvia and Republic of Lithuania" on 16 January 1998, which came to be an important step on the road to NATO membership.²¹ A combination of other factors coalesced in the following months to send Latvian-Russian relations into a downward spiral.

As of August 1997, the post of Latvian prime minister was occupied by Guntars Krasts of the nationalist For Fatherland and Freedom/Movement for National Independence Party, a party which was anathema to Moscow. Throughout late 1997 and early 1998, Krasts resisted huge pressure from the EU and the OSCE to liberalize minority policy in general and the citizenship law in particular, thereby angering the Kremlin further.²² Those in Moscow decrying "discrimination against Russian-speakers" and the "revival of fascism" in Latvia were given potent ammunition by the violent dispersal

²⁰ For a summary of the proposals and a detailed analysis, see Ozoliņa, Žaneta (2000), "Crisis Prevention or Invention: Latvia's Response to the Proposed Russian Security Guarantees," Stern, Eric K. and Hansen, Dan, eds., *Crisis Management in a Transitional Society: The Latvian Experience*. Stockholm: Forsvaghogskolan, pp. 188-215.

²¹ For the text of the charter, see Auers, Daunis, ed., (2008), *Latvia and the USA: From Captive Nation to Strategic Partner*. Riga: University of Latvia Academic Press, pp. 171-8. For its role in paving the way for Baltic accession to NATO, see the piece in the same volume by Ron Asmus and Māris Riekstiņš, "The Baltic Model," pp. 131-2.

²² For details, see Muiznieks, Nils and Brands Kehris, Ilze (2003), "The European Union, Democratization and Minorities in Latvia," in Kubicek, Paul, ed., *The European Union and Democratization*. London: Routledge, pp. 30-55.

by police of a demonstration of mostly Russian-speaking pensioners on 3 March and the annual commemoration on 16 March of Latvian soldiers who fought in the Latvian Waffen SS Legion.

In early 1998, economic disagreements compounded political tensions, as influential economic circles in Russia were dissatisfied with an increase in transit tariffs for oil exports through Ventspils port and the Russian share in the privatization of the Latvian gas company. The nadir came with the explosion of two small bombs – one on 2 April outside the Riga synagogue and a second on 6 April in front of the Russian Embassy. While Russia actively sought to discredit Latvia in the international arena, it also implemented limited economic sanctions against Latvia (affecting primarily Latvian imports and the Latvian banking sector). While the August 1998 financial crash in Russia diverted the Russian foreign policy elite's attention from Latvia, it further weakened Latvian-Russian economic ties. As Aivars Stranga and Daina Bleiere have concluded in their detailed analysis of the crisis, "it showed clearly that Latvia was very vulnerable to any significant political and economic pressure," thereby underscoring the risks of dependence on the Russian market and reinforcing the desire to integrate into European and Transatlantic structures.²³

While Russia was preoccupied with recovering from the 1998 financial crisis and managing the leadership transition from Yeltsin to Putin at the end of 1999, in the period from 1999 to 2003 Latvia focussed on taking the necessary steps for EU and NATO accession. At the end of 2001, Latvia attained two important goals in that regard – the closing of the OSCE Mission to Latvia and the end of human rights monitoring conducted by the Parliamentary Assembly of the Council of Europe (PACE), both necessary steps to meet the democratic standards of the EU and NATO. Both moves were fiercely contested by Russia, which claimed that Latvia had not yet resolved issues surrounding the Russian minority. More to the point, Russia had sought prolongation of the OSCE presence and PACE monitoring as a means of halting Latvia's march to the EU and NATO.²⁴ Further milestones were the Prague summit in November 2002, which formally opened the door for Latvian membership in NATO, and the September 2003 Latvian referendum on EU accession. While most Russian politicians and commentators adopted a neutral stance towards Latvian accession to the EU, they viewed accession to NATO as a security threat and Latvia as a willing accomplice to perceived American encroachment of Russia's claimed "privileged sphere of interest" in the post-Soviet space.²⁵

²³ Stranga, Aivars and Bleiere, Daina (2000), "The Latvian Russian Crisis of 1998," in Stern and Hansen, eds., *Crisis Management in a Transitional Society*, p. 251.

²⁴ For analysis, see Muižnieks, Nils (2006), "Russian Foreign Policy Towards "Compatriots" in Latvia," in Muižnieks, ed., *Latvian-Russian Relations*, pp. 122-4.

²⁵ For a detailed analysis, see Rostoks, Toms (2008), "Russia's Media on Latvian Accession to the EU and NATO," in Muižnieks, ed., *Manufacturing Enemy Images?*, pp. 127-144.

As Russia recovered from the financial crisis and Vladimir Putin consolidated power, Russia began to implement a wide-ranging “economization” of relations with neighbouring countries in the post-Soviet space that affected relations with Latvia as well. Latvia had played a major role in the Russian oil export sector since Soviet times, with up to 13% of all Russian oil exports passing through the Latvian port of Ventspils in the late 1990s. As part of Putin’s “economization,” Russia not only raised prices for the delivery of oil and gas to its neighbours, but also sought to decrease its dependence on transit countries by building new pipelines and ports. Thus, Russia built an oil export terminal at the port of Primorsk, which obviated the need for using Ventspils. When the Primorsk terminal became fully operational in January 2003, Russia halted all oil transit through the pipeline to Ventspils and signalled that a resumption of transit would only be possible if Russia were allowed a controlling share in Ventspils port, something the Latvian authorities did not permit.²⁶ While harming the interests of those with a stake in Ventspils, the end to Latvia’s and Russia’s “mutual dependence” in the oil transit sector created a different foundation for subsequent relations. Latvia’s importance for Russia in this strategic issue area declined, though Russian interest in Latvia’s gas sector has persisted.

To sum up, the key turning points in Latvian-Russian relations were the troop withdrawal in 1994, the crisis of 1998, the end of oil transit by pipeline in 2003, and the various steps towards Latvian membership in the EU and NATO, which came to fruition in 2004. The legacy of this period is complex and variegated. Early disagreements on history which touch upon the founding doctrine of the state of Latvia persist. These are also linked to divergent assessments of World War II, an issue that has increasingly been linked to identity politics in Russia. Security issues have been a persistent part of the agenda, including the troop withdrawal, the offer of Russian security guarantees, and Russian dislike of Latvian membership in NATO. Russian criticism of Latvia’s treatment of minority issues has been a steady refrain, as has the effort to link this with other issues. Russia has attempted to use economic and energy levers against Latvia, but not as often or as seriously as in relations with other neighbours.²⁷ Moreover, Russia’s attempts to use the lack of a border agreement to hinder Latvian accession to the EU and NATO or to impose linkage also failed, and the issue remained unresolved upon Latvian accession to the EU and NATO.

²⁶ See Sprūds, Andris (2006), “Latvian-Russian Energy Relations: Between Economics and Politics,” in Muižnieks, ed., *Latvian-Russian Relations*, pp. 110-118. For an analysis of Russian commentary on the redirection of transit, see Muižnieks, Nils (2008), “The Latvian Economy – the Offshore Next Door,” in Muižnieks, ed., *Manufacturing Enemy Images?*, pp. 148-151.

²⁷ For the broader picture, see, e.g., Hedenskog, Jakob and Larsson, Robert L. (2007), *Russian Leverage on the CIS and the Baltic States*. Stockholm: Swedish Defence Research Agency.

Predictions and Expectations for Relations after Latvia's EU and NATO Accession

In the run up to the dual enlargement, most commentators predicted that Latvian accession to NATO would harm Latvian-Russian relations, but that Latvian accession to the EU would benefit relations. Thus, Dmitri Trenin argued in 1997 that "if in the relatively near future, during the next five years for example, another wave of NATO expansion rises that includes the Baltic States, this will lead to a new, very more acute, confrontation between Russia and the West."²⁸ Writing two years later, Arkady Moshes agreed, claiming that "The possibility of *NATO enlargement* to include the Baltic States is a factor which would have an indisputably negative impact on the bilateral relationship."²⁹

Trenin identified a number of "possible minimum benefits" for Russia in Baltic EU membership, including "opportunities for profitable capital investment," "the establishment of a privileged relationship with the European Union," "the promotion of integration of the Russian-speaking population," and "the stimulation of cooperation at the regional level."³⁰ Other analysts tended to concur with Trenin. Moshes, too, saw EU membership as leading to a liberalization of Latvian minority policy.³¹ Sergei Karaganov and Igor Yurgens, for their part, stressed the likely economic benefits for Russia, arguing that Baltic EU membership would facilitate Russian access to the EU market.³²

Aivars Stranga, Latvia's foremost analyst of bilateral relations in the 1990s, argued in 1998 that "fully constructive relations between the Baltic states and Russia will not be possible without Baltic membership in the EU and further relations with NATO."³³ Interestingly, neither Stranga nor any other analyst ventured to predict scenarios for bilateral relations in the event of Latvia gaining membership in both the EU and NATO, perhaps because NATO membership seemed so unrealistic until shortly before it became a reality. Interestingly, many in Latvia see EU membership primarily in terms of enhancing security vis-à-vis Russia. Thus, on the eve of the referendum on EU accession, *Diena*, the most influential daily Latvian newspaper at the time, had a front-page map with Russia in red, Latvia's Baltic neighbours and

²⁸ Trenin, Dmitri (1997), *Baltic Chance: the Baltic States, Russia and the West in the Emerging Greater Europe*. Moscow: Moscow Carnegie Centre, p. 10.

²⁹ Moshes, Arkady (1999), *Overcoming Unfriendly Instability: Russian-Latvian Relations at the end of the 1990s*. Helsinki and Bonn: Ulkopoliittinen Instituutti and Institut für Europäische Politik, p. 16. Emphasis in the original.

³⁰ Trenin (1997), *Baltic Chance*, pp. 37-7.

³¹ Moshes (1999), *Overcoming Unfriendly Stability*, p. 17.

³² Yurgens, I.Yu. and Karaganov, S.A. eds. (1997), *Rossiia i Pribaltika: Analiticheski doklad*. Moscow: SVOP, reprinted in Oznobishchev, S.K. and Yurgens, I.Yu. eds., (2001), *Rossiia – Baltiia: Doklady SVOP Materialy konferentsii*, Moscow: SVOP, p. 74.

³³ Stranga, Aivars (1998), "Baltic-Russian Relations: 1997," *Humanities and Social Sciences Latvia, The First Round Enlargements – Implications for Baltic Security* 2 (19)/3 (20), p. 184.

other EU countries in blue, with Latvia in gray. The headline read “A “NO” Will Break the Arc of Security.”³⁴ Below, the analysis seeks to identify whether any of these predictions have been realized since Latvian accession to the EU and NATO.

Official Latvian and Russian Policy Documents and Bilateral Relations

An important insight into the nature of bilateral relations and the importance each side attributes to them can be gained by analyzing the key foreign and security policy documents of the two sides. Interestingly, the policy documents of both countries specifically mention contentious issues of history alongside the pursuit of traditional security, political and economic interests.

With accession to NATO and the EU in 2004, Latvia had attained its fundamental foreign policy goals and had to formulate new ones. When accession to NATO was assured, on 13 November 2003 the Latvian Parliament adopted a State Defence Concept³⁵ that remains in force to this day. In the foreign policy field, the reformulation took slightly longer and was done when Latvia adopted “Latvia’s Foreign Policy Guidelines 2006-2010.”³⁶

Russia is specifically mentioned in Latvia’s policy documents, though it also often appears “between the lines.” In the State Defence Concept, Russia figures merely as one of NATO’s partners: “Co-operation with NATO partner countries, including Russia, will promote trust, security, stability and openness in Europe.” Russia is assigned a more prominent place in the Foreign Policy Guidelines, where it receives explicit mention as a bilateral and Baltic Sea partner, but implicit mention in the context of energy security and memory politics.

Under the section on relations with third countries, Russia is the only country alongside the United States that merits separate mention: “Russia is Latvia’s neighbour. At the bilateral level, relations between Latvia and Russia must be based on pragmatic foundations and co-operation, particularly emphasising the need to resolve vitally important and practical mutual issues.” This vague formulation is subsequently slightly elaborated in the section on performance indicators, which are “Ongoing political dialogue (visits, meetings, consultations),” “Ongoing work by the Intergovernmental Commission,” and “Further expansion of the bilateral legal framework.”

Russia is also mentioned in the Baltic Sea context: “The Baltic Sea region and co-operation therein cannot be considered to the exclusion of Russia.

³⁴ *Diena* 19 September 2003, p. 1.

³⁵ Available at <http://www.mfa.gov.lv/en/security/basic/4537/>.

³⁶ Available at <http://www.mfa.gov.lv/en/policy/guidelines/>.

Regional initiatives must be seen as an opportunity to promote cooperation with that country." However, the gist of the discussion on cooperation around the Baltic Sea is to reduce Latvia's dependence on Russian energy: "Latvia's geographical location is such that most of its basic infrastructure is closely linked to neighbouring countries [...] This particularly applies to the development of energy supplies and transport [...] Opportunities to diversify the supply of energy resources must be studied, and Latvia must take part in projects aimed at ensuring the stable supply of electricity, oil and gas to Latvia and the EU."

The salience of issues related to history and identity in Latvian foreign policy is also evident, though their importance in relations with Russia remains implicit: "Latvia's foreign policy therefore includes the aspect of explaining, at the international level, the fact of the Soviet occupation and its consequences." The document links Latvia's image in the world with issues of history and tries to place them in a European context: "It is in Europe's interests to ensure an honest discussion of totalitarianism. Only an assessment of history can ensure that this history does not repeat itself in the future."

Russia's core policy documents have been adopted more recently. The Foreign Policy Concept of the Russian Federation and National Security Concept of the Russian Federation, both adopted in 2000, were recently superseded by a new "Foreign Policy Concept of the Russian Federation"³⁷ adopted in July 2008 and a new "National Security Strategy to 2020"³⁸ adopted in 2009. The only direct mention of Latvia links bilateral relations with the situation of Russian-speakers:

The Russian Federation is willing to interact with Latvia, Lithuania and Estonia in the spirit of good-neighborliness and on the basis of reciprocal consideration of interests. Of fundamental importance for Russia are the matters relating to the rights of the Russian-language population in accordance with the principles and norms of European and international law...

However, Latvia is implicitly present with regard to the imperative of countering "attempts to rewrite history, use it for instigating confrontation and revanchism in world politics, and revise the outcome of World War Two."

The importance of issues related to history is also mentioned in the National Security strategy, where paragraph 81 asserts that "Negative influences on the state of national security in the cultural sphere are

³⁷ Available at <http://archive.kremlin.ru/eng/text/docs/2008/07/204750.shtml>.

³⁸ Available at <http://www.mid.ru/ns-osndoc.nsf/0e9272befa34209743256c630042d1aa/8abb3c17eb3d2626c32575b500320ae4?OpenDocument>. The only English language translation available on-line is at <http://rustrans.wikidot.com/russia-s-national-security-strategy-to-2020>.

intensified by attempts to revise perspectives on Russia's history, its role and place in world history." On hard security issues, the strategy reiterates traditional criticism of the "inadequacy" of NATO, but also highlights as a threat one of Latvia's core security policy desiderata – a more substantial NATO presence in the country. The strategy notes that "A determining aspect of relations with NATO remains the fact that plans to extend the alliance's military infrastructure to Russia's borders, and attempts to endow NATO with global functions that go counter to norms of international law, are unacceptable to Russia."

A more recent draft foreign policy document, entitled "Programme for the Effective Use on a System[atic] Basis of Foreign Policy Factors with the Goals of Long-Term Development of the Russian Federation," was leaked to the Russian media in May 2010.³⁹ The Baltic states, like most other areas in the world, are mentioned solely in the context of economic expansion. The three main goals with regard to the Baltic states are: "achieve the use of the territory and transport infrastructure for the transit of cargo to the EU," "broaden the Russian economic presence at a discount with the sharp decline of the attractiveness of investment for EU countries and the cheapening of national assets," and "review the issue of obtaining enterprises in the fields of energy, information technology, logistics and transport."

The Societal Context: Popular Attitudes

While policy documents provide important guidelines on the interests and identity issues relevant to bilateral relations, it is also necessary to examine the constraints placed on elites by popular attitudes. While such constraints are more relevant in Latvia, where democratic control and influence on public policy is far greater, such constraints are not completely absent in contemporary Russia as well. It should, of course, be kept in mind that popular attitudes have clearly been influenced over the years by political and media discourse, which in Russia has been particularly hostile towards Latvia.⁴⁰

In Latvia, reliable data going back to 1994 are available regarding Latvian threat perceptions of Russia. For the period 1994 through 2000, the *Baltic Barometer* surveys organized by Richard Rose regularly asked the question "Do you think any of the following are a threat to peace and

³⁹ In Russian, the document is called "Programma effektivnogo ispol'zovaniya na sistemnoi osnove vneshnepoliticheskikh faktorov v tselyakh dolgosrochnogo razvitiya Rossiskoi Federatsii," and was published in the Russian edition of *Newsweek* No. 20 (288) 10-16 May 2010, with commentary by Konstantin Gaaze and Mihail Zygar', "Pust' opyat' budet solntse," available at www.runewsweek.ru/country/34166/.

⁴⁰ See Muižnieks, ed. (2008), *Manufacturing Enemy Images?*

security in this country?"⁴¹ Respondents were asked to evaluate the threat posed by "the Russian state," "Other former Soviet republics," "Rising prices" and other phenomena. Two aspects of the results are noteworthy. First, there is a huge discrepancy between the threat perceptions regarding Russia of ethnic Latvian and Russian-speaking respondents in Latvia, with the former generally expressing far greater concern than the latter. Second, there is a secular decline in the threat perceptions of ethnic Latvians, though they remained high at the start of the decade before EU and NATO accession.

Table 1

**Do you think any of the following are a threat
to peace and security in this country? The Russian state
(% answering "definitely" and "possibly," by ethnicity)**

	1994	1995	1997	2000
Latvians	73	70	68	63
Russian-speakers	18	23	21	18

Sources: Rose, Richard and Maley, William (1994), *Nationalities in the Baltic States: A Survey Study*. Glasgow: University of Strathclyde, p. 43; Rose, Richard (1995), *New Baltic Barometer II: A Survey Study*. Glasgow: University of Strathclyde, p. 37; Rose, Richard (1997), *New Baltic Barometer III: A Survey Study*. Glasgow: University of Strathclyde, p. 35; and Rose, Richard (2000), *New Baltic Barometer IV: A Survey Study*. Glasgow: University of Strathclyde, p. 37.

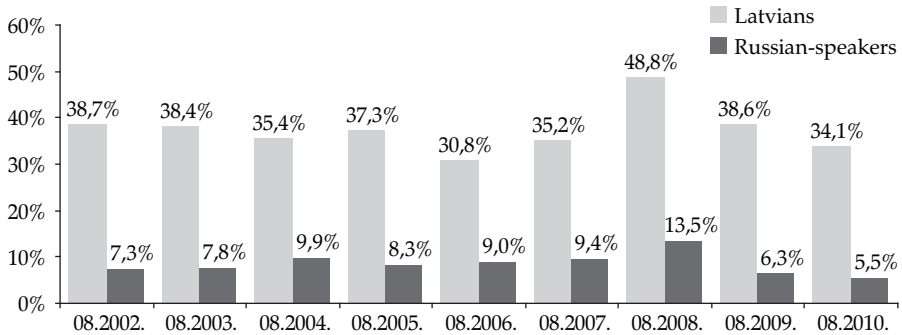
The survey research company SKDS has asked respondents a similar, but slightly different question in regular polls from August 2002 through August 2010. Respondents were asked to state to what extent they agreed or disagreed with the statement "Russia can be seen as a threat to Latvia's independence." Possible answers were "completely agree," "somewhat agree," "somewhat disagree" and "completely disagree" and "don't know/no answer." As can be seen in the graph below, which combines the answers "completely agree" and "somewhat agree," differences between Latvian and Russian-speaking respondents persisted into the new century. Moreover, perceptions of a direct threat to independence are significant, but substantially less than the more general "threat to peace and security" measured in the 1990s. While 38.7% of Latvians perceived a direct threat in 2002, 34.1% perceived the threat in 2010, with a spike up to 48.8% in August 2008 during the Russian-Georgian war.

If Latvians fear Russia, Russians in Russia have tended to perceive Latvia as very unfriendly, but not much of a threat, even in the context of EU and NATO accession. One is struck, though, by the prominence of Latvia in the Russian mental map. Thus, for example, Latvia was at or near the top

⁴¹ Although a *Baltic Barometer* survey was also conducted in 2005, the question and answers were formulated slightly differently, making direct comparisons with the earlier data problematic. For all the surveys, see www.balticvoices.org.

Graph 1

**Percentage of respondents agreeing with the statement
"Russia should be seen as a threat to Latvia's independence"
among Latvians and Russian-speakers**



* – combined answers *completely agree* and *somewhat agree*

** – respondents divided according to most frequently used language in the family

Source: SKDS. Special thanks to Ieva Strode for providing these data.

of Russia's list of enemies throughout the 1990s, primarily because of its Western foreign policy orientation.⁴² Even in 2005, the Russian public placed Latvia at the bottom of the list of the CIS and Baltic countries with a rank of -47, while Belarus topped the list with a rating of +80.⁴³ By 2009, Latvia had fallen to fourth place on the list of enemies, behind Georgia, the US and Ukraine.⁴⁴

Despite this perceived "unfriendliness," the Russian public was quite sanguine about Baltic membership in NATO. In June 2003, not long before Baltic accession, only 43% of Russians thought that Baltic NATO membership posed "some threat" or a "major threat" to Russian security.⁴⁵ Indeed, as can be seen in the table below, the Russian public thought that Baltic membership in the EU could redound to their benefit by increasing the availability of European goods in Russia and Russian opportunities to work in a European country.

⁴² For an overview of survey data in Russia from the 1990s, see Doronenkova, Kristine (2008), "Latvia's Image in Russia: the Legacy of the 1990s," in Muižnieks, ed., *Manufacturing Enemy Images?*, pp. 27-34.

⁴³ The figures show the percentage that perceived a given country as "very" or "somewhat friendly" minus the percentage that perceived the same country as "very" or "somewhat unfriendly." White, Stephen (2006), "Russia and 'Europe': the Public Dimension," in Allison, Roy, Light, Margot and White, Stephen, eds., *Putin's Russia and the Enlarged Europe*. London: Royal Institute of International Affairs, p. 143.

⁴⁴ See Levada-Tsentr (2009), "Druz'ya i vragi Rossii," *Press-Vypusk* 10.06.2009., available at <http://www.levada.ru/press/2009061001.html>.

⁴⁵ Data from Rose, Richard (2003), *New Russia Barometer XI*. Glasgow: University of Strathclyde, available at <http://www.balticvoices.org/russia/perspectives>.

Table 2

**In the next few years, many of Russia's neighbours,
such as Poland and the Baltic states, are likely to join the European Union.
What effect do you think this will have on (%):**

	Positive	No Effect	Negative
Being able to buy European goods in Russia	42	41	17
Russians being able to get work in a European country	38	43	19
Russia's economy as a whole	23	46	31
Russia's military strength	18	47	35

Source: Rose, Richard (2001), *New Russia Barometer X*. Glasgow: University of Strathclyde, available at <http://www.balticvoices.org/russia/perspectives>.

In 2006 and 2007, the Levada Centre in Russia polled Russians about their attitudes to the Baltic states.⁴⁶ Russians consider Latvia to be not only very hostile to Russia, but also to visitors from Russia and to the Latvian Russian-speaking population. In 2006 Latvia was at the top of the list of countries named where visitors from Russia were thought to experience a hostile attitude (20%) and where the Russian public felt that the rights of Russian-speakers were being violated (67%). Asked about various aspects of history, the Russian public supported stands that ran completely counter to the stances of most Latvians. Thus, in 2006, when asked whether current Baltic leaders were right to consider that their countries were occupied and forcibly incorporated by the Soviet Union 69% of respondents in Russia answered in the negative (combined answers "completely no" and "somewhat no"). From 2005 to 2007, the share of Russians believing that the Baltic states joined the Soviet Union voluntarily increased from 31% to 37%. Thus, the Russian public to a large extent shares the official version of history with regard to the Baltic states.

The Importance of Latvian-Russian Relations in the Broader Context

A few remarks about the broader importance of the Latvian-Russian relationship in the Baltic, post-Soviet and European context are in order. Latvia has the largest population of Russians and Russian-speakers in the Baltic states (though Estonia has the largest number of citizens of Russia), which, as noted above, has been a special magnet for Russian elite and popular interest. As opposed to Lithuania, where there are no significant political parties claiming to represent Russian-speakers, until recently, Latvia

⁴⁶ Levada-Tsentr (2007), "Rossiya i ee sosedi: Estoniya, Latviya i Litva," *Press-Vypusk* 17.09.2007., available at <http://www.levada.ru/press/2007091704.html>.

had two – “For Human Rights in a United Latvia” and “Concord Centre.”⁴⁷ The former did not cross the 5% threshold in the October 2010 Latvian elections, but the latter did, receiving the second most seats in parliament. Concord Centre is clearly of special interest to Russia, as the ruling United Russia party has a cooperation agreement with it.⁴⁸ It should be noted, however, that United Russia also has a cooperation agreement with Estonia’s Centre Party, whose leader Edgar Savisaar was recently embroiled in a scandal after it was revealed that he sought Russian funding for his election campaign.⁴⁹ While all three Baltic states have ports and other assets that are of interest to Russia, Latvia has by far the most intense day-to-day business interaction with Russia, as evidenced by the number of daily flights from each of the Baltic capitals to Russia.⁵⁰ In terms of identity, while all three Baltic states pose challenges to Russia’s historical self-understanding, Latvia has consistently evoked the most Russian public hostility.

In the post-Soviet context, Latvia is clearly far less important to Russia than Ukraine. Ukraine has been the primary target of all of Russia’s post-Soviet integration efforts. In terms of economic interests, Ukraine is a critical transit corridor for Russian oil and gas en route to Europe. Ukraine also has the largest Russian-speaking population outside Russia. The importance of Ukraine to Russia in terms of identity politics is reinforced by the fact that the Russian Orthodox Church views it as canonical territory.⁵¹ Since the Russian-Georgian war of August 2008, Georgia has been an important security concern and has topped the list of Russian enemies along with Ukraine. Indeed, not only is Latvia a calm “enemy”, it is one that is already in NATO, whereas Georgia and Ukraine evince interest in Russia because of the risk that they might approach NATO membership.

In the EU context, Latvia is considered by Russia to be part of an anti-Russian bloc whose core members are the three Baltic states and Poland. However, among members of this bloc, Mark Leonard and Nicu Popescu called Poland and Lithuania the “new cold warriors” in a 2007 study due to the overtly hostile relationship of these two countries with Moscow and

⁴⁷ On these parties and their links to Russia, see Ikstens, Jānis (2006), “Eastern Slavic Political Parties in Latvia,” in Muižnieks, ed. *Latvian-Russian Relations*, pp. 41-52.

⁴⁸ For the text of the agreement, see <http://www.saskanascentsr.lv/ru/soglashenie-osotrudnichestve-mezhdu-latvijskoj-social-demokraticeskoy-partiej-soglasie-i-vsrossijskoj-politicheskoy-partiej-edinaja-rossija/>.

⁴⁹ See Tučs, Andrejs (2010), “Ievainotais degunradzis,” *Ir*, No. 2 (41), 13-19 January 2011, pp. 27-31.

⁵⁰ Latvia has five daily flights to Moscow and two to St. Petersburg, while Estonia has only one to Moscow and one to St. Petersburg, while Vilnius has three to Moscow. See <http://www.riga-airport.com/en/main/flights>; <http://www.tallinn-airport.ee/eng/realtime/departures>; <http://www.vilnius-airport.lt/en/flight-information/current-departures/>. Of course, some of the Latvian flights serve customers from the other Baltic states as well, since Riga has become a regional airline hub.

⁵¹ See Trenin, Dmitri (2007), “Russia and Ukraine,” in Hamilton, Daniel, and Mangott, Gerhard, eds., *The New Eastern Europe: Ukraine, Belarus, Moldova*. Washington, D.C.: Centre for Transatlantic Relations, pp. 195-214.

their willingness to use the veto to block EU negotiations with Russia. Latvia was placed in the category of “frosty pragmatists” – a group of a number of EU countries focussing on business interests, but willing to speak out against Russia on occasion.⁵² In the NATO context, Latvia is clearly one of the more Atlanticist members of the alliance, which goes against Russia's traditional desire to weaken the United States role in Europe. At the same time, since Latvia has a military presence in Afghanistan and serves as an important route for American non-lethal military transit through Russia to the Afghan theatre, Russia has developed more on-the-ground cooperation with Latvia than it has with many NATO members, a point to be returned to later.

⁵² Leonard, Mark and Popescu, Nicu (2007), *A Power Audit of EU-Russia Relations*. London: ECFR.

II. Political Issues

Political Dialogue at the Official and Semi-Official Levels

On the Latvian foreign ministry's web site, under the section on bilateral relations with Russia, one reads that "Latvia sees Latvian-Russian relations as a constructive dialogue of neighbours in bilateral and multilateral cooperation formats."¹ One interesting aspect of this section of the web page is that the subsection called "Chronology of the most important visits and meetings" does not stretch back earlier than the beginning of 2008, whereas that for bilateral relations with some other countries stretches all the way back to the year 2000.² This is probably because prior to 2008, official Latvian-Russian dialogue was quite irregular, if one could call it a dialogue at all.

Between 1991 and early December 2010, the only time a Latvian president went to Russia on a bilateral visit was in 1994, when President Guntis Ulmanis (in office from 1993-1999) went to Moscow to sign the troop withdrawal agreement. President Vaira Vīķe-Freiburga (in office from 1999-2007) had no official bilateral visits to Russia, but did attend ceremonies in Moscow commemorating the 60th anniversary of the end of World War II on 9 May 2005. Because of the controversial nature of issues of history and President Vīķe-Freiburga's statements thereon before and during her visit, it is difficult to categorize this visit as a major step forward in the bilateral dialogue.³ The Russian side extended an invitation to President Valdis Zatlers (in office since 2007) as long ago as December 2007, but delays were caused by changes in Latvian governments, the August 2008 Russian-Georgian war, and most recently, the Latvian elections of October 2010.⁴ President Zatlers finally went to Moscow on an official visit in mid-December 2010. No acting Russian president has been on an official visit to Latvia since the restoration of Latvian independence.

¹ See <http://www.mfa.gov.lv/lv/Arpolitika/divpusejas-attiecibas/Krievija/>.

² See, e.g., the section on Latvian-German relations and the chronology of visits and meetings there at <http://www.mfa.gov.lv/lv/Arpolitika/divpusejas-attiecibas/Vacija/>.

³ For analyses of that visit and Russian media coverage thereof, see Onken, Eva-Clarita (2007), "The Baltic States and Moscow's 9 May Commemoration: Analysing Memory Politics in Europe." *Europe-Asia Studies* Vol. 59, No. 1 (January), pp. 23-46; and Denis, Solvita (2008), "The Story with History," in Muižnieks, Nils, ed., *Manufacturing Enemy Images? Russian Media Portrayal of Latvia*. Riga: Academic Press of the University of Latvia, pp. 79-108.

⁴ The invitation was extended during Russian foreign minister Sergei Lavrov's visit to Riga on 18 December 2007. See Ūdris, Janis (2007), "Par Krievijas ārlietu ministra darba vizīti Latvijā," *Latvijas Vēstnesis* 19 December 2007.

A clear turning point in relations came with moves to ratify the border agreement in mid-2006 and 2007. After the summer of 2006, when Latvian prime minister Aigars Kalvītis met with his Russian counterpart Mihail Fradkov in Moscow, the first joint meeting of the intergovernmental commission took place in 2007, followed by the first official visit by Sergei Lavrov to Riga in December of that year.⁵ Official Latvian-Russian dialogue intensified rapidly after 2008, with meetings of the intergovernmental commission and/or its working groups in February, April, July, and November 2008, June, July and September 2009, February, April, May and June 2010.⁶ Interestingly, the momentum in bilateral relations was sufficiently strong by the time of the Russian-Georgian war of August 2008 that this did not hinder the continued development of the dialogue. In other words, the broader icy tenor of East-West relations following the war was scarcely reflected in bilateral relations.

The substance of the dialogue has revolved around a whole range of issues. From 2006 until President Zatlers' visit to Russia in December 2010 agreements were signed and entered into force on economic cooperation (2006), the transport of nuclear fuel (2007), the border (2007), the status of cemeteries in both countries (2008), the operation of customs points at the border (2008), and readmissions (2009). Another important treaty – that on cooperation on social security – was approved by the Latvian parliament in 2008, but did not enter into force until Zatlers' visit in December 2010.⁷

From 19 to 22 December 2010 Latvian President Valdis Zatlers, accompanied by a large delegation of ministers and businesspersons, went on an official visit to Moscow and St. Petersburg. From the Russian perspective, this was the first official visit by a Latvian president since the collapse of the Soviet Union.⁸ Zatlers and his delegation met not only with Russian President Dmitri Medvedev, but also with Prime Minister Vladimir Putin, Speaker of the Federation Council of the Russian Duma Sergei Mironov, Moscow Mayor Sergei Sobyenin, and Orthodox Patriarch Kirill. The atmosphere of the visit was "unprecedentedly positive" and Zatlers extended invitations to both Medvedev and Patriarch Kirill to visit Latvia in 2011, which were received in a positive manner.⁹

⁵ Ibid.

⁶ See <http://www.mfa.gov.lv/lv/Arpolitika/divpusejas-attiecibas/Krievija/>.

⁷ See the Latvian foreign ministry's database on bilateral treaties at <http://www.mfa.gov.lv/lv/Arpolitika/bilateral/?mode=out&state=RUS&day1=01/01/2006&day2=05/11/2010&print=on>. It is unclear why the Russian side did not ratify this treaty for long, though it may be linked to Russia's interest in watching how the Andrejeva v. Latvia case played out in the European Court of Human Rights and how Latvia will implement the ruling.

⁸ Some in Latvia have called Ulmanis' 1994 visit an official visit, but Medvedev stressed at his joint press conference with Zatlers on 20 December 2010 that this was the first official visit.

⁹ For Latvian press coverage of the visit, see, e.g., Daukšte, Anita (2010), "Krievi grīb, mums vajag," *Neatkarīgā Rīta Avīze*, 21 December 2010; Sprūde, Viesturs (2010), "Maskava rāda labvēlīgu attieksmi," *Latvijas Avīze*, 21 December 2010; Rozentāls, Atis (2010), "Medvedevs neredzot īpašus šķēršļus vizītei Rīgā," *Diena* 21 December 2010.

While the atmospherics of the visit were glowing, a number of concrete measures were also agreed upon. A packet of nine treaties was signed on cooperation in emergency situations, the simplification of border crossing for people living near the border, a protocol on the exchange of instruments of ratification to the treaty on cooperation in social security, an agreement on the procedure for implementing the social security treaty, cooperation in environmental protection, cooperation in the realm of tourism, cooperation in fighting crime (particularly organized crime), on regulating the location of each other's embassies, and on the prevention of double taxation and tax avoidance with regard to income and capital taxes.¹⁰ The last is generally considered to be by far the most important of all the treaties, as it will render Latvian businesses more competitive in Russia.

In a briefing to Latvian journalists, President Zatlers noted that a "rather large part of the discussions was devoted to European Union-Russia and NATO-Russia relations, what role Latvia plays in these relations as a member state, and what role is played in these relations by our bilateral relations – Latvia's and Russia's relations."¹¹ Here, Russia was clearly interested in acquiring Latvia's support in moving towards a visa-free regime between the EU and Russia – a step Zatlers publicly supported.¹² Latvian membership in the EU and NATO clearly provided Latvia some leverage during the visit, making Latvia a more interesting interlocutor to the Russian side.

In addition to the treaties, agreement was also reached on some symbolic issues. The presidents agreed to create a joint historical commission to evaluate 20th century history and Medvedev promised increased access to Russia's archives. He also noted that "in our relations, of course, it is impossible to completely separate politics and history, but this is something that should be strived for."¹³ In a symbolic gesture apparently meant to reassure World War II veterans that they had not been forgotten, Medvedev also issued a decree the same day on a one-off disbursement of a special 5000 ruble payment to citizens of Russia who are veterans living in the three Baltic states "in connection with the 65th anniversary of the Victory in the Great Fatherland War of 1941-1945."¹⁴

Finally, in a move that did not receive much news coverage, the Latvian minister of economics Artis Kampars announced on the day of the presidents' meeting that Gazprom would be lowering the price for

¹⁰ For the list of the agreements in Latvian, see http://www.president.lv/pk/content/?cat_id=7515&lng=lv; for the same in Russian, see http://news/kremlin.ru/ref_notes/822.

¹¹ See "Valsts prezidenta preses konferences transkripts Latvijas pla saziņas līdzekļu pārstāvjiem," 20 December 2010, available at http://www.president.lv/pk/content/?cat_id=605&art_id=16616.

¹² See "Press-konferentsia po itogam rossisko-latviiskikh peregovorov," 20 December 2010, available at <http://www.kremlin.ru/transcripts/9855>.

¹³ Ibid.

¹⁴ For a text of the decree, see <http://www.kremlin.ru/acts/9857>.

gas deliveries to Latvia by 15% in 2011.¹⁵ While the Latvian government had for a number of months sought to negotiate a lower price, the timing of Gazprom's decision was clearly linked to the Latvian visit. The discount was granted to both Estonia and Latvia, but not to Lithuania, apparently due to the latter's policy of pursuing quicker gas market liberalization than its Baltic neighbours.¹⁶ While lower gas prices will clearly assist Latvia in climbing out of the economic recession in 2011, it will also ease the urgency of implementing measures to promote energy efficiency or a diversification of energy sources. Moreover, while the move can be interpreted as a sign of good will by the Russian side, it underscores again the often political nature of Russian energy policy towards its neighbours.

Official dialogue has been accompanied by an intensification of contacts at a more informal level, between non-governmental organizations, professional associations and others. By far the most prominent and most long-lasting effort at Latvian-Russian dialogue has been the Baltic Forum, which has organized 14 international conferences, a telebridge, meetings of Latvian and Russian journalists, tennis matches and various other events between Latvian and Russian elites since 2000.¹⁷ Several remarks about the key organizers of the Baltic Forum are in order, as many of them are linked to politics in a direct way.

On the Latvian side, the core players have been closely linked with the opposition party Concord Centre and with the oil transit industry. The founding president of the Baltic Forum until his death in 2003 was Nikolajs Neilands, a colourful figure from Latvia who was a retired Soviet diplomat and KGB officer with many connections in Moscow. Subsequently, the president has been Jānis Urbanovičs, the head of Concord Centre, while the executive director has been Aleksandrs Vasiljevs, a member of the board of the Ventspils port authority. In the early years, Latvian officials tended to shy away from participation at the annual conferences, viewing them as the project of Concord Centre. However, over time, official Latvian participation became the norm, especially as Latvian-Russian relations improved in the latter half of the 2000s. Thus, in 2007, the Latvian government was represented on the conference programme only by Transport Minister Ainārs Šlesers. In 2008, Šlesers was joined by Minister of Economics Kaspars Gerhards and former Latvian president Guntis Ulmanis. By 2010, the conference featured Gerhards, Latvian Foreign Minister Aivis Ronis, and Riga mayor Nils Ušakovs.¹⁸

¹⁵ See the press release "Kampars: ir izpildīts solījums līdz gada beigām panākt gāzes cenas samazinājumu Latvijai," 20 December 2010, available at <http://www.em.gov.lv/em/2nd/?lang=lv&id=31292&cat=621>.

¹⁶ See Roķis, Kārlis (2011), "Lietuvieši pret krievu gāzi noskaņoti viskareivīgāk," *Diena*, 3 January 2011, p. 7.

¹⁷ See the organization's web page at <http://www.balticforum.org>.

¹⁸ See the programmes of the annual conferences at *Ibid*.

On the Russian side, the core player has been Igor Yurgens, former executive secretary of the Russian Union of Industrialists and Entrepreneurs, who since 2008 has served as one of President Dmitry Medvedev's principal advisors. Other core players on the Russian side have been linked with the Council on Foreign and Defence Policy, a think tank close to the Kremlin, featuring such luminaries as Sergei Karaganov and Sergei Oznobishchev.¹⁹ Over the years, they have brought in a host of academic and policy figures from Russia, the most prominent of which have been then Presidential administration official Modest Kolerov, Duma deputy Konstantin Kosachev and the foreign ministry's point person on compatriot policy Eleanora Mitrofanova, among others. Regular Western partners have been Dmitri Simes of the Nixon Centre in the United States and Alexander Rahr of the German Council on Foreign Relations, two individuals who allegedly have close links to official Russian circles and some Russian funding. This unofficial dialogue, pushed primarily by business circles and opposition figures in Latvia, provided opportunities for official dialogue as well, though it could only truly blossom once official relations had improved with the signing of the border treaty.

The Border Treaty

As noted earlier, the border issue between Latvia and Russia had not been resolved by the time Latvia joined the EU and NATO and remained a sticking point in relations. The crux of the matter was divergent interpretations of history and the fact that the interwar border differed from the post-independence border with Russia. During the Soviet era, the Kremlin had redrawn post-war administrative borders between the RSFSR and the Latvian SSR and placed the Latvian district of Abrene (1,294 sq. km or about 2% of interwar Latvia's territory) on the Russian side. Though behind the scenes the Latvian side had decided to recognize the de facto border as early as 1997, official acknowledgement of this "loss" was politically difficult. Here, it took more than ten years for interests to trump ideas.

While Russia had earlier sought to use the lack of a border treaty to hinder Latvia's accession to the EU and NATO, this tactic had clearly failed. What is more, linkage of the border treaty, to minority or other issues had also proved ineffective. After Latvia's EU and NATO accession, Russia signalled its willingness to sign a border treaty. but the choice of circumstances was inopportune. The Russian side wanted Latvia to sign the treaty on 10 May 2005, immediately following the ceremonies commemorating the 60th anniversary of the end of World War II. As Toms Rostoks has noted, "The scheduled date for the signing and the context of the process fuelled debates in Latvia about incorporation into the USSR,

¹⁹ See the Council's web site at <http://www.svop.ru/live/>.

Russia's denial of the occupation, and the meaning of the end of World War II."²⁰ Two weeks before the President's scheduled trip to Moscow, on 26 April 2005, the Latvian government approved a unilateral declaration mentioning the 1920 peace treaty, the "illegal occupation of Latvia," and the "rights and claims" of Latvia and its citizens.²¹ Russia immediately torpedoed the whole agreement and the Latvian political elite was left to search for some way to square the circle of signing a border agreement without renouncing the Latvian grand narrative of legal restoration.

Following the failure of 2005, both external pressure and internal lobbies mobilized to push the Latvian political elite towards a resolution. In January 2007, Swedish Foreign Minister Carl Bildt – a long-time friend of the Baltic states – visited Latvia and stressed that the border treaty was important for the entire EU. Within Latvia, representatives of the fishing and cargo transit industries – two economic sectors with a strong interest in constructive relations with Russia – urged resolution of the issue.²² Andris Sprūds has detected a shift in official Latvian discourse towards Moscow at this time from a "discourse of danger" to one of "opportunity."²³ Following the fiasco of 2005, a consensus slowly emerged within the Latvian political and business elite that the border issue had to be removed from the bilateral agenda and that the border treaty had to be in some way delinked from contentious issues of history.

When a draft border treaty law was prepared that did not mention the 1920 Peace Treaty and possible compensation claims, the issue was turned over to the Constitutional Court, which engaged in some legal acrobatics and determined that Abrene was a "newly acquired territory" that historically did not belong to Latvia and that the border treaty did not threaten the doctrine of legal continuity of the Latvian state.²⁴ With the exchange of the instruments of ratification on 18 December 2007 during Russian Foreign Minister Sergei Lavrov's visit to Latvia, the long saga of the border dispute came to an end.

After political agreement had been reached, the technical process of demarcating the 276 kilometre long border was begun and continues as of

²⁰ Rostoks, Toms (2006), "The Border Issue," in Muižnieks, Nils, ed., *Latvian-Russian Relations: Domestic and International Dimensions*. Riga: University of Latvia Academic Press, p. 135.

²¹ For the text of the declaration and analysis thereof, see *Ibid.*, p. 136.

²² For an analysis of the domestic politics of the border treaty, see Rikveilis, Airis (2008), "The interstate border and Latvian-Russian relations: the past as an impediment to bilateral cooperation," in Ozoliņa, Žaneta, ed., *Latvia-Russia-X*. Riga: Zinātne, pp. 305-310. On Carl Bildt's intervention and the cargo transit lobby, see Ērgle, Antra (2007), "Robežlīgums nav burvju nūjiņa," *Diena* 24 January 2007.

²³ Sprūds, Andris (2009), "Entrapment in the Discourse of Danger? Latvian-Russian Interaction in the Context of European Integration," in Berg, Eiki and Ehin, Piret, eds., *Identity and Foreign Policy: Baltic-Russian Relations and European Integration*. Surrey: Ashgate, pp. 101-116.

²⁴ For the ruling of the Constitutional Court, see Latvijas Republikas Satversmes Tiesa (2007), "Spriedums Latvijas Republikas vārdā Rīgā 2007. gada 29. novembrī lietā Nr.1 2007-10-0102," available at http://www.satv.tiesa.gov.lv/upload/2007_10_0102_Robežligums.htm.

this writing. A joint demarcation commission was created and began work on 23 September 2009. Since then, the commission has held five meetings, the most recent of which was on 21-3 September 2010 in Riga. This commission has the task of setting and marking the border and preparing the relevant legislation on both sides.²⁵ The successful resolution of the Latvian-Russian border issue can be contrasted with the deadlock between Estonia and Russia on the issue, where the Estonian side continues to insist on mentioning the 1920 Peace Treaty with Russia and agreement remains elusive.²⁶

The Minority Issue

Russia has made the issue of the situation of Russians and “Russian-speakers” in Latvia one of the central issues in bilateral relations. Here again, issues of interests and identities are difficult to disentangle in Russian policy. On numerous occasions, Russia has sought to use the Russian or Russian-speaking population as a policy tool for various purposes – to deflect attention from human rights problems at home or in client territories (e.g., Transdniestr), as a means of maintaining its political influence, or as a club to isolate Latvia in the international arena. At the same time, there is undeniably a strong identity component in Russia’s attention to the fate of its “compatriots,” as reflected in the stated desire to strengthen a “Russian world” (similar to that of *Francophonie*) based on language and cultural commonality. Under Putin/Medvedev, Russian policy has become better institutionalized, better-funded and acquired a more elaborate doctrinal foundation.²⁷

Elsewhere, I have analyzed in detail the evolution of Russian policy towards “compatriots” in Latvia from 1991 through 2006 and noted two primary policy directions since the withdrawal of the Russian army: 1) exerting pressure on Latvia by raising the issue in international organizations, and 2) assisting certain categories of Russians to maintain their links to Russia by providing scholarships to students, organizing teacher training seminars, sending textbooks, and providing funding to NGOs.²⁸ These policy directions

²⁵ For further information, see Latvijas Ģeotelpiskās informācijas aģentūra (2010), “Latvijas valsts sauszemes robežas demarkācija,” Riga, 6 October 2010, available at <http://www.lgia.gov.lv/Publikācijas/~media/7B594706F26E4213887E58BAEBE0F937.ashx>.

²⁶ For a detailed review and analysis of the Russian-Estonian border dispute, see Liik, Kadri (2006), “Stāsts par Igaunijas un Krievijas robežlīgumu,” *Diena* 14 January 2006 and 21 January 2006.

²⁷ For an excellent overview, see Tishkov, Valery (2008), *The Russian World – Changing Meanings and Strategies*, Carnegie Papers No. 95. Moscow: Carnegie Endowment for International Peace, August 2008; see also Chepurin, Alexander (2009), “Approaching the Far Away: Russian Policy Towards Russian Communities Abroad,” *Russia in Global Affairs* Vol. 7, No. 3, July-September 2009, pp. 68-81.

²⁸ Muižnieks, Nils (2006), “Russian Foreign Policy Towards ‘Compatriots’ in Latvia,” in Muižnieks, Nils, ed., *Latvian-Russian Relations: Domestic and International Dimensions*. Riga: University of Latvia Academic Press, pp. 119-130.

have been maintained, with slightly more emphasis on the latter and less on the former. Overall, predictions that the minority issue would fade after Latvian EU accession due to enforced liberalization have not been fulfilled – the Latvian Citizenship Law was last amended in 1998, language regulation in the private sector has grown stricter, and a Latvianization of state-funded minority secondary schools was implemented in 2003-2007.²⁹

Russians in Latvia fall into three main legal categories: citizens of Latvia, Latvian non-citizens, and citizens of Russia. As of 1 July 2010, official Latvian statistics counted 616,840 Russians, of whom 366,489 or 59.4% were citizens of Latvia, 221,174 or 35.8% were Latvian non-citizens (permanent residents with non-citizen passports) and 29,082 or 4.7% were citizens of another country, primarily Russia.³⁰ The total number of citizens of Russia in mid-2010 was reported to be 33,683, meaning that a certain number of persons of other ethnicities also have Russian passports.³¹ The figure of citizens of Russia in Latvia has been low compared to Estonia, which has a much smaller population of Russians, but close to 100,000 citizens of Russia.³² However, in Latvia a recent trend that has garnered some media attention has been an increased uptake of citizenship of Russia.

According to Russian Ambassador to Latvia Aleksandr Veshnakov, in 2009 the number of individuals in Latvia seeking to acquire citizenship of Russia doubled compared to 2008, with about 4000 applications compared to 2000 the previous year.³³ This does not appear to be the result of any shift in Russian policy, but rather a consequence of the economic crisis. The retirement age in Russia is 55 years for women and 60 for men, while in Latvia it is 62 years. While the retirement age is earlier for citizens of Russia, the average pension is smaller (about €115 per month in Russia compared to €246 in Latvia). However, some individuals have managed to receive both Latvian and Russian pensions due to the fact that the Latvian-Russian treaty on cooperation in social security did not enter into force until quite recently.³⁴

²⁹ For an overview, see Galbreath, David J. and Muižnieks, Nils, (2009), "Latvia: Managing Post-Imperial Minorities," in Rechel, Bernd, ed., *Minority Rights in Central and Eastern Europe*. London: Routledge, pp. 135-150.

³⁰ An additional 95 Russians were registered as stateless. See the web page of the Latvian Citizenship and Migration Affairs Board at http://www.pmlp.gov.lv/lv/statistika/dokuments/2010/ISVN_Latvija_pec_TTB_VPD.pdf.

³¹ See http://www.pmlp.gov.lv/lv/statistika/dokuments/2010/ISVP_Latvija_pec_VPD.pdf.

³² For a detailed analysis, see Heidmets, Mati, ed., (2008), *Estonian Human Development Report 2007*. Tallinn: EestiKoostöö Kogu, esp. Chapter III "Non-Estonians as Part of Estonian Society," pp. 46-87.

³³ See the interview with Veshnakov, "Vešnakovs: krīzes smagums Latvijā ir pat lielāks nekā Krievijā," *BBS* 7 January 2010, at <http://bbs.bns.lv>.

³⁴ See Stroja, Anna (2010), "Izvēlas par labu Krievijas pilsonībai," *dialogi.lv*, 11 May 2010, available at <http://www.dialogi.lv/article.php?id=2967&print=1>. See also "Pērn Latvijas nepilsoni vairāk izvēlējušies kļūt par Krievijas pilsoņiem, nevis naturalizēties," *LETA*, 27 January 2010.

While there has been a slight increase in the number of Russian citizens, there has been a significant increase in recent years of Russian funding for various activities in Latvia and for contacts and study in Russia. Thus, Latvian analysts have noted an increase in funding by the *Russkiy Mir* Foundation for projects in Latvia (35 projects funded in 2008), some of which has gone to NGOs closely linked with opposition political parties.³⁵ Among recent projects was the creation in March 2009 of a Russian Centre in the library of the Baltic International Academy, a popular private institution of higher education catering primarily to Russian-speaking students.³⁶ A similar Russian language and cultural centre was opened at Daugavpils University on 26 March 2010, also with funding from the *Russkiy Mir* Foundation.³⁷ Russia has also increased the quota for Latvia's students in Russian institutions of higher learning, funding 107 stipends in 2009.³⁸

While Russia has recently intensified support for activities in the sphere of language, culture, and education, it has also developed increasingly visible cooperation with certain representatives of "compatriots" by creating a compatriot advisory council at the Russian Embassy in Latvia,³⁹ as well as organizing various congresses in both Russia and the Baltic states regularly in recent years.⁴⁰ The most controversial form of cooperation, however, has been at the political level. In November 2009, Russia's ruling party United Russia signed a cooperation agreement with Concord Centre, the primary party claiming to represent the interests of Russian-speakers in Latvia. The cooperation agreement envisages regular meetings, the exchange of information, and the organization of inter-party and other forms of dialogue.⁴¹ This is only one of a number of cooperation agreements between United Russia and Russia-friendly parties in the post-Soviet space.⁴² While

³⁵ See Pelnēns, Gatis, ed. (2009), *The 'Humanitarian Dimension' of Russian Foreign Policy Towards Georgia, Moldova, Ukraine, and the Baltic States*. Riga: Centre for East European Policy Studies, pp. 156-7.

³⁶ See <http://www.bsa.edu.lv/biblioteka/ruscentr.html>.

³⁷ See Davidenko, Albīna (2010), "Daugavpils Universitātē atklāja Krievu valodas un kultūras centru," posted on the Daugavpils University web page on 29 March 2010, available at <http://www.d-fakti.lv/lv/news/article/14841/>.

³⁸ For this and other initiatives in the educational sphere, see the relevant section of the web site of the Russian Embassy in Latvia at http://www.latvia.mid.ru/ruslat_05.html.

³⁹ For a list of the 17 members of the "Coordinating Council of Organizations of Russian Compatriots in Latvia at the Russian Embassy in Latvia," see <http://www.latvia.mid.ru/ks.html>. The list includes both NGO activists and Russian-speaking politicians.

⁴⁰ For official information on the various congresses of compatriots, see http://www.mid.ru/ns-dgpch.nsf/035_02.

⁴¹ <http://www.saskanascents.lv/ru/novosti/soglashenie-o-sotrudnichestve-mezhdu-latvijskoj-social-demokraticeskoj-partiej-soglasie-i-vserossijskoj-politicheskoj-partiej-edinaja-rossija/>

⁴² Similar agreements have been signed with parties in Ukraine, Moldova, Georgia, and, most recently, Kyrgyzstan. See Coalsen, Robert (2010), "Kremlin's Ruling Party Boosts Ties Across the Former Soviet Union," *Radio Free Europe/Radio Liberty*, 29 September 2010, available at http://www.rferl.org/content/Kremlins_Ruling_Party_Boosts_Ties_Across_The_Former_Soviet_Union/2171505.html

there is nothing sinister about inter-party cooperation, there have also been some unconfirmed reports of Russia funnelling funding to its partners, an allegation Concord Centre has firmly denied.⁴³

Since Latvian accession to the EU and NATO, Russia has continued its criticism of Latvian minority policy in various international and regional organizations, such as the United Nations, the Council of Europe, and the OSCE.⁴⁴ Since the onset of EU-Russia human rights consultations in 2005, it has sought to use this forum as well, though the confidential nature of that dialogue complicates drawing any broader conclusions. It should be noted, however, that these consultations have been judged a disappointment by all involved.⁴⁵

The primary Latvian legislative initiative affecting minorities that has attracted Russian criticism in recent years has been the adoption in July 2010 of a new Law on Electronic Media which re-established "language quotas" aimed at non-EU languages (i.e., Russian) in commercial electronic media. Such restrictions had been lifted after the Constitutional Court found similar restrictions unconstitutional in 2003. Russian Foreign Ministry representative Andrei Nesterenko harshly criticized the new law, claiming that "regrettably, one concludes that the Latvian authorities continue to implement the course of restricting the use of the Russian language in the social sphere, though it is the native language of one third of the country's inhabitants."⁴⁶ Overall, however, official Russian criticism of Latvian minority policy has been toned down somewhat since the signing of the border agreement in 2007, especially in comparison with the outright propaganda campaigns witnessed earlier.

It should be noted that there is also a small Latvian minority in Russia as well numbering about 30,000 persons. Latvians arrived in Russia in several different waves of outmigration or forced displacement. The first was in the 19th century, when under the Stolypin reforms land-hungry Latvian peasants migrated to Siberia and established a number of compact settlements, some of which persist to this day. A second group was Latvian soldiers and revolutionaries who stayed on in Soviet Russia after the end of the Russian Civil War, though many perished in the terror of the 1930s. A third group

⁴³ Recently, a scandal was sparked by a story in *Le Monde* that Russia clandestinely funneled 2.2 million euros to support pro-Russian parties, primarily Concord Centre. See Piotr Smolar, "Le contre espionage denonce les moyens d'influence russe," *Le Monde* 2 October 2010.

⁴⁴ For an overview and analysis, see Pelnēns, ed. (2009), *The 'Humanitarian Dimension' of Russian Foreign Policy*, pp. 140-153.

⁴⁵ See, e.g., Lobjakas, Ahto (2007), "Activists Say EU-Russia Rights Dialogue at 'Dead End,'" *Radio Free Europe/Radio Liberty*, 3 October 2007, available at <http://www.rferl.org/content/article/1078856.html>; see also Rettman, Andrew (2010), "EU-Russia Human Rights Talks Making Little Impact," *EU Observer* 18 June 2010, available at <http://euobserver.com/9/30323>.

⁴⁶ For an overview of the Court case, see Latvian Centre for Human Rights and Ethnic Studies (2005), *Human Rights in Latvia in 2004*. Riga: LCHRES, p. 32. For Russian criticism, see n.a., (2010), "Krievijas ĀM: krievvalodīgo diskriminācija Latvijā turpinās," *diena.lv* 15 July 2010.

were persons deported to Siberia under Stalin and their descendants. A smaller wave of voluntary migration during the Soviet era saw a number of Latvians move to other parts of the Soviet Union, primarily the Russia Soviet Federated Socialist Republic, for work or family reasons. Finally, a small number of Latvians, primarily those linked with the Communist Party and Soviet security structures, has moved to Russia since the break-up of the Soviet Union.⁴⁷

Since independence, Latvia has sought to nurture contacts with Latvians in Russia, sending Latvian language teachers, pastors, and lending some financial support to Latvian associations in Russia. Since 2004, assistance was provided through a Latvian Diaspora Assistance Programme, though funding halted with the onset of the economic crisis in 2008.⁴⁸ The Latvian foreign ministry maintains contacts with Latvians in Moscow, St. Peterburg, Omsk, Tomsk, Krasnoyarsk, Magadan, Smolensk and, most recently, Pskov.⁴⁹ Indeed, these Latvians are an underutilized resource in strengthening Latvian-Russian relations, as they know Russia intimately, are often well-established, and in the bigger cities, have occasionally been quite successful as professionals or businesspeople.

Overcoming Disagreements on History? Dialogues and Monologues

History and memory are intimately linked with identity politics, and Latvia and Russia can be said to be in a deep identity conflict that is difficult to overcome. Latvian membership in the EU and NATO has done little to facilitate reconciliation on these issues. In some ways, the EU has become a new arena for identity conflict, with both sides on occasion claiming more authentic European credentials and using EU gatherings as a platform to voice grievances. While policy-makers in Latvia and Russia have regularly politicized the issue, the root of the conflict is deeper. It is related to the grand historical narratives of each side which are institutionalized in school textbooks, museums, commemorative practices and elsewhere and subscribed to by large segments of society, including teachers, journalists, film-makers and the general public.

The Latvian grand narrative has been described as that of suffering, heroism and legal continuity leading to the restoration of independence after Soviet occupation. The Russian grand narrative, in turn, is the “expulsion of foreign enemies” (e.g., in 1814, 1941) in which Russia is a defender, not an

⁴⁷ For an overview of data on the Latvian diaspora and Latvian policy towards it, see Muižnieks, Nils (2010), “Responsibility in Latvia’s Relations with the Diaspora,” in Roznevalds, Juris, and Ijabs, Ivars, eds., *Latvia Human Development Report 2008/2009: Accountability and Responsibility*. Riga: ASPRI, pp. 130-135.

⁴⁸ See *Ibid.*, p. 134.

⁴⁹ See the item on the Latvian Foreign Ministry’s home page, (n.d.), “Latviešu biedrības Krievijas Federācijā,” available at <http://www.am.gov.lv/moscow/saraksts/?print=on>.

aggressor. In the Russian narrative, Stalin plays an ambivalent or positive role and contemporary Russia is the heir of both Tsarist and Soviet greatness.⁵⁰ For most Latvians, the primary cause of suffering in the 20th century was the Soviet Union, which carried out mass deportations, executions and other forms of repression against the Latvian population. Most Russians, in turn, feel little contrition for the crimes of Stalin's regime: asked in 2007 by pollsters of the respected Levada Centre in Russia whether they thought Russia should apologize for the Soviet occupation of the Baltic states during World War II, only 3% completely agreed, 7% somewhat agreed, while 23% somewhat disagreed and 49% completely disagreed.⁵¹

Before Latvia joined the EU and NATO, little cooperation between Latvia and Russia on history issues took place. The nadir of mutual recriminations surrounding history was in 2005 when competing versions of the past, Latvian attempts to keep open the option of possible territorial claims and compensations, and Latvian President Vaira Vīķe-Freiberga's efforts to promote the Latvian interpretation all converged on a date of particular sensitivity to the Russian side – the 60th anniversary of the end of World War II on 9 May 2005. Not only did Russia refuse to ratify the border treaty, but the Russian media reacted harshly to this initiative, while Putin promised to give Latvia “dead donkey ears” rather than the Pitalovo (Abrene) district.⁵² Since then, some tentative steps at initiating a dialogue have taken place, though progress has been slow due to the distance between the two sides, the mobilization of actors seeking to politicize the issue, and several controversial court cases at the European Court of Human Rights.

After 2005, the first tentative steps towards practical cooperation were taken by the Latvian History Teachers' Association, which implemented a project involving school visits, seminars and roundtables from June 2007 through February 2008 entitled “What Do We Teach About Our Neighbours” with the participation of the history teachers' associations from Archangelsk and St. Petersburg, Russia.⁵³ In May 2008, with the assistance of both the Latvian and Russian foreign ministries, a first meeting of Latvian and Russian historians took place in Moscow and discussed cooperation in studying the life of deportees in exile in Russia, the organization of a conference on the Molotov-Ribbentrop pact, and guest lectures.⁵⁴ One result

⁵⁰ The most sophisticated treatment of this issue is by Ehin, Piret and Berg, Eiki (2009) “Incompatible Identities? Baltic-Russian Relations and the EU as an Arena for Identity Conflict,” in Berg, Eiki and Ehin, Piret, eds., *Identity and Foreign Policy: Baltic-Russian Relations and European Integration*. London: Ashgate, pp. 1-4.

⁵¹ See the Levada Centre (2007), “Rossiya i ee sosedi: Estoniya, Latvija i Litva,” 17 September 2007, available at <http://www.levada.ru/press/2007091704.html>.

⁵² Cited in Denis (2008), “The Story with History,” in Muižnieks, ed., *Manufacturing Enemy Images?*, p. 21

⁵³ See the information at the web site of the Latvian History Teachers' Association at <http://neighbours.vsb.lv/about-project/indexhtml>.

⁵⁴ See n.a., (2008), “Krievijas vēsturnieki izrāda atsaucību,” *Latvijas Avīze*, 16 May 2008.

of this meeting was a subsequent visit to Latvia in 2008 and guest lectures by Elena Zubkova, a liberal historian from the Russian Academy of Sciences who has written a well-received book entitled *The Baltic and the Kremlin 1940-1953*.⁵⁵ Despite this initiative, more intense cooperation between Latvian and Russian historians has not blossomed, apart from the occasional participation of Russian historians in Latvian conferences and vice versa.

Since 2009 a Latvian NGO Eurocivitas has taken the lead and organized several dialogue events – the May 2009 launch of a book put out by the Socialist Group in the European Parliament entitled *Politics of the Past: The Use and Abuse of History*, an October 2009 seminar entitled “Baltic–Russian History Policy: Towards a Detente?” with the participation of prominent Latvian and Russian historians, and an event in Moscow in November 2010 entitled “Latvian-Russian History Policy: Designing a Road Map for Détente.”⁵⁶ These attempts to forge a constructive dialogue have often been overshadowed by more politicized efforts to settle accounts or impose one’s view of history.

One particularly odious figure on the Russian side has been historian and head of the Historical Memory Fund Alexander Dyukov, who visited Latvia several times in 2009 and 2010, often at the invitation of Concord Centre parliamentary deputy Nikolajs Kabanovs. Dyukov has pushed an agenda of discrediting Latvia as a country with many Nazi sympathizers and questioning the legitimacy of Latvian independence.⁵⁷ A particular object of Dyukov’s ire has been the Latvian documentary film “The Soviet Story,” put out in 2008 by young history graduate student Edvīns Šnore with funding from the Union for Europe of the Nations group in the European Parliament. The film documents in gory detail Soviet and Nazi collaboration from 1939 to 1941 and post-war Soviet repressions against Latvians and others.⁵⁸

Russian documentary film makers have also been active in recent years, putting out at least four films devoted to topics touching Latvian history: “Executioners: The Truth about the Latvian Riflemen” [*Karately: Pravda o latyshkikh strelkakh*] (2007); “Baltic Nazism” [*Natsizm po pribaltiskii*] (2007); “To Hurt the Queen: Vija Artmane” [*Obidet’ korolevy. Viya Artmane*] (2007); and “The Baltic: History of an Occupation” [*Pribaltika: Istoriya odnoi okupatsii*] (2009). These efforts, which reached a mass audience through Russian television, sought to tar the Latvian Red Riflemen as murderous creators of

⁵⁵ See the interview with Zubkova by Viesturs Sprūde, “Ar Vēstures Maisu uz Maskavu,” *Latvijas Avīze*, 26 November 2008.

⁵⁶ For more on these events and the book, see <http://www.eurocivitas.org>. It should be noted that the leader of Eurocivitas is Viktor Makarov, who has also been the director of research for the Baltic Forum, the NGO linked to the Concord Centre party that has been a key player in promoting Latvian-Russian dialogue since 2000.

⁵⁷ For Latvian reporting on Dyukov’s activities, see, inter alia, n.a., (2009), “SC rīkos diskusiju par Molotova-Ribentropa paktu,” *BNS* 13 August 2009, and n.a., (2010), “Kremlim pietuvināti vēsturnieki Krievijā izdeuši pētījumi par Latviju,” *diena.lv*, 29 January 2010.

⁵⁸ For more on the film, see the web page <http://www.sovietstory.com>.

the Soviet regime, Latvians as willing Nazi collaborators, then ungrateful former privileged subjects in the Soviet Union and/or pathological Russophobes.⁵⁹

In addition to these “dialogues of the deaf” between film makers on both sides, discussions about history have also taken place between Latvian and Russian interlocutors at the international level. Thus, Latvian and Russian politicians have both sought to promote their respective versions of history in various international forums in which both states are countries, such as the United Nations and the Parliamentary Assembly of the Council of Europe (PACE). At the United Nations, Russia aimed various resolutions against Latvia from 2006 to 2008 for alleged attempts to “rehabilitate fascism,” “glorify the Waffen SS” or “rewrite history.”⁶⁰ From early 2005 through mid-2009, five different debates took place in the PACE on issues touching history, most frequently focussing on the need to condemn totalitarian crimes, both Nazi and Soviet. While Latvian and other East European participants actively advocated condemnation of the crimes of both regimes, most Russian participants sought to deflect criticism of the Soviet Union.⁶¹

Another arena for Latvian-Russian memory battles has been the European Court of Human Rights. A number of cases tried in the court – *Kononov v. Latvia*, *Slivenko v. Latvia*, *Sisojeva and others v. Latvia*, *Ždanoka v. Latvia*, *Larionovs. v. Latvia*, *Tess v. Latvia*, *Ādamsons v. Latvia* and *Andrejeva v. Latvia* – have pitted Latvia and Russia against each other directly (when Russia was a third party to the case) or indirectly, when both sides tried to win the battle for public opinion. As I have noted elsewhere, “all of the cases involve dealing with the legacy of the Soviet past – crimes committed in the name of the Soviet regime by KGB, Communist Party or military personnel, the status in independent Latvia of persons linked to the various organs of Soviet power, and the inherited responsibilities of Russia and Latvia.”⁶² Most of these cases have been making their way through the cumbersome Strasbourg procedures since the early 2000s, but when the judgements were finally handed down in the late 2000s, they generated controversy in Latvian-Russian relations.

⁵⁹ For an analysis, see Petrenko, Dmitrijs (forthcoming), “The Interpretation of Latvian History in Russian Documentary Films: The Struggle for Historical Justice,” in Muižnieks, Nils (ed.), *The Geopolitics of History in Latvian-Russian Relations*. Riga: University of Latvia Academic Press.

⁶⁰ See Reire, Gunda (2008), “Latvia and Russia in the United Nations: The Human Rights Card,” in Ozoliņa, Zāneta, ed., *Latvia-Russia-X*. Riga: Zinātne, p. 74; Pelnēns, ed. (2009), *The Humanitarian Dimension of Russian Foreign Policy*, p. 143.

⁶¹ See Rostoks, Toms (forthcoming), “Debating 20th Century History in Europe: The European Parliament and the Parliamentary Assembly of the Council of Europe Compared,” in Muižnieks, ed. *The Geopolitics of History in Latvian-Russian Relations*. Riga: University of Latvia Academic Press.

⁶² Muižnieks, Nils (forthcoming), “Latvian-Russian Memory Battles at the European Court of Human Rights,” in *Ibid.*

A truce in the “memory wars” between Latvia and Russia remains difficult to achieve for a number of reasons. For one, identity politics are notoriously difficult to manage and issues such as “who we are” are not amenable to easy political compromises. Second, this is an issue area that is not solely government or elite-driven, but involves a wide array of actors whose actions cannot always be controlled “from above.” Thus, the actions of an individual or a small group of individuals – a film-maker, a single historian, a plaintiff before the European Court of Human Rights – can have broader echoes in bilateral relations.

The issue is also not fading with the passing of the older generation. Some sociologists have explained the growing interest of young Russians in Russia and in Latvia in the victory in World War II as reflecting a need to have a positive identity. Thus, young people would rather identify with their grandparents, who were “winners” in a “good war,” rather than with their parents, who are in many ways “losers” because they lost an empire, or in Latvia, their status, citizenship, etc. Finally, the efforts of Latvian elites in Europe to have the Latvian narrative recognized and incorporated into the mainstream European historical narrative are bound to run afoul of Russia’s efforts to position itself as a European power. Thus, the recently created joint Latvian-Russian commission of historians faces a very challenging task.

Latvia, Russia and Europe’s Eastern Neighbourhood

Another arena where Latvian and Russian interests and identities confront each other is in what has come to be called the “Eastern Neighbourhood” – the other former Soviet republics bordering Russia. Latvia’s primary interests in the region, as reflected in policy documents and statements, have been not only to promote trade and investment, but also the democratization of countries to the East and their aspirations to join the European Union and NATO.⁶³ In contrast, Russia has sought to maintain its influence in this region and prevent the encroachment of outside actors, such as the EU and NATO, into what it considers its “privileged sphere of interests.” There is a huge asymmetry between the interests and capabilities of Latvia and Russia in the region – Russia not only has much stronger interests in the region than Latvia (or the EU and NATO as a whole), but it also has vastly more political and economic leverage to deploy to further those interests.⁶⁴

⁶³ For an analysis of Latvian interests, see Indāns, Ivars (2006), “Latvijas intereses NVS reģionā attīstības kontekstā,” in Ignatāne, Gunda, ed., *Latvija un attīstības sadarbība*. Rīga: Zinātne, pp. 218-236. See also Rudzīte, Kristīne (2008), “The Intersecting of Latvian and Russian Interests in the South Caucasus,” in Ozoliņa, ed., *Latvia-Russia-X*, pp. 233-257.

⁶⁴ For a good analysis of competing EU and Russian interests and capabilities in the region, see Popescu, Nicu and Wilson, Andrew (2009), *The Limits of Enlargement Lite: European and Russian Power in the Troubled Neighbourhood*. London: European Council on Foreign Relations. For Russian leverage, see Hedenskog, Jakob, and Larsson, Robert L. (2007), *Russian Leverage in the CIS and the Baltic States*. Stockholm: Swedish Defence Research Agency.

There is also an identity component to Latvian-Russian interactions in the region. As Dovile Jakniūnaite has argued, "the eastern neighbourhood policy is used by the Baltic states to redefine and change their relations both with Russia and the EU."⁶⁵ The Baltic states have used the European Neighbourhood Policy (ENP) to present themselves as true Europeans with important "niche" capabilities and to attempt to draw a "civilizational line" between Europe and Russia.⁶⁶ The collision of interests and identities in the region does not have a large impact on Latvian-Russian relations overall because Latvia has been such a small player in the region.

Because of limited resources, Latvia and its Baltic neighbours have combined two foreign policy strands that in most European countries are distinct – support for development cooperation and participation in the ENP. The initial focus of Latvian efforts after accession to the European Union and NATO was Georgia and Moldova, but by 2010, expanded to include Ukraine and Belarus as well, where Latvian business interests are much stronger. There is no need here to analyze in depth Latvia's development cooperation with these countries, as the amount of funding for projects of various kinds has been very small and the projects have not influenced Latvian-Russian relations in any serious way.⁶⁷ A good indicator of Latvia's weak presence in the region is the absence of an embassy in Moldova, ostensibly a foreign policy priority.

The one issue which has had broader echoes in Latvian-Russian relations has been Latvian support for Georgian membership in NATO and solidarity expressed for Georgia during and after the Russian-Georgian war of August 2008. Russian tensions with Georgia intensified in the run-up to the NATO Bucharest conference in April 2008, where both Georgia and Ukraine were promised eventual NATO membership, but not given a Membership Action Plan (MAP).⁶⁸ At Bucharest, President Valdis Zatlers, together with his Estonian and Lithuanian counterparts, consistently supported Georgia's NATO bid and reiterated this support in a joint statement on 22 May 2008.⁶⁹

⁶⁵ Jakniūnaite, Dovile (2009), "Neighbourhood Politics of Baltic States: Between the EU and Russia," in Berg and Ehin, eds., *Identity and Foreign Policy*, p. 118. See also Galbreath, David J. and Lamoreaux, Jeremy W. (2006), "Bastion, Beacon or Bridge? The Role of the Baltic States in the EU's Relationship with the Eastern 'Neighbours,'" in Kasekamp, Andre and Paabo, Heiko, eds., *Promoting Democratic Values in the Enlarging Europe: the Changing Role of the Baltic States From Importers to Exporters*. Papers presented at an international conference at the University of Tartu, 5-6 May 2006. Tartu: Eurocollege, pp. 97-109.

⁶⁶ Jakniūnaite (2009), "Neighbourhood Politics of Baltic States," in Berg and Ehin, eds., *Identity and Foreign Policy*, pp. 130-1.

⁶⁷ For an overview of projects supported and the funding thereof, see the relevant section of the Latvian Foreign Ministry's web page at <http://www.mfa.gov.lv/lv/Attistibas-sadarbiba/valstis/>.

⁶⁸ For background on Russian-Georgian relations leading up to the summit, see Muižnieks, Nils (2008), *Georgian Security: A Latvian Perspective*. Riga: University of Latvia Press.

⁶⁹ For Zatlers' stance at Bucharest, see http://www.president.lv/pk/content/?cat_id=605&art_id=12032. For the text of the joint statement on 22 May 2008, see http://www.president.lv/pk/content/?cat_id=605&art_id=12133.

When the Russian-Georgian war erupted in August 2008, the Latvian political elite jumped to support Georgia.

On 12 August, when conflict was still under way, Latvian Prime Minister Ivars Godmanis flew to Tbilisi to show solidarity together with the Estonian, Lithuanian and Polish presidents (President Zatlers was in Beijing at the Olympics at the time), after which they adopted a joint statement condemning Russia's aggression, urging granting MAP to Georgia and supporting Georgia's territorial integrity.⁷⁰ On 15 August the Latvian parliament also adopted a statement condemning Russia's aggression, pointedly noting that "such action evokes concern about the security, territorial integrity and independence of all of Russia's neighbours."⁷¹

The Russian Foreign Ministry was harshly critical of the stand of Latvia and its Baltic and Polish partners, calling their joint statement "cynical" and "untimely."⁷² The Russian Embassy, in turn, issued a five page announcement criticizing the Latvian parliament's announcement as "one-sided" and commenting in detail on the "most odious" assertions therein.⁷³ While the war of words rapidly cooled off in subsequent months, Latvia continued to support Georgia in various ways and to draw its own conclusions from the war.

Despite budget austerity occasioned by the economic crisis, the Latvian government allocated 120,000 lats (~€171,000) in humanitarian aid to Georgia soon after the war, as well as funding for the rehabilitation of 60 Georgians in Latvia.⁷⁴ In October 2008 the Ministries of Defence of the two countries signed a treaty on cooperation in defence, while the parliaments of the two countries signed a memorandum of understanding on parliamentary cooperation in European integration affairs.⁷⁵ The strengthening of Latvian-Georgian cooperation has had few consequences for Latvian-Russian relations. However, Latvia's moves to enhance its own security with regard to the EU, NATO and energy security have a much larger potential to affect bilateral relations.

⁷⁰ Latvijas Republikas Ārlietu Ministrija, "Igaunijas, Lietuvas, Polijas prezidentu un Latvijas ministru prezidenta paziņojums par tālāko konflikta risinājumu Gruzijā," 13 August 2008, available at <http://www.mfa.gov.lv/dp/Jaunumi/Dokuments/?pg=14488>.

⁷¹ Latvijas Republikas Saeima, "Paziņojums par Krievijas militāro uzbrukumu Gruzijai," 15 August 2008, available at <http://www.saeima.lv/kastors/aktualitates.jsp?page=saeimas-zinas&id=11717&p=92>.

⁷² See "MID RF nazyvaet zayavlenie stran Baltii i Pol'shi po Yuzhnoi Osetii tsinichnym i nesvoevremenyam," *Interfax*, 10 August 2008.

⁷³ See "O zayavlenii seima Latviiskoi Respubliki 'O voennom napadenii Rossii na Gruziju' ot 14 avgusta 2008 goda," available at http://www.latvia.mid.ru/news/ru/08_028.html.

⁷⁴ See <http://www.mfa.gov.lv/lv/Arpolitika/divpusejas-attiecibas/Gruzija/>.

⁷⁵ On military cooperation, see "Latvijas Republikas Aizsardzības Ministrijas un Gruzijas Aizsardzības Ministrijas līgums par sadarbību aizsardzības jomā," *Nozare.lv*, 22 October 2008, at <http://nozare.lv/nozares/es/arhitem/132697E2-11F4-7D45-6A3A-463A0687DD59>; for parliamentary cooperation, see the Latvian parliament's home page, "Paraksta saprašanās memorandu par Saeimas Eiropas lietu komisijas un Gruzijas parlamenta Eiropas Savienības integrācijas komiteju sadarbību," 27 October 2008, <http://www.saeima.lv/kastors/aktualitates.jsp?page=saeimas-zinas&id=12348&p=60>.

The first signs of a rethink of Latvian security in the aftermath of the Russian-Georgian conflict can be noted in Latvian parliamentary debates on the conflict on 14 August 2008. Andris Bērziņš, then head of the foreign affairs commission, announced that “in the new security situation that has emerged in the world after the Russian and Georgian conflict, we appeal to both NATO and the EU to find a solution to strengthen and guarantee the subsequent security of all of Russia’s neighbouring countries.” Former foreign minister Sandra Kalniete also noted the “new geopolitical reality” and concluded that “we have to carefully work on our security concept, we have to think a lot about what our energy policy will be like.” Another former foreign minister Artis Pabriks noted that “we have to put in all effort so that this year within NATO Latvia and our region receives a so-called plan in the event that we ended up in a real situation of threat.”⁷⁶

Here, it is appropriate to briefly summarize the fallout of the war on Latvian-Russian relations in general. First, the Russian-Georgian war prompted the Latvian foreign policy elite to rethink the policy pursued from mid-2006 to mid-2008 of not annoying Russia to pursue business interests. It also led the Latvian elite to re-evaluate Latvia’s energy policy and assess the risks of dependence on Russian energy supplies.⁷⁷ As noted earlier, however, this reevaluation did not hinder the continued development of a bilateral Latvian-Russian political dialogue. However, the war led to a reconsideration of Latvian security vis-à-vis Russia in broader political and military terms. To what extent could membership in the EU and NATO protect Latvia from potential Russian pressure and aggression? What steps could the EU and NATO in particular take to enhance Latvian security? What steps could Latvia take to enhance its security? To answer these questions, it is necessary to analyze military security and energy issues in Latvian-Russian relations more broadly.

⁷⁶ For a stenogram of the debates, see “Saeimas 2008. gada 14. augusta ārkārtas sēdes stenogramma,” *Latvijas Vēstnesis*. 20 August 2008.

⁷⁷ Sprūds, Andris (2009), “The Relationship Between Latvia and Russia and Latvia’s Energy policy in the Context of the Russian-Georgian War,” in Rostoks, Toms, ed., *The Georgian-Russian War: Conclusions and Homework for Latvia and Allies*. Riga: Soros Foundation – Latvia, pp. 70-81.

III. Military Security

Key turning points in Latvia's military security situation vis-à-vis Russia since independence were the withdrawal of Russian troops in 1994, the closing of the early warning radar station operated by Russia in the Latvian city of Skrunda in 1998, and Latvia's accession to NATO in 2004. As noted at the beginning of this study, Latvia's accession to NATO helped to rebalance the power asymmetry in Latvian-Russian relations and ease existential Latvian security concerns, though it did not lead to significant easing of Latvian threat perceptions or the "de-securitization" of issues such as energy, minorities and other matters. As will be suggested below, it was only after the Russian-Georgian war in 2008 that Latvia's NATO membership acquired more concrete manifestations such as contingency planning and military manoeuvres in the Baltic region. Increasingly, energy issues are also considered security issues, especially in Latvia. These will be discussed in the next part.

Even before Latvian accession to NATO in March 2004, one controversy in Latvian-Russian military security relations was the fact that Latvia and its Baltic neighbours were not parties to the Conventional Forces in Europe Treaty (CFE), the primary European treaty governing the permitted size of military forces in Europe. The three Baltic states had not acceded to the CFE upon regaining independence, fearing that this could legitimize the post-war role of the Soviet/Russian army in the region and prolong its presence. The Baltic states had virtually no military hardware of their own, and thus, the governments saw no need to join the treaty. Moreover, there was no provision for a non-NATO and non-Warsaw Pact country to join the treaty.¹ Regardless, around the time of NATO accession, all three Baltic states suggested they would join the CFE when the adapted treaty was signed by all states.²

For its part, after NATO enlargement, Russia insisted that the Baltic states ratify the treaty, hoping that this would prevent NATO from strengthening its military infrastructure in the Baltic states.³ For a variety of reasons, Russia

¹ For an overview of the evolution of Latvian stances, see Rikveilis, Airis (2008), "Konvencionālais bruņojums un Eiropas drošības stūrakmeņa drupināšana. Vai nākamajā demsitgadē gaidāma jauna bruņošanās sacensība?" in Ozoliņa, Žaneta and Ulcāne-Ozoliņa, Inga, eds., *Latvija 2020: Nākotnes izaicinājumi sabiedrībai un valstij*. Riga: LU Akadēmiskais apgāds, pp. 223-246.

² For background around the time of accession, see Lachowski, Zdzislaw (2002), *The Adapted CFE Treaty and the Admission of the Baltic States to NATO*. Stockholm: SIPRI.

³ See Rinkēvičs, Edgars (2009), "NATO, Russia and Latvia: a New Kind of Relationship?," in Ozoliņa, Žaneta, ed., *Latvia-Russia-X*. Riga: Zinātne, pp. 149-151.

suspended its membership in CFE in 2007 and suggested it might reinforce its military presence near Baltic borders, prompting the Latvian Foreign Ministry to express its "regret" and note that "the Latvian Foreign Ministry regards any increase of force in a western direction as a logically unjustified step because nothing is threatening, or will threaten Russia from the West, especially from [the] NATO side."⁴

A second controversy has revolved around the common NATO policy of protecting the air space of the Baltic states. After Baltic NATO accession, various NATO countries have assumed responsibility for patrolling air space in the Baltic from the Sauliai airfield in Lithuania. Edgars Rinkēvičs has noted that although Russia perceived these patrols as a form of NATO aggression, "the number of violations of Latvian air space has decreased from four in 2000 to one or two times in 2004-2006."⁵ However, periodic Russian intrusions in or near Latvian air space have continued, with the most recent incident taking place on 18 October 2010, when two Russian SU24s above neutral waters between Liepāja and Venstpils failed to identify themselves and were escorted by NATO interceptors away from Latvia.⁶

While NATO air patrols have been a visible sign of Latvia's NATO membership, another such sign was Latvia hosting the NATO summit in Riga on 28-9 November 2006. In another instance of drawing "civilizational lines" between the West and Russia, Latvian officials stressed the symbolic importance of holding the summit on territory that used to be in the Soviet Union. Russia, for its part, reacted quite calmly to the event in its declaratory policy, but sought to "steal the show," as there were rumours until the last minute that Russian President Putin would arrive the day after the summit to celebrate French President Jacques Chirac's birthday together with Latvian President Vaira Vīķe-Freiberga. Putin did not arrive, ostensibly due to protocol issues, but, according to Rinkēvičs, the incident "attests that Russia has not yet resigned itself to the situation formed as a result of NATO enlargement and attempts to remind of its special status in the region."⁷

The most vivid Russian attempt to assert a special status in the post-Soviet space was its invasion of Georgia in August 2008, which led to a short-lived freeze in NATO-Russian relations overall. However, the war prompted Latvian and other Baltic officials to seek reassurance from NATO in the form of contingency plans, military manoeuvres and infrastructure investments.

⁴ See Latvian Ministry of Foreign Affairs, "Foreign Ministry expresses regret on Russian State Duma's decision to suspend Russia's adherence to the Treaty on Conventional Armed Forces in Europe," 8 November 2007, <http://www.mfa.gov.lv/en/news/press-releases/2007/november/08-2/>.

⁵ Rinkēvičs (2009), "NATO, Russia and Latvia," in Ozoliņa, ed., *Latvia-Russia-X*, p. 151.

⁶ See Skruzis, Jānis, Ozols, Krišjānis, and Rutka, Aija (2010), "Papildināta – NATO iznīcinātāji no Baltijas gaisa telpas pavada divas krievu lidmašīnas," *LETA*, 18 October 2010.

⁷ Rinkēvičs (2009), "NATO, Russia and Latvia," in Ozoliņa, ed., *Latvia-Russia-X*, p. 154. For more on the NATO summit in Riga, see www.rigasummit.lv.

Such forms of “reassurance” would have been difficult to implement before the Russian-Georgian War, as several large member states, such as France and Germany, consistently argued that they would be unnecessarily provocative to Russia. The war, combined with a shift in policy by the United States and strong Polish lobbying, led to some major changes in NATO policy in the Baltic states.

Ronald Asmus has reported that during the height of the Russian-Georgian war, a broader debate emerged within the US administration “over whether Moscow’s move in Georgia was just the first part of a broader offensive that could eventually envelop Crimea in Ukraine and perhaps even the Baltic states.”⁸ Even before Barack Obama took office in November 2008, a shift in US policy towards the Baltic region can be discerned. In October 2008, NATO’s highest military commander General James Craddock asked the allies for approval to draw up contingency plans for defending Estonia, Latvia and Lithuania.⁹ After some resistance from certain NATO member states, Poland was the first new NATO member state to gain contingency plans, ostensibly for an attack from Belarus. However, the Polish precedent was key for expanding such activities, and “prudent planning” concerning similar plans for the Baltic states began in 2009 and was accelerated after Barack Obama publicly demanded that NATO develop such plans for all its members.¹⁰ Another Baltic wish – visible NATO military manoeuvres on Baltic territory – was given a fillip by aggressive Russian posturing in 2009.

In September 2009 Russia held two related military exercises – “Zapad-2009” and “Ladoga – 2009”- both of which were perceived as distinctly threatening to the Baltic states. The exercises, organized by the Russian military in cooperation with the Belarusian army, involved around 15,000 Russian soldiers and navy servicemen and 6,500 Belarusian troops, 1000 pieces of heavy military equipment, at least 100 combat planes and helicopters and 20 battleships.¹¹ While the “Zapad” part of the exercise took place in Belarus and Kaliningrad, the “Ladoga” part of the exercise took place simultaneously further north, near St. Petersburg. The improbable scenario for the exercise was of ethnic Poles in western Belarus rising up, “terrorists” from Lithuania attacking Kaliningrad, and three NATO-like brigades invading Western Russia to be repulsed by the elite Pskov-based

⁸ Asmus, Ronald D. (2010), *The Little War that Shook the World: Georgia, Russia and the Future of the West*. New York: Palgrave Macmillan, p. 186.

⁹ See Lobjakas, Ahto (2008), “NATO Commander Seeks Defence Plans for Baltic States,” *Radio Free Europe Radio Liberty*, 7 October 2008, available at http://www.rferl.org/content/NATO_Commander_Seeks_Defense_Plans_For_Baltic_States/1294790.html.

¹⁰ See n.a. (2010), “Border Controls: Thanks to Poland, the Alliance will defend the Baltics,” *The Economist* 14 January 2010, web only, available at <http://www.economist.com/node/15268095>.

¹¹ Wilk, Andrzej (2009), “Russia Practices War in the West,” *EastWeek*, 30 September 2009, available at <http://www.osw.waw.pl/en/publikacje/eastweek/2009-09-30/russia-practices-war-west>.

76th air assault division.¹² Latvian Ministry of Defence State Secretary Jānis Sārts highlighted the threatening nature of the exercises by pointing to the precedent of Georgia: "Very large exercises are taking place on our borders and they are much larger than the exercises that took place on Georgia's borders before the invasion of Georgia."¹³

Soon after the Russian exercises, Estonian President Toomas Ilves was the first to call for a NATO response in kind. Opening defence courses in Rosta, Estonia, in October 2009, Ilves noted that "Since Russia organized army training with more than 20,000 soldiers not far from the border with NATO, it would be correct if NATO organized similar training in this region."¹⁴ Baltic hopes were soon fulfilled, as in 2010 three major NATO military exercises were organized in the region. "Baltic Host 2010" took place simultaneously in all three Baltic states in early June with the participation of the forces of the three Baltic states, Denmark, Poland, Norway and Germany. The "BALTOPS" naval exercise combining operations in the Baltic Sea with an offload operation of equipment onto Latvian shores in mid-June gathered about 3000 servicemen from different countries. Finally, "Sabre Strike" in late October was a Baltic-US counter-insurgency exercise with about 2000 soldiers.¹⁵ Though the exercises were ostensibly intended to assist preparations for combat in Afghanistan, they were clearly perceived as NATO reassurance to the Baltic states after the Russian-Georgian war and the Russian military exercises. It should be noted that previously, the NATO military presence in the Baltic states had been quite minimal.

In addition to contingency plans and military exercises, a third form of "reassurance" has been NATO investments in Latvian military infrastructure. The only infrastructure project with NATO co-financing has been an airport near Lielvarde, in which NATO has planned to invest €36 million, while Latvia has committed several million euros in co-financing. Asked in 2010 whether a possibility existed that a permanent NATO base could be established at Lielvarde when it is completed in 2013, Commander of the Latvian armed forces Raimonds Graube responded "Yes, of course! But that is NATO's decision, as NATO decides on the deployment of NATO bases according to security needs."¹⁶ It is unclear whether NATO's

¹² See n.a. (2009), "War Games," *The Economist*, 29 October 2009, available at <http://www.economist.com/node/14776852>.

¹³ Gabere, Antra (2009), "Krievijas armija pierobežā uzskatāma par brīdinājumu," *Neatkarīgā Rīta Avīze* 3 October 2009.

¹⁴ "Ilvess rosina rīkot plašas NATO spēku mācības Krievijas pierobežā," *BNS/Interfax*, 12 October 2009, available at <http://diena.lv/lat/politics/arzemes/ilvess-rosina-rikot-klasas-nato-speku-macibas-krievijas-pierobeza>.

¹⁵ See Latvian Institute (2010), "Overview of International Military Exercises in Latvia During 2010," *Latvian Institute Fact Sheet* No. 35, 11 August 2010.

¹⁶ See n.a. (2010), "Graube: Latvijā varētu būt pastāvīga NATO spēku bāze," *BNS* 18 April 2010. See also Latvian Ministry of Defence (2010), "Opening of the NAF Military Base Lielvārde Aerodrome Runway Construction Works to Take Place," 14 September 2009, available at <http://www.mod.gov.lv/Aktualitates/Preses%20pazinojumi/2009/09/14-01.aspx>.

financial commitment to the Lielvarde project or its plans for it have changed along with the shift to develop contingency plans and carry out military manoeuvres in the Baltic.

While the aforementioned steps all point to real or potential tensions in Latvian-Russian relations, another recent development points in the opposite direction – Latvian-Russian cooperation in the Northern Distribution Network (NDN). The NDN is a series of three alternative transit corridors created by the United States in the first half of 2009 to deliver non-lethal goods to its forces in Afghanistan and avoid over-reliance on the insecure route through Pakistan. NDN North begins at the Latvian port of Riga, and traverses Russia, Kazakhstan and Uzbekistan before entering Afghanistan at Termez.¹⁷ Latvia actively lobbied its advantages as a transit hub: ice free ports, an infrastructure that is “100% interoperable with that of Russia, Kazakhstan, Uzbekistan and Afghanistan,” permanent support on the ground through an embassy in Uzbekistan, and authorization to use the border crossing point at Zilupe/Posin by the NATO-Russia transit agreement.¹⁸ By late September 2010, the Latvian Foreign Ministry reported that 30-35% of all supplies to the US military mission in Afghanistan were going through NDN North and that by the end of the year the number of containers to have passed through Latvia since the opening of the route in 2009 will reach about 20,000.¹⁹ The NDN not only implies significant earnings for Latvia and Russia as transit countries, but day-to-day cooperation on the ground. The tensions and suspicions surrounding military manoeuvres and other security disagreements do not seem to have affected this cooperation in any significant way.

¹⁷ For background, see Kuchins, Andrew C. and Sanderson, Thomas M. (2009), *The Northern Distribution Network and the Modern Silk Road: Planning for Afghanistan's Future*. Washington, D.C: Centre for Strategic and International Studies, December 2009.

¹⁸ Kuchins, Andrew C. and Sanderson, Thomas M. (2010), *The Northern Distribution Network and Afghanistan: Geopolitical Challenges and Opportunities* Washington, D.C: Centre for Strategic and International Studies, January 2010, p. 17.

¹⁹ See Latvijas Republikas ārlietu Ministrija (2010), “Latvija izpelnās atzinību par dalību ASV militārās misijas Afganistānā apgādē,” 23. September 2010, available at <http://www.am.gov.lv/lv/Jaunumi/vestniecibu/2010/23-09/>.

IV. Energy Issues

In the Soviet era and throughout the 1990s, Latvia was a major transit hub for Russian oil exports, primarily through the Western Latvian port city of Ventspils. This not only generated significant income for Latvian transit businesses, it also compensated somewhat the overall asymmetry in power between Latvia and Russia, as Russia direly needed the income from oil exports and had few alternative export routes. As noted in the introductory section, this changed when Russia implemented an “economization” of relations with its neighbours and diverted transit through the newly built Russian port of Primorsk after January 2003. While there was a certain long-term economic logic to the diversion of transit, Russian commentators also highlighted the political aspects. Thus, Vladimir Simindei linked the diversion directly to Latvia’s foreign policy orientation, asking “Is Latvia ready to agree to the inevitability of massive economic losses that is typical of such situations, or is it ready to part with the logic of distancing itself from Russia?”¹

In 2002 and 2003, Latvia used various tactics in seeking to maintain the flow of oil, including organizing a letter by various oil companies to Putin, enlisting the political support of the United States and the European Commission, but to no avail. For their part, Russian commentators expressed satisfaction at the turning of the tables on Latvia, linking the move to Russia’s growing importance as a global energy player and portraying it as a demonstration of strength and independence.² As can be seen in the table below, oil transit through Latvian pipelines dropped rapidly after 2003, ceasing altogether in 2007.

Oil and Gas Transit by Pipeline Through Latvia, 2000-2008

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Oil transported by pipeline, m. tons	21.0	26.6	19.3	16.0	13.9	14.8	7.9	-	-
Oil products transported by pipeline, m. tons	3.5	4.0	4.1	4.6	5.5	5.5	6.7	6.5	5.0
Gas transported by gas pipeline, b. m ³	3.9	4.2	4.3	4.7	4.5	4.7	4.8	3.4	4.5

Source: Central Statistical Bureau of Latvia.

¹ Simindei, Vladimir (2002), “The Latvian ‘Hub’ of Baltic Transit,” *Russian Politics and Law* Vol 4, No. 4, July-August 2002, p. 72.

² For Russian media portrayal of the issue, see Muižnieks, Nils (2008), “The Latvian Economy – The Offshore Next Door,” in Muižnieks, ed., *Manufacturing Enemy Images? Russian Media Portrayal of Latvia*. Riga: University of Latvia Press, pp. 148-151.

While 70-80% of oil and oil products consumed in Latvia originate in Russia, if necessary, Latvia can import oil from alternative sources, such as the Lithuanian refinery at Mažeikiai or by sea. However, Latvia is 100% dependent on Russian gas imports, which account for about a third of the total energy balance.³ Interestingly, in contrast to many of Russia's neighbours in the post-Soviet space, Latvia has not been the target of Russian manipulation of gas for political purposes – threats of cutoffs, coercive price hikes, suspicious explosions, conveniently timed “technical difficulties, etc.⁴ It appears that there are several reasons for this.

First, Latvia has a 2.3 billion m³ gas storage facility at Inčukalns which supplies 800 million m³ of gas in winter to Estonia, Lithuania and neighbouring Russian regions. Thus, if Russia were to cut off gas to Latvia, it would risk disrupting supplies to one of its own regions.⁵ Second, as Kārlis Miķelsons, then head of the Latvian electricity monopolist *Latvenergo* stated in early 2010, “Latvia has the Inčukalns “gas cylinder”, which in the event of an accident or other unforeseen circumstances could ensure Latvia with a gas supply for three years.”⁶ Basically, Miķelsons was suggesting that, in the event of problems in Latvian-Russian relations, Latvia would avail itself of the stored gas, regardless of who owned it. Third, two Russian gas companies – *Gazprom* and *Itera* – together own a 50% share in *Latvijas Gāze*, guaranteeing a very strong lobby in Russia for stable gas relations with Latvia. Fourth, Latvia has been paying market prices (some would say even high prices) for Russian gas,⁷ though it is difficult to compare delivery costs to various countries directly because of differences in industrial and consumer tariffs, the inclusion of infrastructure costs in delivery costs for some countries but not for others, and other factors.

One development that could generate some new uncertainties in the gas sector would be the construction of a gas pipeline directly to Russia's border regions, which would remove Russia's dependence on the Inčukalns facility. Another would be a decrease of *Gazprom's* and/or *Itera's* stake in *Latvijas Gāze* in the absence of alternative sources of gas (e.g., Liquefied Natural Gas) or other energy supplies.

³ Sprūds, Andris (2009), “Latvia's Energy Strategy: Between Structural Entrapments and Policy Choices,” in Sprūds, Andris and Rostoks, Toms, eds., *Energy: Pulling the Baltic Sea Region Together or Apart?* Riga: Zinātne, pp. 226-7.

⁴ For an overview of Russia's coercive energy politics in the post-Soviet space, see Larrson, Robert L. (2006), *Russia's Energy Policy: Security Dimensions and Russia's Reliability as an Energy Supplier*. Stockholm: Swedish Defence Research Agency.

⁵ See Sprūds (2009), “Latvia's Energy Policy,” in Sprūds and Rostoks, eds., *Energy*, pp. 228, 242.

⁶ N.a. (2010), “Miķelsons: Enerģētikā nav termina atkarība, ir tikai sadarbšanās vai nesadarbšanās,” *LETA* 22 January 2010, available at http://www.leta.lv/archive_item.php?id=9638F442-024D-41BC-A7F4-F34F8846E066.

⁷ For a comparative overview of domestic gas prices within the EU, see the European Union's energy portal at <http://www.energy.eu/#Domestic>. According to this source, consumer gas prices in Latvia are quite low.

While importing all of its gas from Russia, Latvia also remains an integral part of the Russian electricity grid. Latvia used to import a considerable amount of electricity from the Ignalina nuclear power plant in Lithuania until its closure in 2009 due to EU requirements (it was a Chernobyl type reactor). Subsequently, Latvian electricity imports from Russia rapidly increased from 4% of the total in 2009 to a projected 24% in 2010.⁸ Here, EU policy actually served to increase Latvia's energy dependence on Russia, at least in the short to medium term. In addition to importing electricity from Russia, Latvia also generates electricity using imported Russian gas. While 58% of Latvia's energy production comes from hydropower, 41% is produced using natural gas.⁹ While energy consumption in Latvia fell due to the economic crisis, economic recovery will entail a significant rise in energy consumption and the emergence of energy shortfalls in the future.

To reduce the role of imported electricity and meet the projected shortfall, the Latvian government faced few feasible short-term options – to reconstruct the gas-powered TEC2 generator outside Riga to expand its capacity and make it more efficient, to support the construction of a mixed gas/biomass generator, or to support the construction of a coal-fired station. In late 2009, the Latvian government opted for the first solution, which is cheaper and faster to implement than the alternatives, but will preserve Latvia's dependence on imported Russian gas. Some have attributed this decision to the influence of the gas lobby. Such a conclusion gains credence in light of a December 2008 decision by the Latvian parliament to rescind tax breaks for biomass produced in Latvia, but to maintain them for imported Russian gas.¹⁰ As energy expert Juris Ozoliņš has noted, the net result of reconstructing the TEC2 generator is contradictory:

This project improves one aspect of state energy independence – manufacturing electricity in the homeland, but tips the energy supply balance to the benefit of one resource – gas, thereby increasing overall risks. As a short-term solution, this is not bad, but the contradiction with the basic guidelines on energy adopted by the government itself is serious.¹¹

Another issue in Latvia's energy relations with Russia is the North European Gas pipeline project or Nord Stream, which involves constructing

⁸ Bukovskis, Kārlis (2010), "The EU Strategy for the Baltic Sea Region and Promises for Latvia's Energy Market," in Ozoliņa, Žaneta, Reinholde, Iveta, Rostoks, Toms, eds, *EU Strategy for the Baltic Sea Region: A Year After and Beyond*. Riga: Zinātne, p. 169.

⁹ *Ibid.*, p. 175.

¹⁰ For analysis, see Sprūds, Andris (2010), "Ilgtspējīga enerģētikas sektora politika Latvijas politiskās un ekonomiskās attīstības kontekstā: mērķi, iespējas un ierobežojumi," in Sprūds, Andris, ed., *Pētījums "Latvijas enerģētikas politika: ceļā uz ilgtspējīgu un caurspidīgu enerģētikas sektoru"*. Riga: Soros Foundation – Latvia, p. 26.

¹¹ Cited in Ērgle, Antra (2010), "Paliks uz gāzes adatas," *Diena*, 18 January 2010, available at <http://diena.lv/lv/laikraksts/713998-paliks-uz-gazes-adas>.

a gas pipeline under the Baltic Sea to bring Russian gas directly to German and other West European costumers without intermediaries.¹² While the project has a longer history dating back to the early 1990s, it was formally announced in 2005 not long after the dual enlargement of the EU and NATO. When it is completed, it will reduce Russia's dependence on and increase its leverage over transit countries, especially Ukraine and Belarus, and provide it more room for manoeuvre in its relations with West European countries.¹³ While Estonian and Lithuanian officials have criticized the project and Poles initially called it a new Molotov-Ribbentrop pact, Latvian criticism has been muted.¹⁴ This appears to derive from a number of factors – the importance of the gas lobby in Latvia, the (unrealistic) hopes of some to create a spur off Nord Stream to Latvia and to create an additional gas storage facility in Dobeles, and the fact that the planned pipeline does not run close to Latvian shores in the Baltic Sea. However, Estonian scientists have raised the alarm about the environmental risks of the project, which would clearly implicate Latvia as well. According to Estonian experts, the gravest risks include possible explosions and the resulting tidal waves and the danger of toxic substances being disturbed on the seabed and spreading rapidly throughout the Baltic Sea.¹⁵ Nordstream disputes these results and has conducted an extensive environmental impact assessment under the Espoo Convention.¹⁶

While the aforementioned policy decisions in Russia and Latvia have increased Russia's energy leverage over Latvia, recent EU initiatives point in the opposite direction. Of most significance here is the energy component of the Baltic Sea Strategy, which reached the implementation phase in 2010.¹⁷ A strong advocate of the development of the Baltic Energy Market Interconnection Plan (BEMIP) as a priority area within the strategy, Latvia was rewarded with the role of coordinator of this area in the Action Plan. The BEMIP foresees building up energy interconnections in both the gas and electricity sectors and infrastructure around the Baltic Sea, promoting the development of renewable energy and enhancing energy efficiency. All of these steps could reduce Latvian vulnerability and dependence on

¹² See the company's web page at <http://www.nord-stream.com>.

¹³ See Lucas, Edward (2008), *The New Cold War*. London: Bloomsbury, pp. 215-227.

¹⁴ For Lithuanian and Estonian criticism, see Socor, Vladimir (2007), "Baltic Seabed Gas Pipeline Project: Far from a Done Deal," *Jamestown Foundation Eurasia Daily Monitor*, Vol. 4, Issue 100, 22 May 2007, available at <http://www.jamestown.org>.

¹⁵ Soomere, Tarmo and Puura, Ivar, "Science, Society and Environment: the Case of Nordstream," presentation at the 12th Baltic Conference on Intellectual Cooperation "Science and Society", 4-5 November, Lithuanian Academy of Sciences, Vilnius, Lithuania.

¹⁶ See Nordstream (2009), *Nordstream Environmental Impact Assessment (EIA) Documentation for Consultation Under the Espoo Convention*, available at http://www.nord-stream.com/fileadmin/Dokumente/eia_permitting/Binder_1_Non-Technical_Summary/NTS%20Espoo/Nord%20Stream%20Espoo%20Report_NTS_eng_final.pdf.

¹⁷ For a detailed analysis, see Bukovskis (2010), "The EU Strategy for the Baltic Sea Region," in Ozoliņa et al, eds., *EU Strategy for the Baltic Sea Region*, pp. 158-186.

Russian energy supplies, though they will not in the short term significantly alter Latvia's total dependence on Russian gas.

In the electricity sector, one possible risk lies in the construction of a nuclear power station in Kaliningrad, which could significantly affect the electricity market in the region. Construction was begun in January 2010 and the first bloc is to be finished in 2016, while the second in 2018.¹⁸ The Russian authorities have justified construction of the station with reference to the planned separation of the Baltic states from Russia's energy grid, which could separate Kaliningrad and put it at risk as well.¹⁹

As energy interconnections around the Baltic Sea are implemented and energy markets are liberalized in the coming years, Latvia will slowly move from being an energy "island" that is completely dependent on Russia and integrated into its energy grids towards becoming an energy "peninsula." However, the Russian energy lobby remains very strong within Latvia in the form of *Gazprom* and *Itera*. The success of Latvia's moves to decrease its dependence on Russian gas by improving energy efficiency and promoting the development of renewable energy sources will depend not only on the ability to take advantage of the opportunities inherent in the Baltic Sea Strategy, but also on progress in curbing the influence of these gas companies and their local Latvian political allies over Latvian energy policy.

¹⁸ See "Rosatom nachal stroitel'stvo Baltiiskoi AES", *RIA Novosti*, 25 February 2010, available at <http://www.rian.ru:80/economy/20100225/210843696.html>.

¹⁹ See Rosergatom (2009), "Baltic NPP: After 2015 the Baltic region will face energy crisis – Sergey Boyarkin," 27 July 2009, available at <http://www.rosenergoatom.ru:80/eng/press/news/article/?article-id=E68875B6-7221-4391-992E-2EDCC683189B>.

V. Economic Relations

As noted earlier, before Latvian accession to the European Union and NATO, Latvian economic relations with Russia were seriously weakened by the Russian economic meltdown in 1998 and some limited sanctions. This led Latvian exporters to seek new markets in the EU. Relations were further transformed by the diversion of oil transit from Ventspils to Primorsk in 2003. However, analysts predicted that Latvian accession to the EU would lead to a strengthening of Latvian-Russian commercial ties, and a Russian policy document leaked in 2010 suggested that Russia intended to seriously expand its economic activity in the Baltic region. It seems that these predictions were largely fulfilled and that Russia is implementing its plans.

As can be seen in Table 1 below, Latvia conducts the lion's share of its trade with other EU countries. However, following Latvian accession to the EU, Russia's importance as an export market grew, and the Russian share of the Latvian export market doubled from 2003 and 2008, before falling slightly in 2009 due to the crisis. At the same time, the share of Russia in Latvia's overall imports has remained more or less steady, hovering around 10%.

Table 1

**Latvian Exports and Imports by Groups of Countries,
2003–2009 (% of total trade)**

	Exports			Imports		
	EU-27	CIS	Russia	EU-27	CIS	Russia
2003	79	10	5	76	15	9
2004	77	11	6	76	16	9
2005	77	12	8	75	17	9
2006	75	14	9	77	14	8
2007	76	15	10	78	13	8
2008	73	15	10	76	16	11
2009	72	14	9	75	16	11

Source: Central Statistical Bureau of Latvia.

As can be seen in Table 2, the value of Latvian exports to Russia increased fivefold from 2003 to 2008, before falling close to 30% in 2009 during the crisis. Latvia's most important exports have been prepared foodstuffs (e.g., alcohol, fish, chocolate), chemical products (e.g., pharmaceuticals, cosmetics) and machinery and mechanical appliances. Since Latvian accession to the EU, the share of prepared foodstuffs, textiles and base metals in the overall

commodity structure of exports has declined somewhat, while that of chemical products and machinery has increased.

Table 2

**Latvian Merchandise Exports to Russia by Sector,
2003–2009 (thous. LVL, % of total)**

	2003	2004	2005	2006	2007	2008	2009
Total	88,797	137,467	228,336	291,923	386,181	442,171	316,381
Prepared Foodstuffs	29.9	22.4	20.2	16.5	18.1	23.3	25.7
Chemical products	11.7	12.3	13.9	13.9	12.8	13.5	16.3
Plastics	5.1	6.2	5.5	6.2	5.5	4.8	6.6
Textiles	7.2	9.1	9.1	9.3	6.6	4.6	3.8
Base Metals, Articles	6.0	6.7	6.3	9.9	11.3	7.1	3.4
Machinery, Mechanical appliances	16.7	20.2	23.3	22.1	25.5	21.3	18.4
Transport Vehicles	4.0	5.0	5.3	6.9	6.3	6.8	3.2

Source: Central Statistical Bureau of Latvia

As can be seen in Table 3, Latvian imports from Russia rose threefold from 2003 to 2008, before falling by more than a third in 2009. One striking feature of the commodity structure of imports is the dominance of mineral products, such as oil and gas, whose share of total imports grew from less than a half of the total in 2003 to almost two-thirds in 2009. In a word, besides metals, Latvia imports mostly energy from Russia and the growing value of these imports reflects not only the quantities of these imports, but also their growing price.

Table 3

Latvian Imports from Russia by Sector, 2003–2009 (thous. LVL, % of total)

	2003	2004	2005	2006	2007	2008	2009
Total	260,718	332,034	413,802	499,063	653,491	801,271	505,694
Prepared Foodstuffs	3.0	3.4	4.0	4.0	3.8	3.5	4.2
Mineral Products	43.6	37.6	42.4	41.3	43.5	55.8	66.2
Chemical and Allied Industries	8.0	7.9	6.2	5.1	3.8	4.8	3.8
Base Metals	18.2	21.7	17.2	22.0	19.6	20.1	12.2
Machinery, Mechanical Appliances	3.9	3.8	4.3	3.7	3.4	3.7	2.6
Transport Vehicles	1.9	1.3	1.6	1.6	1.6	1.5	2.9

Source: Central Statistical Bureau of Latvia

While Latvia had a burgeoning trade in merchandise with Russia until the crisis, the same holds true for trade in services, such as transit services, financial services and tourism. As noted earlier in the section on energy, oil transit by pipeline through Latvia ended in 2007, though some transit of oil products remained. At the same time, Latvia has had a relatively steady flow of cargo transit by railroad since joining the European Union, the lion's share of which is of Russian origin. As can be seen in Table 4 below, over the period from 2000 to 2008, the commodity structure of commercial cargo transported by Latvian railroad changed significantly. Whereas in 2000, almost half of the cargo consisted of oil products, a fifth of chemical fertilizers and a tenth of ferrous metals, by the end of the decade, less lucrative coal accounted for almost a third of transported cargo, rivaling the role of oil products.

Table 4

**Commodity Structure of Commercial Cargo Transported
by the Latvian Railroad, 2000–2008 (total tons in thous., %)**

	2000	2005	2007	2008
Total cargo, 1000s of tons	36413	54861	52164	56061
Oil and Oil products	48.6	38.7	37.1	34.8
Ferrous metals	10.9	3.4	5.1	4.7
Chemical Fertilizers	19.1	12.8	10.8	9.3
Timber products	2.9	3.0	3.2	1.6
Grain	0.9	1.3	1.8	2.1
Coal	1.6	28.4	28.2	33.1
Sugar	1.5	0.6	0.6	0.4
Other cargo	14.4	11.7	13.2	13.9

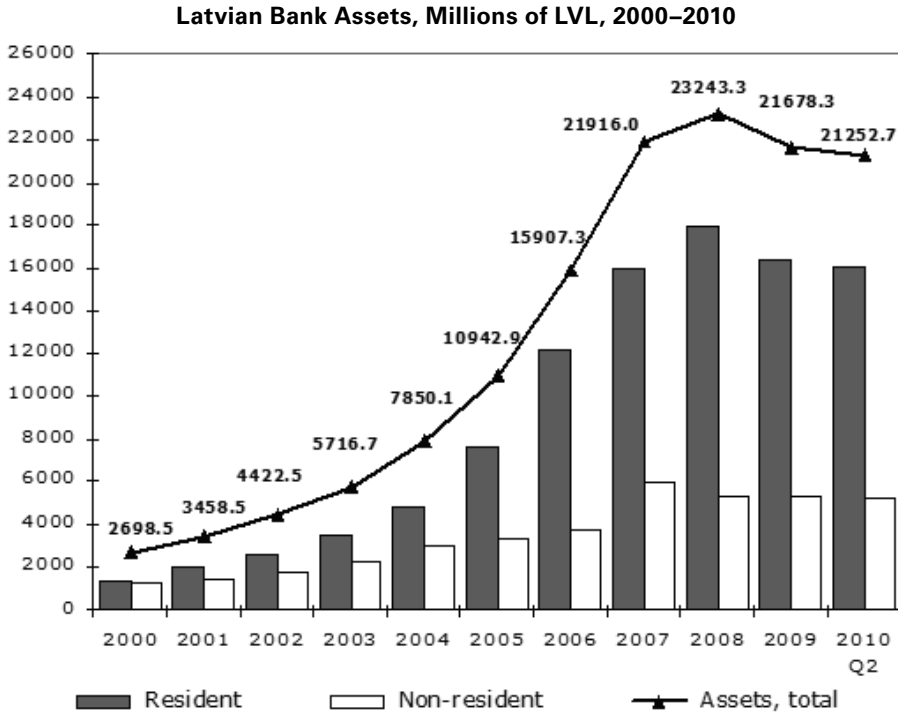
Source: Latvijas dzelzceļš, available at http://www.ldz.lv/tes_files/2008_darba_raditaji_lv.pdf.

Latvia is a regional financial centre, as reflected by the fact that 30 different banks operate in Latvia, including 20 local banks and 10 branches of foreign banks.¹ Many of Latvia's commercial banks are very active in Russia and the CIS countries, not only serving as a haven for depositors, but also financing business deals. In 2002, the Russian Central bank removed Latvia from a blacklist of "offshore zones," thereby giving the efforts of Latvian banks to do business in Russia a huge boost.² Precise information on the origin of non-resident deposits is difficult to obtain, but clearly, a

¹ For more information, see the web page of the Latvian Association of Commercial Banks, at <http://www.bankasoc.lv/lka/statistika/ratios/index2.php>.

² See Muižnieks, Nils (2008), "The Latvian Economy – the Offshore Next Door," in Muižnieks, Nils, ed., *Manufacturing Enemy Images? Russian Media Portrayal of Latvia*. Riga: University of Latvia Academic Press, p. 152.

Diagram 1



Source: Association of Latvian Commercial Banks, available at <http://eng.bankasoc.lv/Association/statistics/sector/article.php?id=609074>.

significant portion comes from Russia. As can be seen in Diagram 1 above, non-resident deposits have more than doubled since Latvia's accession to the European Union, though their overall share in deposits has declined significantly since 2003, when they accounted for more than half of all deposits.

Until its collapse in 2008 and the takeover by the government, one of the largest Latvian players in banking with extensive operations in Russia and the CIS countries was Parex Bank. It sought to portray itself in Russia as “the only Russian-speaking Western Bank” and, at one point, took out advertisements in Russia proclaiming “We are closer than Switzerland.”³ More recently, other Latvian banks, such as Aizkraukles Bank, Trasta Commercial Bank and Rietumu Bank, have taken over some of Parex's former business. Indeed, Rietumu Bank has made news in Latvia by actively advertising in Russian the possibility of receiving an EU residence permit in Latvia by making investments in Latvia beyond

³ For a detailed analysis of Russian media coverage of Parex and the Latvian banking system overall, see *Ibid*, pp. 151-7.

a certain threshold figure. In the bank's advertisement, prominently displayed at the New Wave song festival in the Latvian resort of Jūrmala, a magnet for Russian tycoons, and at the Riga airport, a woman holding a welcome loaf of bread says in Russian "Welcome to the EU!"⁴ Since the changes in Latvian migration policy, representatives of Rietumu Bank claim to have received more than 10,000 calls from potential investors, primarily from Russia.⁵

While Russian depositors appear to have significant deposits in Latvian banks, Russian investors have also been increasingly active in buying equity in Latvian companies and establishing businesses in Latvia. According to official figures, the largest Russian investors in Latvia in 2010 were in the energy, financial and real estate sectors: Transneftprodukt (LVL 36.55 million, pipeline transit, steam and hot water supply), the Moscow City property department (LVL 20.09 million, ZIL bus production),⁶ Gazprom (LVL 13.57 million, gas production, distribution, sales), Moscow bank (LVL 10.82 million, owns Latvian Biznesa bank), *Moskovsky Delovoi Mir Aktsii* Commercial Bank (LVL 8.2 million, owns Latvijas Tirdzniecības Bank), and Yuri Shefler (LVL 7.9 million, real estate development).⁷ Official figures on Russian investment probably significantly understate the real level of investment, as many investors remain hidden behind offshore companies. Indeed, much real estate in the resort city of Jūrmala reportedly belongs to investors from Russia and elsewhere in the CIS.

If we examine official statistics on foreign direct investment in Latvia, a very interesting picture emerges. As Table 5 shows, the official Russian share of overall investment in Latvia declined over time and by 2009 Russia was only the fifth largest investor. However, Swedish researcher Tomas Malmlof has recently suggested that likely transit countries for Russian capital into the Baltic states are Cyprus, Switzerland, Luxembourg and Malta.⁸ One notes in the official statistics that Cyprus, which had been a very small investor in Latvia in 2003, increased its share in total foreign investment rapidly from 2006 through 2009, outpacing Russian investment in Latvia by 2008! While some Latvian tycoons might account for part of

⁴ See Spilvens, Raivis (2010), "'Rietumu banka' izmanto vasaru un 'Jauno vilni', lai mudinātu ārvalstu viesus ieguldīt līdzekļus Latvijā," *Nozare.lv*, 28 July 2010.

⁵ See n.a. (2010), "Liela interese no NVS valstu investoriem par uzturēšanās atļaujām Latvijā," *diena.lv*, 10 November 2010.

⁶ During Latvian President Valdis Zatlers' Moscow visit in mid-December 2010, new Moscow mayor Sergei Sobyenin announced that the Moscow City Council would henceforth no longer be involved in business projects and that a strategic investor should be sought to replace it as the co-owner of the ZIL bus production plant. See n.a. (2010), "AMO Plant meklēs jaunu investoru," *Dienas Bizness*, 21 December 2010.

⁷ Data from the Latvian Ministry of Foreign Affairs, available at <http://www.mfa.gov.lv/lv/Arpolitika/divpusejas-attiecibas/Krievija/>.

⁸ Malmlof, Tomas (2010), *Ryskt ekonomiskt inflytande i de baltiska staterna – säkerhetspolitiska konsekvenser* Stockholm: Swedish Defence Research Agency, p. 45, available at . <http://www2.foi.se/rapp/foir3001.pdf>.

the capital flowing in from Cyprus, Switzerland, Luxembourg and Malta, if one follows Malmlof in assuming that these countries are significant channels for Russian investment, the share of Russian investment in the overall picture changes significantly, and may account for as much as 13%. This would make Russia the second largest source of foreign investment after Estonia.

Russian analysts have identified a number of long-term barriers to an even greater expansion of Russian investment in the Baltic, including the lack of complementarity between the Baltic economies and Russian specialization, competition from Western and Nordic companies, the wariness of the Baltic authorities in allowing the entry of large Russian players into Baltic markets, and EU anti-competition rules.⁹ As noted earlier, however, a Russian strategy document leaked in 2010 suggests that the Russian government sees the economic crisis as an opportunity for Russian economic expansion in the Baltic states. There are several signs that this goal is being pursued.

In 2010 the Russian timber company "Sveza" tried to implement a hostile takeover of *Latvijas finieris*, Latvia's largest plywood company and a core player in Latvia's timber export cluster. As of this writing, the effort has not been successful, though the Russian investors claim that they will pursue their goal for several years.¹⁰ Another recently launched large business project involves development of a new terminal in the Riga port at Kundziņsala to export fertilizer and chemical products from Russia. This project, set to begin operations at the end of 2012 or the beginning of 2013, belongs to the Russian agrochemical giant *Uralhim*, which is owned by Dmitry Mazepin, a billionaire with close links to the Kremlin.¹¹ A third trend is Russian acquisition of media outlets in Latvia. While the lack of transparency in the ownership structure of many media outlets precludes definitive conclusions, there have been reliable reports of Russian tycoon Vladimir Antonov (who owns Snoras bank and the *Lietuvos rytas* newspaper in Lithuania, *Latvijas krājbanka* in Latvia) acquiring a controlling stake in the Latvian-Russian newspaper *Telegraf* and Radio 101.¹² These are only the projects that have garnered the most media attention, though other initiatives are doubtless being pursued as well, particularly in the media sphere.

⁹ Kuznetsov, Aleksey, and Chetverikova, Anna (2009), "Problemy Rossisko-Pribaltiskikh Ekonomicheskikh Svyazei," *Mirovaya Ekonomika i Mezhdunarodnye otnosheniia* No. 7, July 2009, pp. 77-8.

¹⁰ See, e.g., n.a. (2010), "Svezas interese par Latvijas finieri nav atslabusi," *diena.lv*, 27 October 2010, available at <http://diena.lv/lat/politics/hot/svezas-interese-par-latvijas-finieri-nav-atslabusi>.

¹¹ See Jemberga, Sanita (2010), "Ēnas pār Kundziņsalu," *Ir*, No. 37, 16-22 December 2010, pp. 15-19.

¹² See Jemberga, Sanita (2010), "Aizveriet muti!," *Ir*, Vol. 2, No. 41, 13-19 January 2011, pp. 15-19.

Table 5

**Foreign Investment Stock in Company Equity Capital at End of Year,
2003–2009 (thous. LVL, % of total)**

	2003	2004	2005	2006	2007	2008	2009
Total	1274573	1291472	1386485	1747650	2301474	2532467	3362464
Germany	9.9	10.1	6.5	6.9	3.8	3.6	2.8
Denmark	9.3	9.1	11.6	10.3	10.5	9.0	8.0
Estonia	6.3	8.9	11.8	14.9	22.0	19.8	23.2
Finland	5.7	6.6	5.0	4.2	3.4	4.0	4.0
Netherlands	5.0	5.5	5.1	5.4	5.2	5.6	5.6
Norway	6.6	7.1	5.9	7.3	7.2	7.4	6.1
Lithuania	0.1	0.1	2.4	3.2	3.2	5.3	5.1
Sweden	12.6	12.6	14.2	11.5	9.0	9.2	9.3
United States	7.3	6.6	5.4	4.8	3.6	2.8	3.3
Russian Federation	6.3	6.7	6.8	5.2	4.7	5.6	4.2
Switzerland	2.7	1.6	2.2	1.8	1.1	0.1	1.2
Cyprus	0.2	1.2	1.4	4.0	5.8	6.9	6.2
Luxembourg	0.1	0.0	0.2	0.3	0.3	1.2	1.0
Malta	0.2	0.0	0.2	0.5	0.5	0.5	1.2

Source: Central Statistical Bureau of Latvia.

The economic crisis has also given a boost to Russian tourism to Latvia. Tourism from Russia to Latvia grew rapidly from 2003 through 2005, then fell off again in 2006 and 2007 due to inflation in Latvia undermining the competitiveness of the industry and Latvian entry into the Schengen zone.¹³ However, the crisis after 2008 appears to have made Latvian vacations more affordable to Russian tourists. Thus, for example, the number of tourist visas granted to citizens of Russia grew from 13,270 in 2008 to 16,181 in 2009 – a jump of 21.9%. Latvia is an increasingly popular spot for Russians to spend the New Year, as reflected by a jump of almost 50% in tourist visas granted in December 2009 compared to the previous December.¹⁴

The entry into force of a number of treaties between Latvia and Russia – on cooperation in tourism, the avoidance of dual taxation and protection of investments – will clearly promote trade in manufactures and services. Among the benefits mentioned in connection with these treaties are the greater competitiveness of Latvian transport services, better treatment at the

¹³ See Ibid, p. 76.

¹⁴ Latvian Embassy in Russia figures cited in Arnicāns, Matīss (2010), "Miļa un zināma arī bez reklāmām," *Diena* 8 January 2010, pp. 6-7.

border, and a more predictable legal environment.¹⁵ Another boost to trade would be Russia's entry into the World Trade Organization (WTO) – a step Latvia has supported and that Russia has begun to pursue again after years of delays.

In 2006, Latvian economists Alf Vanags and Vyacheslav Dombrovsky argued that political relations had not hampered the development of Latvian-Russian economic ties. Employing a gravity model that used such factors as GDP, distance between the capitals, size, and others, the authors calculated that actual levels of trade closely corresponded to predicted trade, suggesting that there was no “missing trade.”¹⁶ The overview above suggests that economic relations have remained largely insulated from political issues and that Latvian-Russian trade was booming until the crisis and is likely to resume with economic recovery. Moreover, Russian investment – both open and hidden – and tourism to Latvia are also growing rapidly.

¹⁵ See, e.g., Tomsone, Iveta (2010), “Nodokļu līgums ar Krieviju – valdībā,” *Latvijas Avīze* 20 March 2010, p. 10.

¹⁶ Dombrovsky, Vyacheslav and Vanags, Alf, “Latvian-Russian Economic Relations,” in Muižnieks, ed., *Latvian-Russian Relations: Domestic and International Dimensions*. Riga: University of Latvia Academic Press, pp. 104-5.

VI. Russian “Soft Power” in Latvia: Culture, Sports, Religion, Education and the Media

Since the mid-2000s, there has been considerable debate about whether Russia can wield “soft power” in its relations with the rest of the world in general and in the post-Soviet space in particular. Joseph Nye defined “soft power” as the “ability to attract” using such resources as culture, political values, and a foreign policy that is perceived as legitimate and having moral authority.¹ In an influential article in 2006, Nicu Popescu argued that after the “colour revolutions” in Georgia and Ukraine, Russia developed not only “soft power ambitions,” but also an infrastructure of NGOs, think tanks, media outlets, and other instruments to promote its attractiveness among neighbours.² It would seem logical to assume that the Russian-Georgian War in 2008 left Russia’s soft power in tatters. However, the analysis below argues that this has not been the case in Latvia, where Russian policies in the realm of culture, religion, education and the media appear to have yielded some dividends.³

Cultural Cooperation and Exchange, Sports

Official cultural cooperation between Latvia and Russia blossomed in parallel with the general warming in relations associated with moves towards the closure of the border issue in 2007. Symbolic of the general warming was the organization in 2007 and 2008 of Days of Latvian Culture in Russia and Days of Russian Culture in Latvia – the first such high level cultural exchanges since the restoration of Latvian independence. On the surface, the exchange was marked by perfect symmetry. Thus, for example, from late 2007 to late 2008, six large cultural projects were implemented in each country. Latvia sent to Russia its opera company, a poster exhibit, a photography exhibit, popular Latvian jazz pianist and composer Raimonds Pauls and the choir “Kamēr,” the New Riga Theatre, and an exhibition of modern art. For its part, Russia sent to Latvia a photography exhibition, an

¹ Nye, Joseph S. (2004), *Soft Power: The Means to Success in World Politics*. New York: Public Affairs, pp. 6, 11-15.

² Popescu, Nicu (2006), “Russia’s Soft Power Ambitions,” *CEPS Policy Brief*, No. 115, October 2006.

³ For a similar conclusion based on an analysis of events from 2006 to 2008, see Pelnēns, Gatis, ed., (2009), *The ‘Humanitarian Dimension’ of Russian Foreign Policy Toward Georgia, Moldova, Ukraine and the Baltic States*. Riga: Centre for East European Policy Studies.

exhibit of icons, modern art, a film festival and a theatre festival.⁴ While the Latvian government allocated LVL 283,422 (~€ 444,000) to the exchange,⁵ the Russian figure is not available, though it was probably larger.

In late 2008 Latvia fell into a deep financial crisis and the subsequent export of its culture to Russia was severely constrained by budget austerity. The Latvian Ministry of Culture's annual report for 2009 does not mention a single cultural project of any scale in Russia, merely noting that a bilateral cooperation programme with Russia was agreed covering the years 2010 to 2012.⁶ However, Russia appears to have used the opening provided by the 2007 and 2008 exchange to expand its cultural presence in Latvia at both the official and commercial levels, supplementing its support for "compatriots" with support for Russian cultural expansion into Latvia in a broader sense. An entry on the web page of the Russian Embassy in Latvia "On Russian-Latvian Cooperation in the Field of Culture and Education in 2009" notes that "more than 80 significant mass cultural events took place in 2009," including a Christmas festival in Jelgava, Tatyana Day education celebrations, a theatre festival, master classes for musicians, a wide-ranging commemoration of Pushkin's 210th birthday, a film festival, and much, much more. While the range of cultural activities supported by the government is vast, "the most important component of cultural ties as before remains the many guest performances in Latvia of Russian theatre collectives and variety shows that took place on a commercial basis."⁷ Indeed, it is difficult to walk by any outdoor advertising stand in Latvia without noticing the regular nature and vast variety of Russia's cultural offerings in Latvia.

An important role in popularizing Russian culture is played by the House of Moscow, a commercial and cultural centre established by the Moscow City government in the heart of Riga that began operating in 2004.⁸ By 2005, the House of Moscow – with the help of local Russian language media – had already established itself as an important player in the local cultural scene. A study of cultural reporting in the local Russian media found that over a two month period, the House of Moscow was mentioned 47 times, while the Latvian Ministry of Culture was mentioned only 10 times. The conclusion drawn by the researchers was that Latvia's "Russian mass media pay attention to cultural events mainly when they promote a cultural identity oriented towards elements and symbols in Russia's cultural

⁴ See Ministry of Culture of the Republic of Latvia (2009), *Gada Publiskais Pārskats 2008*. Riga: Ministry of Culture, p. 11.

⁵ See Ministry of Culture of the Republic of Latvia (2008), *Gada Publiskais Pārskats 2007*. Riga: Ministry of Culture, p. 32.

⁶ Ministry of Culture of the Republic of Latvia (2010), *Gada Publiskais Pārskats 2010*. Riga: Ministry of Culture, p. 36.

⁷ See Russian Embassy in Latvia (2010), "O Rossisko-Latviiskom sotrudnichestvom v oblasti kul'tury i obrazovaniya v 2009. g.," available at http://www.latvia.mid.ru/ruslat_05.html.

⁸ See the House of Moscow web page at <http://www.mkdc.lv>.

milieu.”⁹ Thus, Russian policy is actively supported by the local Russian media. In subsequent years, the profile of the House of Moscow appears only to have grown, especially as cooperation between the cities of Riga and Moscow developed (see below).

Recently, several Latvian researchers have pointed to Russian activities in the realm of sport as being a new manifestation of soft power in Latvia.¹⁰ The most important initiative has been the creation of the Continental Hockey League in 2008, which includes teams from the post-Soviet space, and in Latvia, “Dinamo Riga.” The primary sponsor of the Latvian team is the Russian gas company *Itera*. In a recent interview, well-known Latvian hockey star Artūrs Irbe called the club “a Russian public relations project,” prompting the club to respond with an open letter decrying the “beginning of a broad ideologized campaign aiming to undermine the prestige of Latvian hockey and ‘Dinamo Riga.’” Moreover, the club stressed that “on the ice there is no politics and no ideology, on the ice there is the game. Hockey is the only ideology of ‘Dinamo Riga.’”¹¹

The Orthodox Church

Under Putin and Medvedev, the Orthodox Church has come to play an increasing role as an ally of the state in promoting the idea of a “Russian world” based on Orthodoxy. Thus, in summer 2010, Putin, Moscow Mayor Yuri Luzhkov and Patriarch Kirill together visited Ukraine to solidify ties with recently elected Ukrainian President Viktor Yanukovich.¹² Such openly political visits have not taken place to Latvia, though some tentative steps into strengthening ties with the semi-autonomous Orthodox Church in Latvia were taken by Kirill’s predecessor, Aleksey II.

The Orthodox Church is the third largest of Latvia’s denominations after the Lutheran and Catholic Churches. Official figures, which count 370,000 followers, probably overstate the real number, as the reported figure has remained unchanged over the last several years.¹³ Though the vast majority of Latvia’s Orthodox are of Russian ethnicity, there are also ethnic Latvian and other Orthodox. According to researchers on the identity of Latvia’s Russians, religion is not among the most important cultural markers

⁹ Tabuns, Aivars, ed., (2006), *Kultūras. Jaunieši. Mediji*. Riga: LU Sociālo zinātņu fakultāte, p. 56

¹⁰ Pelnēns, ed., *The ‘Humanitarian Dimension’ of Russian Foreign Policy*, pp. 176-8.

¹¹ See n.a. (2010), “Rīgas ‘Dinamo’ vaino Irbi Latvijas hokeja un ‘Dinamo’ prestiža graušānā,” *LETA*, 22 November 2010.

¹² Korduban, Pavel (2010), “Vladimir Putin, Moscow Mayor and Patriarch Kirill Promote Russian Interests in Ukraine,” *Eurasia Daily Monitor*, 7, Issue 145, 28 July 2010, available at <http://www.jamestown.org/>.

¹³ See Ministry of Justice of the Republic of Latvia (2010), “Par Tieslietu ministrijā iesniegtajiem reliģisko savienību (baznīcu), diecēžu un reliģisko organizāciju pārskatiem par darbību 2009. gadā,” available at http://www.tm.gov.lv/lv/documents/parskati/2009/relijija_2009.doc.

of Latvia's Russians.¹⁴ Still, Orthodoxy in Latvia is a significant social phenomenon and provides an entry for Russia's soft power into Latvia.

In recent years, three events in Latvia's Orthodox Church have been linked to Russia's Church and Latvian-Russian relations more broadly. The first was a June 2004 exhibition of the Tikhvin icon, an important symbol of the Orthodox faith that stopped by in Latvia on the way to Russia after being kept in the United States for many years. The political aspect of the visit was muted, but present, as evidenced by the involvement in organizing the visit of Latvian President Vaira Vīķe-Freiberga and prominent Latvian businessman and advisor on economic relations with the East to several prime ministers Vasilijš Meļņiks. At the time, the visiting exhibition was perceived as one of several small steps in warming up Latvian-Russian relations.¹⁵ The second event of significance was the visit of Patriarch Aleksey to Latvia in May 2006.¹⁶ Again, the timing was significant, as it came as Latvia tried to move towards closure of the border treaty issue after the tension-filled demarche of Latvian president Vaira Vīķe-Freiberga to explain Latvian history at the Victory Day celebration in Moscow in May 2005 and the debacle of the failed border treaty around that time. The third event was the inclusion of Latvian Orthodox Church head Alexander in Latvian President Valdis Zatlers' official delegation to Moscow in December 2010. As noted earlier, Zatlers invited Russian Orthodox Patriarch Kirill to visit Latvia in 2011.

Educational and Scientific Cooperation and Exchange

In a previous work, I analyzed Russia's efforts from 1991 through 2006 to support Russian-speaking students and teachers by providing scholarships to study in Russia, organize study visits, send consignments of textbooks, organize teacher training seminars and other activities. I concluded that "Russia's efforts have not been fully appreciated by their intended beneficiaries and have enjoyed only limited success in winning their hearts and minds."¹⁷ These activities appear to have expanded since 2006, and as noted above in the section on minority issues, Russia has increased the number of scholarships and sought to embrace institutions of higher education as well. To popularize educational opportunities in Russia, the Russian Embassy in Latvia reported that it actively participated in the international exhibition "School 2009" in February 2009 and promoted the

¹⁴ See Apine, Ilga, and Volkovs, Vladislavs (2007), *Latvijas krievu identitāte: vēsturisks un socioloģisks apcerējums*. Riga: FSI.

¹⁵ For coverage of the icon's exhibition by the Latvian Orthodox Church, see its official home page at <http://www.pareizticiba.lv/index.php?newid=273&id=37>.

¹⁶ For coverage of Alexey's visit, see <http://www.pareizticiba.lv/index.php?id=174>.

¹⁷ See Muižnieks, Nils (2006), "Russian Foreign Policy Towards 'Compatriots' in Latvia," in Muižnieks, Nils, ed., *Latvian-Russian Relations: Domestic and International Dimensions*. University of Latvia Academic Press, p. 129.

possibility of studying at various Russian institutions of higher education, though there are no available figures about interest in Latvia.¹⁸

While both the Latvian Ministry of Education and the Latvian Academy of Sciences have bilateral cooperation agreements with Belarus,¹⁹ similar agreements do not exist with Russia. An examination of the web pages of Latvia's major institutions of higher education does not reveal any institutionalized and regular cooperation between Latvia and Russia, except for occasional mutual participation in conferences and the recent establishment of the Russian language and culture centres at two Latvian universities mentioned earlier. It appears that in this realm, the financial incentives offered by the European Union (e.g., the Erasmus programme, European Social Fund scholarships for graduate students, etc.) have largely succeeded in orienting Latvian educational establishments to cooperation with other EU countries.

Russia's Media and Latvia

An important instrument of Russian soft power, especially since Putin brought most of Russia's national television under direct or indirect state control in the mid-1990s, has been Russia's media.²⁰ In recent years, the Russian government has used its influence in television in particular to pursue various foreign policy goals vis-à-vis neighbouring countries. Thus, during and after the war with Georgia, Russian television sought to divide Georgian society and incite the Georgian people against Mihail Saakashvili.²¹ The Russian media played an important role in contributing to the recent electoral victory of Viktor Yanukovich in Ukraine.²² Most recently, when Russia's relations with Belarus descended into acrimony, Russian television sought to undermine Belarusian President Aleksandr Lukashenka's authority by airing documentaries seeking to compromise him.²³

¹⁸ See Russian Embassy in Latvia (2010), "O Rossisko-Latviiskom sotrudnichestvom v oblasti kul'tury i obrazovaniya v 2009. g.," available at http://www.latvia.mid.ru/ruslat_05.html.

¹⁹ For bilateral cooperation between academies of science, see the relevant section of the Latvian Academy of Science's web page at http://www.lza.lv/index.php?option=com_content&task=blogcategory&id=142&Itemid=235. For ministerial cooperation with Belarus, see Latvian Ministry of Education and Science (2009), *Izglītības un Zinātnes Ministrijas Publiskais Gada pārskats*. Rīga: Ministry of Education and Science, p. 80, available at http://izm.izm.gov.lv/upload_file/1312-09aaa-2.pdf.

²⁰ For an overview, see Rostoks, Toms (2008), "Relations between the Media and the State in Russia," in Muižnieks, Nils, ed., *Manufacturing Enemy Images? Russian Media Portrayal of Latvia*. Rīga: UNiversity of Latvia Press, pp. 9-26.

²¹ See, e.g., the interview with media expert Oleg Panfilov, (2010) "Press Watchdog: 'Fantastic Lies' Dominate Russian Coverage of War," *Radio Free Europe/Radio Liberty*, 13 August 2008, available at http://www.rferl.org/content/Press_Watchdog_Says_Fantastic_Lies_Dominate_Russian_Coverage_of_War/1190789.html.

²² Kuzio, Taras (2010), "Russia Backs Yanukovich in Ukraine's 2010 Election," *Eurasia Daily Monitor* Vol. 7, Issue 20, 29 January 2010, available at www.jamestown.org.

²³ Marples, David (2010), "Russia Increases Pressure on Lukashenka," *Eurasia Daily Monitor* Vol. 7, Issue 189, 20 October 2010, available at www.jamestown.org.

In Latvia, there has been no evidence of Russia pursuing direct political aims through its media similar to the Georgian, Ukrainian and Belarusian cases mentioned above.²⁴ However, a channel originating in Russia (the Baltic First Channel) was a culprit in conducting blatant “hidden advertising” – journalism that clearly lobbies one party through which the party seeks to avoid campaign finance limits – for the Concord Centre Party in the fall 2010 parliamentary election.²⁵ Moreover, Russia's media probably have the effect of strengthening certain viewpoints, including pro-Russian sentiment, among the large segment of the population that consumes Russian media products.

In Latvia, a number of Russian television stations are among the most watched. A 2007 study found that media outlets broadcasting from Russia by far outcompete local broadcasts among Russian-speakers in Latvia. Thus, for example, among Russian-speakers three of the four most watched channels originated from Russia: the Baltic First Channel (59.9%), followed by the locally produced LNT (35.4%), then the Russian channels RTR Planeta (35.1%) and NTV Mir (30.5%). The Baltic First Channel also attracted 9% of those who used Latvian as a language at home.²⁶ However, as Ilze Šulmane noted in a recent analysis,

There has been no public debate about how to reduce the effects and role of the Russian media space and its propaganda in processes of integration and disintegration, and Latvian media outlets have not identified policy options. There has also been no serious research into media effects from Russia.²⁷

Russia's Attractiveness: Data and Interpretations

The SKDS survey research company in Latvia conducted polls in 2009 and 2010 to ascertain the Latvian population's views on Russia. As can be seen in Diagram 1 below, in July 2010 63.5% of Latvia's population had a positive view of Russia – a figure that is larger than that for both the EU and the United States! This result is quite striking for a number of reasons. Clearly, the fear of Russia and the threat it might pose to Latvia mentioned earlier has been outweighed by Russia's generally positive image. Moreover, the result attests to the effectiveness of Russian efforts to promote itself in Latvia as compared to those of the European Union and the United States. Several other features of the results merit mention.

²⁴ See Muižnieks, ed., (2008), *Manufacturing Enemy Images?*

²⁵ See Rožkalne, Anda (2010), “Slēptā reklāma nogalina maigi,” *Politika.lv*, 12 October 2010, available at http://www.politika.lv/temas/mediju_kritika/18631/.

²⁶ Lerhis, Ainārs, ed., (2007), *Ārvalstu ietekme uz sabiedrības integrācijas procesu Latvijā*. Riga APPC, p. 54.

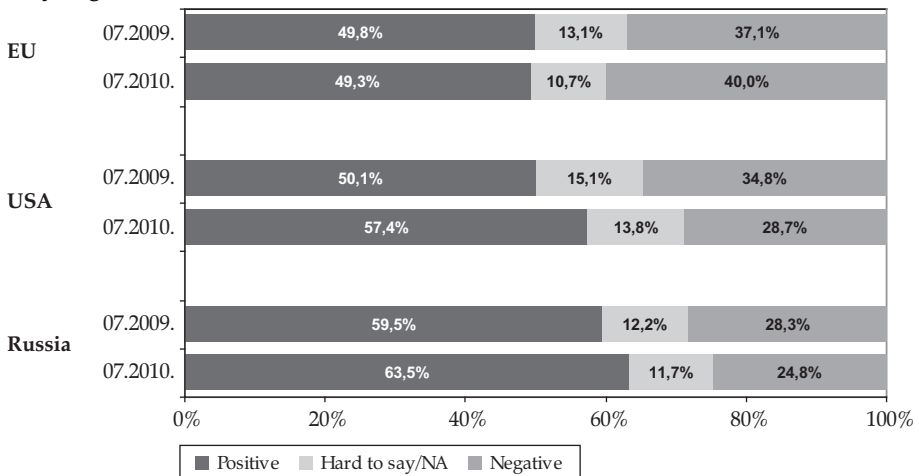
²⁷ Šulmane, Ilze (2010), “The Media and Integration,” in Muižnieks, Nils, ed., *How Integrated is Latvian Society? An Audit of Achievements, Failures and Challenges*. Riga: University of Latvia Academic Press, p. 250.

While stances towards the EU remained unchanged from 2009 to 2010, positive stances towards both the United States and Russia increased. In the case of the United States, this can probably be attributed to the “Obama effect” – President Barack Obama appears to have significant soft power in Latvia. The rise in positive stances towards Russia probably reflects the fading of the Russian-Georgian war from the news agenda and the dissipation of the fear that war evoked among the Latvian population. Moreover, it probably reflects the success of Russian efforts to stress the “humanitarian dimension” in its policy towards Latvia and the general warming of relations since the signing of the border treaty in 2007. Another factor that has probably influenced public opinion in Latvia is the effect of the economic crisis, which is likely to have reduced identification with Latvia, particularly among Russian-speakers.

Diagram 1

Public Opinion in Latvia about the European Union, the United States and Russia, 2009-2010

"Is your opinion about ... very positive, somewhat positive, somewhat negative or very negative?"



Source: SKDS. Special thanks to Ieva Strode for compiling the data.

A more nuanced view of the results for 2010 is provided in Diagram 2, which presents the opinions according to the language most frequently used at home by the respondent. Here, a very different picture emerges. The most striking feature in the diagram is the ethnolinguistic divide, particularly in stances towards Russia. While close to 90% of Russian-speakers have positive views of Russia, the figure for Latvians is less than 50%. In other words, Russian soft power is far greater among Russian-speakers, who not only have ethnic, linguistic and historical links to Russia, but also consume Russian media products to a far greater extent than Latvians. Latvians and

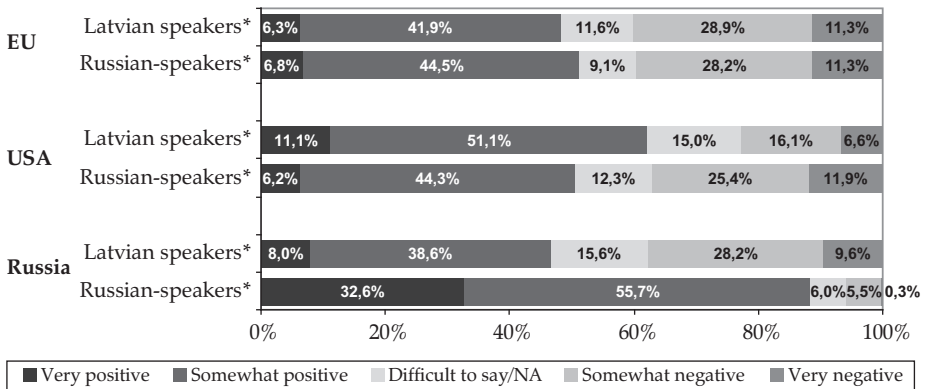
Russian-speakers tend to have similar views of the EU, while pro-American sentiment is considerably stronger among Latvians, who rated the United States more positively than both the EU and Russia.

One must conclude that Russia not only has significant soft power in Latvia, but also that that soft power remained largely intact in the aftermath of the Russian-Georgian war. Moreover, it is increasing, not least because the Russian government is investing considerable energy and resources into cultivating it. These results also confirm the conclusion of sociologist Aivars Tabuns, who has argued that “the bottom line is that there are substantial difference between the geopolitical identities of the various ethnic groups” in Latvia.²⁸ This, in turn, provides Russia with useful leverage in Latvia, at least indirectly.

Diagram 2

Public Opinion in Latvia about the European, the United States and Russia by Linguistic Group, 2010

"Is your opinion on ... Very positive, somewhat positive, somewhat negative or very negative?"



* - respondents divided according to most frequently used language in the family

Source: SKDS. Special thanks to Ieva Strode for compiling the data.

²⁸ Tabuns, Aivars (2010), "Identity, Ethnic Relations, Language and Culture," in Muižnieks, ed., *How Integrated is Latvian Society?*, p. 272.

VII. Migration Issues

Many of the countries neighbouring Russia have large communities of migrant workers living and working in Russia. Russia's economic growth over the last ten years and the relatively easy access it provides to its labour market has been portrayed as an important element of its soft power in the region.¹ Sometimes, the migrant communities in Russia have become pawns in inter-state relations, as for example, when Russia implemented a campaign of harassment and deportations of Georgian migrants in 2006 to signal its displeasure with Tbilisi's policy.² Latvia and its Baltic neighbours differ from the CIS countries in that labour migration to Russia has been miniscule, while that to the EU countries (especially to Great Britain and Ireland) has been significant, especially since Latvia's accession.³ EU membership has increased Latvia's attractiveness as a migration destination, though limited flows to Russia have continued and involve primarily Russian-speakers.

This is a relatively well regulated area in Latvian-Russian relations, featuring an agreement dating from 1993, regular meetings of a joint working group devoted to issues of illegal migration since 2007, and the ongoing presence of a representative of Russia's Federal Migration Service in Latvia.⁴ Throughout the 1990s, Russia did little to promote migration from Latvia. This was not only because Russia did not want to encourage Latvian nationalist rhetoric about the desirability of promoting the "repatriation of Russians to their ethnic homeland," but also because some Russian commentators claimed it was in Russia's interest that Russians remain in Latvia. However, this changed as Russia's demographic crisis deepened in recent years, culminating in the adoption of a State Programme to Promote Voluntary Resettlement of Compatriots Living Abroad in June 2006.⁵

¹ For figures on migrant workers from Belarus, Ukraine, Armenia, Azerbaijan and Georgia to the EU and Russia, see Popescu, Nicu, and Wilson, Andrew (2009), *The Limits of Enlargement-Lite: European and Russian Power in the Troubled Neighbourhood*. London: European Council on Foreign Relations, p. 34

² See Muižnieks, Nils (2008), *Georgian Security: A Latvian Perspective*. Riga: University of Latvia Press, pp. 13-18.

³ See Hazans, Mihails, Philips, Kaia (2009), "The Post-Enlargement Migration Experience in the Baltic Labour Markets," in Kahanec, Martin, and Zimmermann, Klaus F., eds., *EU Labor Markets After Post-Enlargement Migration*. Heidelberg: Springer, pp. 255-304.

⁴ See the relevant section of the web page of the Russian Embassy in Latvia, at <http://www.latvia.mid.ru/migration.html>.

⁵ For a text of the programme, see http://www.latvia.mid.ru/migration/Gos_programma.doc.

Despite various benefits offered to potential “repatriates” and glowing local coverage in the Russian language press of opportunities in Russia,⁶ interest in Latvia in the programme has been quite low. Since the beginning of implementation of the programme in 2007 through the end of September 2010, only 294 persons took advantage of the opportunity to move to Russia through the programme, though several thousand have made inquiries.⁷ According to the representative of the Federal Migration Service in Latvia, “Undoubtedly, the process of resettlement is hindered by a range of factors, first of all, a decline in the cost of housing in Latvia. At the same time, the economic crisis actively pushes compatriots to seek work in Russia.”⁸

Not all migration to Russia takes place within the framework of the programme, which seeks to channel migrants to certain areas of Russia with labour shortages, whereas Moscow and St. Petersburg remain the most desirable destinations. Official Latvian migration statistics in Table 1 below suggest that migration to Russia has been taking place in a limited way, with a recent low of 764 persons leaving in 2005 and a high of 1652 in 2006. There is no information available as to the nature of this migration, whether it involved seeking work, family reunification or other reasons. In any case, it suggests that Russia's soft power, significant as it may be, is an insufficient magnet to convince Russians to move to Russia when they have alternative migration options within the EU.

Table 1

Migration from Latvia to Russia, 2002-2009

Year	Number
2002	1279
2003	938
2004	1057
2005	764
2006	1652
2007	1414
2008	1201
2009	1613

Source: Central Statistical Bureau of Latvia.

⁶ See, e.g., Meiden, Igor' (2010), “Smolenshchina – zemlya nasha!,” *Vesti Segodnya*, 10 November 2010, p. 7.

⁷ See Predstavitel'stvo Federal'noi migratsionnoi sluzhby Rossii v Latvii (2010), “Kommentariy po aktual'ny'm voprosam realizatsii Gosudarstvennoi programmy po okazaniyu sodeistviya dobrovol'nomu pereseleniyu sootchestvennikov, prozhivayushchikh za rubezhom (v aspekte pereseleniya iz Latvii v Rossiyu),” available at http://www.latvia.mid.ru/migration_02.html.

⁸ Ibid.

Latvia has witnessed a slightly larger, but still numerically modest flow of immigrants from Russia in recent years. As can be seen in Table 2 below, recent years have witnessed a steady increase in numbers of immigrants from Russia. If one compares the limited number of work permits given to persons coming from Russia (see Table 3) with the overall number of arrivals, one concludes that most of the arrivals are family reunification cases. It is unclear whether these figures include visiting students from Russia in various Latvian institutions of higher education, of which there were 398 in the 2008/2009 academic year.⁹ It should also be noted that a handful of the migrants from Russia are actually ethnic Latvians “repatriating” to Latvia. Thus, for example, in 2009, 44 Latvians moved to Latvia from Russia.¹⁰

Table 2

Immigrants from Russia to Latvia, 2002-2008

	2002	2003	2004	2005	2006	2007	2008	TOTAL
Immigrants from Russia	2286	2416	2364	2480	2752	3140	3299	18,737

Source: Unpublished data from the Latvian Citizenship and Migration Affairs Board, cited in Zepa, Brigita, Šūpule, Inese, eds. (2009), *Imigranti Latvijā: Iekļaušanās iespējas un nosacījumi*. Riga: Baltic Institute of Social Sciences, p. 22. Figures are from 1 January the subsequent year and do not include missionaries or private visits.

Table 3

State Employment Agency Approved Work Permits to Citizens of Russia, 2005-2009

	2005	2006	2007	2008	2009, Q1-3
Work Permits to Citizens of Russia	99	131	198	220	128

Source: Zepa, Šūpule, eds. (2009), *Imigranti Latvijā*, p. 25

Certain issues pertaining to the movement of people between Latvia and Russia, such as visas, are no longer dealt with on a purely bilateral level since Latvia joined the Schengen zone in December 2007. One interesting outcome of Latvia’s entry into Schengen was that certain individuals from Russia are no longer able to travel to Latvia or other Schengen countries because they are on the Schengen “black list.” Thus, for example, soon after Latvia’s entry, a number of *Nashi* activists who had been expelled from Estonia for their participation in protests against the Estonian government’s 2007 transfer of

⁹ Zepa, Brigita, Šūpule, Inese, eds. (2009), *Imigranti Latvijā: Iekļaušanās iespējas un nosacījumi*. Riga: Baltic Institute of Social Sciences, p. 27.

¹⁰ See the data on the web page of the Citizenship and Migration Affairs Board at <http://www.pmlp.gov.lv/lv/statistika/repatriacija.html;jsessionid=C605C7F10F337E4DE8AA945A4E97B158>.

the Bronze Soldier – a monument commemorating Soviet soldiers who fell “liberating” Tallinn – found themselves on the black list and were unable to reenter Estonia, though one tried to do so through Lithuania.¹¹ Schengen has made Latvia more secure by helping to prevent various Russian extremists from entering Latvia, a problem Latvia encountered in 2000 when National Bolsheviks from Russia entered Latvia illegally and barricaded themselves into a Riga church, threatening to blow themselves up.¹²

¹¹ See Širovs, Pavels (2008), “Šengena aptur Naši aktivistus,” *Diena*, 11 January 2008.

¹² See Muiznieks, Nils (2005), “Latvia,” in Mudde, Cas, ed., *Racist Extremism in Central and Eastern Europe*. London: Routledge, p. 116.

VIII. Local Level Latvian-Russian Cooperation

Significant cooperation takes place between Latvia and Russia at the local level, as well as in border regions. The City of Moscow has long had its own foreign policy, particularly in the realm of supporting “compatriots” and becoming involved in conflict areas, such as Abkhazia and South Ossetia. In the 1990s and early 2000s, the oil transit port of Ventspils in Latvia was often active in cultivating relations with partners in Russia, funding dialogue events and lobbying its business interests. Indeed, the transit enterprise *Venstpils Nafta* has had its own representative in Moscow, a post long filled by the last foreign minister of the Latvian Soviet Socialist Republic Eižens Počs until his recent retirement.¹ Another Ventspils-controlled business, the Latvian Shipping Company, was recently alleged in a court case in England to have spent millions in bribes in Russia, Ukraine and Belarus to secure business contracts.² This kind of business “lobbying” is by its nature very difficult to trace, so the analysis here will focus on official relations, which have been dominated in recent years by the Riga-Moscow relationship.

Cooperation between Moscow and Riga began in earnest in 2001, when the two cities signed an agreement on cooperation in the fields of commerce, economics, science and technology, and in the humanitarian and cultural fields. The most visible result of this cooperation, initiated when Social Democrat Gundars Bojārs was mayor of Riga, was the opening of the House of Moscow in Riga several years later. However, in the early 2000s, Latvian-Russian relations were still frosty at the national level, which hindered lower level cooperation. Thus, for example, in 2001 the Latvian government denied a visa to Alexander Pereligin, a former KGB general who was also the deputy head of Moscow’s Construction and Investment Department. This prompted Moscow to cancel the visit of the entire delegation and Bojārs to argue that Riga needed its own foreign policy.³

As Latvian-Russian relations warmed after 2007, Moscow-Riga relations developed rapidly. Early 2008 saw a number of mutual visits between

¹ For a recent appearance by Počs in the Latvian media after his retirement, see Tiļļa, Andris (2010), “Avīze pārredz visu Latviju,” *Latvijas Avīze*, 23 October 2010.

² See the England and Wales High Court (Commercial Court) decisions, Case No. 2008, Folio No. 1324, “Antonio Gramsci Shipping and Others and Raceletos Limited and Others,” 24 May 2010, paragraphs 29, ii. and iv, available at <http://www.bailii.org:80/cgi-bin/markup.cgi?doc=/ew/cases/EWHC/Comm/2010/1134.html&query=Latvian+and+Shipping&method=boolean>.

³ “Bojārs: Rīgai vajadzīga pašai sava ārpolitika,” *LETA*, 18 August 2001.

representatives of the two cities, as well as the signing of a new cooperation programme for 2008-2011.⁴ However, an explosion in cooperation took place after the election of Concord Centre candidate Nils Ušakovs as mayor of Riga in mid-2009. The first foreign delegation to arrive in Riga to congratulate Ušakovs, the first Russian-speaking mayor of Riga, was from Moscow. Ušakovs hired millionaire businessman Igor Malyshkov, whose father was a minister in the government of Moscow as his advisor on CIS affairs, prompting the Latvian foreign ministry to delegate its own advisor to Ušakovs to ensure Riga's foreign policy was in line with national foreign policy. Another aspect of Riga's symbolic "turn to the East" was the hasty erection in a Riga park of Moscow's gift statue of Pushkin, ignoring the usual procedures.⁵

In 2009 and 2010, official exchanges of delegations between Riga and Moscow were frequent. Riga mayor Nils Ušakovs led a delegation to Moscow in September 2009 and deputy mayor Ainārs Šlesers went in November 2009, while a Moscow delegation visited Riga in March 2010 and Moscow mayor Yuri Luzhkov came in August 2010.⁶ The focus of attention has been commercial ties: the possibility of selling Latvian foodstuffs in Moscow supermarkets, the development of tourism, use of the Riga free port, the development of a Riga brand to better market Latvian goods, and so on. Despite the frequent visits and the generally positive tone of rhetoric, progress has been limited on a number of key cooperative ventures.

Thus, for example, in order to break out of the limits imposed by the straitjacket of foreign policy at the national level, Ušakovs and Šlesers had proposed a grand venture – a summit of big city mayors from the EU and the CIS countries to be held in Riga in summer 2010 to be jointly organized by Riga and Moscow. The event was initially touted as a new Davos forum with a planned budget of up to LVL 2 million and more than 1000 participants. In April 2010, Riga and Moscow quietly agreed to postpone the summit for at least a year, ostensibly due to the distraction of the forthcoming Latvian parliamentary elections.⁷ Another area in which there has been no significant progress has been Riga's desire to open its own representation in Moscow, similar to the House of Moscow in Riga. The issue has been raised repeatedly over several years, most recently during Luzhkov's August 2010

⁴ See the section on sister cities under Moscow on the web page of the Riga City Council at http://www.riga.lv/LV/Channels/Riga-Today/Riga_pasaule/sadraudzibas_pilsetas_maskava/.

⁵ For an overview of Ušakovs's first 100 days in Office, see Arnicaņš, Matiss, Egle, Ināra (2010), "Domes 100 dienas," *Diena*, 8 October 2009.

⁶ The exchanges are well reflected in the home page of the House of Moscow in Riga. See <http://www.mkdc.lv/print.php?menu=152>.

⁷ See Vilemsons, Mārtiņš (2010), "Ušakovs: Lielo pilsētu mēru samits Rīgā notiks nākamgad," *LETA*, 3 June 2010.

visit to Riga, but there is no evidence of any movement on this issue.⁸ With the departure from office of Moscow mayor Yuri Luzhkov in autumn 2010 following his fall from the Kremlin's good graces, cooperation between the two capitals appears to be on hold for the moment, as the new Moscow mayor finds his bearings. Good indicators of the relationship's practical importance will be an increase in the use of the Riga free port for Russian cargo transit, concrete steps towards opening a "House of Riga" in Moscow, and the successful organization of the summit of mayors. In the interim, following Latvian President Valdis Zatlers' mid-December 2010 visit to Moscow and St. Petersburg, it was announced that Days of Riga would be organized in St. Petersburg in October 2011.⁹

Another area where Latvian-Russian relations have developed of late is in cross-border cooperation. Until the recent thaw in relations after the signing of the border treaty, cross-border cooperation was limited by poor infrastructure and scarce funding. In 2006, researcher Aija Lulle noted that "the majority of cross-border projects implemented or in the planning stages are related to culture."¹⁰ In recent years, a number of new projects, primarily in the area of economic development, have been initiated and increased funding has become available from both the European Union and the Norwegian financial instrument. The Russian Embassy in Latvia home page even claims that "interaction of the regions is one of the most important directions of Russian-Latvian cooperation."¹¹

While Latvia has cooperation agreements with a number of regions in Russia (Vologda, Kirov region, Bashkortostan, Yaroslavl', and Ivanovo), interaction has been most intense between various areas of Latvia and the neighbouring Russian Pskov *oblast'*. Latvia is the largest foreign investor in Pskov with about USD 15 million invested in 2009, accounting for more than 78% of all foreign investment in the region that year. Over 100 Latvian-Russian joint ventures operate in the region, particularly in the transport, timber, pharmaceutical, and tourism sectors.¹² Signs of the growing importance of Pskov in bilateral relations were the organization in June 2010 of a Latvian-Russian business forum and a meeting of the intergovernmental commission there, as well as the visit

⁸ See the official transcript of Ušakovs' and Luzhkov's joint press conference, available at <http://www.riga.lv/LV/Channels/Media/preses-konference.htm>.

⁹ See "Valsts prezidenta Valda Zatlera uzruna Latvijas un Krievijas biznesa forumā Sanktpeterburgā," 22 December 2010, available at http://www.president.lv/pk/content/?cat_id=603&art_id=16639.

¹⁰ Lulle, Aija (2006), "Crossborder Cooperation between Latvia and Russia: Obstacles and Opportunities," in Muižnieks, Nils, ed., *Latvian-Russian Relations: Domestic and International Dimensions*. Riga: University of Latvia Academic Press, p. 147.

¹¹ See Posol'stvo Rossiskoi Federatsii v Latviskoi Respublike (n.d.), "Rossisko-Latviiskoe Transgranichnoe i prigranichnoe sotrudnichestvo," available at http://www.latvia.mid.ru/ruslat_04.html.

¹² See Lavret'yeva, Ekaterina (2010), "Pskov budet blizhe," *Biznes i Baltija*, no. 160, 20 September 2010.

of Pskov governor Andrei Turchak to Latvia in September 2010 to sign an economic cooperation agreement between Pskov and the Latvian Ministry of Economics.¹³ While relations are developing, there are also limits. For example, the Latvian national airline *AirBaltic* had launched direct flights from Riga to Pskov in September 2009, but discontinued them less than a year later due to a lack of demand.¹⁴

While direct business interests have pushed cross-border cooperation, so has external funding. Thus, for example, the European Neighbourhood and Partnership Instrument (ENPI) has offered significant funding for developing Estonian, Latvian and Russian cross-border cooperation in a programme covering 2007 to 2013. The focus of the programme is on socio-economic development (support for small and medium enterprises, transport and communications infrastructure, and tourism), common challenges (joint environmental projects, preserving cultural heritage, promoting energy efficiency) and people to people cooperation.¹⁵ In addition, the Latvian government launched a programme in 2009 on "Cross-border cooperation" with funding from the Norwegian government's bilateral financial instrument. One of the projects supported with €482,516 pairs Latgale's planning region and the Pskov *oblast'* administration to promote coordinated development planning, innovation, and cross-border cooperation.¹⁶ To date, no analysis of this and projects supported under the ENPI has taken place and media coverage thereof has been virtually non-existent.

To conclude, city-to-city and cross-border cooperation appear to have been growing in recent years, though there is much unrealized potential in this area. Riga-Moscow cooperation cannot stray too far beyond the constraints imposed by national level bilateral cooperation. Cross-border cooperation has been particularly active with Pskov, where the Latvian economic presence appears to be significant, engendering a rare element of Russian dependence on Latvia and creating a domestic lobby within Russia for keeping relations with Latvia on a stable, constructive footing.

¹³ For the meeting in Pskov, see the Latvian Ministry of Economics (2010), "Kampars: Latvijas un Krievijas uzņēmējiem ir liels sadarbības potenciāls," press release dated 3 June 2010, and Latvian Ministru of Economics, "Kampars: augs Latvijas preču un pakalpojumu eksports iz Krieviju," press release dated 4 June 2010, both available at www.em.gov.lv. For Pskov governor Andrei Turchak's visit to Latvia, see *Ibid.*, and Latvian Ministry of Economics (2010), "Kampars un Pleskavas apgabala gubernators paraksta vienošanos par ekonomisko sadarbību," press release dated 16 September 2010, available at <http://www.em.gov.lv>.

¹⁴ See Lavret'eva, Ekaterina (2010), "Pskov budet blizhe," *Biznes i Baltija*, no. 160, 20 September 2010.

¹⁵ See European Commission (n.d.), *Estonia-Latvia-Russia: Cross-border Cooperation Programme Within European Neighbourhood and Partnership Instrument 2007-2013*, available at http://www.rapl.gov.lv/uploads/filedir/ES/EE_LV_RU_Programme_final.pdf.

¹⁶ Reģionālās attīstības un pašvaldību lietu ministrijas Komunikācijas nodaļa (2009), "Reģionālās attīstības un pašvaldību lietu ministrija: Par astoņiem pārrobežu sadarbības līgumiem," *Latvijas Vēstnesis*, 17 June 2009.

Despite the growing availability of EU and Norwegian funding for cross-border cooperation, results to date are not particularly noticeable, perhaps due to the weakness of local Latvian administrations and the continued underdevelopment of transport and other infrastructure in border areas. Thus, if the external funding can strengthen the capacities of these administrations and improve the infrastructure, cross-border cooperation might develop significantly more intensely in the future.

IX. Conclusion

As suggested in the narrative above, since Latvia's accession to the European Union and NATO in 2004, several new turning points in relations have taken place. The first was in 2005, when relations hit a new low when the Latvian parliament adopted a unilateral declaration to the border treaty angering Russia and impelling it to scuttle the agreement. The signing of the border treaty in 2007 was another turning point that led to the resumption of inter-state dialogue and greater economic and local level cooperation. The August 2008 Russian-Georgian war did not have a direct impact on Latvian-Russian relations, though it prompted a reconsideration of Latvia's security needs within NATO and highlighted the risks of energy dependence on Russia. A final important milestone was the December 2010 official visit of Latvian President Valdis Zatlers to Moscow and the signing of a number of agreements.

The impact of EU and NATO membership on Latvian-Russian relations has varied by issue area. EU membership appears to have had an indirect impact on the resolution of the border dispute. One can only speculate about whether and how much the European Commission or EU member states lobbied the Latvian political elite to move forward on the agreement, though it is likely that the invocation of an EU interest in the agreement by Swedish foreign minister Carl Bildt was not an isolated case. Regarding the minority issue, EU membership has not had the liberalizing effect on Latvian policy predicted by some observers. The issue remains fraught in Latvian-Russian relations, though Russia has toned down its attacks on Latvia in international organizations and bilateral relations somewhat. The European Commission together with the International Monetary Fund is helping Latvia address the serious economic crisis it has faced since 2008. In the absence of this assistance, it is fair to surmise that Latvia would be even more vulnerable to Russian economic expansion and soft power.

The issue of history, which was not the centre of the bilateral political dialogue before Latvian accession to the EU and NATO, has become even more controversial and prominent in Latvian-Russian relations in recent years. This is due not only to domestic Russian politics, but also generational change. The EU has at times provided a new platform for the "memory wars" and served as a reference point (together with NATO) in the efforts by some Latvian elites to draw "civilizational lines" between the West and Russia.

The Russian-Georgian War led to a significant shift in NATO policy and a rethinking of security risks among segments of the Latvian political elite. Partially as a result of the war, NATO developed contingency plans

for defending the Baltic states and carried out significant military exercises in the region for the first time. The war also impressed upon the Latvian elite the risks of dependence on Russian energy supplies and enhanced the importance of the energy component of the EU's Baltic Sea Strategy. While this strategy holds the potential to facilitate Latvian energy security in the medium-term, in the short-term, the EU's requirement that Lithuania shut down the Ignalina nuclear power station exacerbated Latvia's dependence on Russian energy deliveries.

EU membership made Latvia a more attractive place for individuals and businesses in Russia to do their banking and to invest. Indeed, if it is true that Russian investors often use countries such as Latvia's fellow EU member Cyprus for the transit of capital into Latvia, growth in the volume of Russian investment into Latvia has been significant in recent years. EU membership did not lead to a further reorientation of Latvian trade to the West. On the contrary, Russia's importance as an export market has grown since Latvia's EU accession, though imports from Russia are increasingly dominated by energy. Latvia's entry into Schengen and Latvian inflation in the mid-1990s hindered the growth of tourism from Russia to Latvia, but the economic crisis in Latvia has made Latvia an attractive destination once again.

Since Latvia's accession to the EU and NATO, Russia has exerted considerable efforts in developing soft power in Latvia through vigorous support of cultural imports, the active work of the House of Moscow, and support by the *Itera* gas company for hockey. Media located in Russia have also expanded in recent years and television in particular has clearly captured Latvia's Russian-speakers as an audience. Despite Russia's growing efforts to support education exchanges that strengthen links with Russia, these efforts appear to have a difficult task in competing with EU funded programmes that attract the interest of Latvia's students and orient them westward. Despite Russia's considerable success in achieving positive evaluations from the Latvian public, in the realm of migration, the EU is a far stronger magnet than Russia. Moreover, Latvia's entry into the Schengen zone has bolstered Latvia's security from legal and illegal infiltration by Russian extremists. At the local level, Latvia's ties with the neighbouring Pskov *oblast'* have flourished over the last several years, but EU funding programmes do not appear as yet to have led to a significant increase in cross-border cooperation.

X. Recommendations

Since the border agreement in 2007, Latvian-Russian dialogue has developed rapidly at both the national level and between the cities of Moscow and Riga. However, dialogue between Latvian and Russian civil society actors, other cities, scientific and cultural elites has not kept pace. This makes progress made in consolidating the relationship more fragile and difficult to sustain. While Latvian government funding for promoting such dialogue is likely to be limited for the next few years due to budget constraints, there are other possible sources of funding.

The Latvian government should cooperate with civil society, scientists and cultural elites in exploring the possible use of EU funds, the Norwegian financial instrument, the Open Society Institute's East-East Programme, the assistance of the Friedrich-Ebert-Stiftung and Konrad Adenauer Stiftung and other external donors to support Latvian-Russian dialogue and cooperation projects in a systematic manner.

Given the apparent incompatibility of the Latvian and Russian grand historical narratives and the ease with which issues of history are politicized, it is likely that on many issues, the best that can be achieved will be "agreeing to disagree." In other realms, some good will in seeking common ground might diversify the bilateral history discourse, for example, by exploring the history of cooperation between Yeltsin's Russian Federation and Latvia against Gorbachev's "centre" during the perestroika years. Another topic, heretofore largely neglected by mainstream Latvian and Russian historians, is the history of Latvia's Russian minority before Soviet rule.

The History Commission under the President of Latvia, the various faculties of history at Latvian institutions of higher education, museums, and the Latvian association of history teachers should engage colleagues in Russia in seeking common ground on understudied issues. The recently created joint historians commission should publish collections of documents, promote the creation of joint documentary films, and promote critical analysis and dialogue on each other's history textbooks.

While Latvian academic expertise on Russia has developed over the last several years, as evidenced by a spate of publications, certain areas remain very weak. Thus, for example, almost no academic work has been done in Latvia on Latvian-Russian economic relations. There is almost no research on neighbouring regions of Russia, such as Pskov, with which Latvian

political and economic contacts are developing rapidly. To ensure a solid base of expertise to inform policy and consult business, it is necessary to develop more institutionalized knowledge of Russia in Latvia.

The Latvian Ministry of Foreign Affairs, together with the Ministries of Education and Science, Transport and Economics, should engage the Latvian Academy of Sciences and Latvian universities in a dialogue and conduct an inventory of teaching and research on Russia in Latvia to identify possible synergies between the private sector, government and academia and develop a strategic plan on improving Latvia's capacity to analyze Russian developments.

In developing Latvian expertise on Russia, cooperation and exchanges with Russia are essential. Russia has thus far focussed primarily on attracting Russian-speakers to Russian institutions of higher education. In the interest of developing a cadre of specialists with on-the-ground experience in contemporary Russia, Latvian businesses with a strong interest in Russia (e.g., banks, ports, the Latvian Railway) could consider granting stipends to young Latvian scholars to study or do internships in Russia (similar to the Alfa Bank fellowships for young US scholars to go to Russia) or journalists to engage in study visits.

The Ministry of Education and Science should explore the possibility of signing cooperation agreements with Russia on educational exchange, the Academy of Sciences and various universities should pursue cooperation agreements with counterparts in Russia, and the Latvian Institute should expand the organization of study visits by journalists from Russia.

The analysis earlier noted that Russia has stepped up its efforts to promote links with Russians in Latvia through the creation of a compatriot advisory council and funding programmes. These initiatives are perfectly acceptable as long as they are legal, transparent and do not run afoul of the OSCE's Bolzano/Bozen Recommendations on National Minorities in Inter-State Relations, which provide that "States should ensure that their policies with respect to national minorities abroad do not undermine the integration of minorities in the states where they reside or fuel separatist tendencies."¹ The best way for Latvia to counteract the possible negative effects of Russian policy is to compete with Russia.

The Latvian government should reinvigorate its dialogue with Russian minority representatives in Latvia and provide funding for Russian NGOs in Latvia to nurture their language, culture and heritage.

¹ Organization For Security and Cooperation in Europe (2008), *Bolzano/Bozen Recommendations on National Minorities in Inter-State Relations & Explanatory Note*. The Hague: OSCE High Commissioner on National Minorities, p. 2.

While Latvian and Russian interests and identities are likely to come into friction in the eastern neighbourhood, there is no inherent necessity to draw "civilizational lines" or to portray interactions in the neighbourhood as always being a zero-sum game. Since further EU or NATO enlargement is not likely to the eastern neighbourhood in the near future, Russia can afford to view Western activities there calmly. Since Latvian budget austerity implies little activity in the neighbourhood in the foreseeable future, Latvian policy is likely to remain at the declaratory level.

The Latvian government should build Latvian expertise on the eastern neighbourhood by supporting research, exchange programmes, and people-to-people contacts, particularly with Georgia, Moldova, Belarus and Ukraine. At the same time, policy-makers should avoid drawing "civilizational lines" and portraying the eastern neighbourhood as a battlefield between East and West.

In the military realm, contingency planning, the Lielvarde airport infrastructure project and NATO military exercises have given a more concrete manifestation to Latvia's NATO membership and should not harm Latvian-Russian relations if pursued quietly. However, support for such measures among NATO member states will be difficult to sustain if Latvia itself does not commit the necessary resources to its defence. The question could well arise why the allies should assist Latvia if the perceived level of threat is sufficiently low to justify minimal defence spending.

The Latvian government should, when economic growth resumes, progressively allocate more to defence spending to approach the 2% of GDP target set within NATO.

In the energy sector, Latvia's stated desire is to reduce energy dependence on Russia. However, certain policy choices, such as a tax regime that favours gas over biofuels and reconstruction of the TEC2 electricity plant, heighten Latvian dependence on Russian gas. Here, short of reducing the influence of the gas lobby, the most promising avenue forward appears to be implementing that part of the EU's Baltic Sea Strategy devoted to promoting energy efficiency and building electricity and gas connections with states around the Baltic Sea. Here, there is little public awareness about the possibilities inherent in this strategy and their impact on Latvia's energy security.

The Latvian government should raise public awareness about the energy component of the EU's Baltic Sea Strategy and involve opinion-makers in academia and the media in a debate on its connection to Latvia's energy security.

Latvia's economic weakness due to the economic crisis facilitates the efforts of the Russian government and the Russian private sector to engage

in economic expansion in Latvia. This process does not necessarily pose a security threat to Latvia, but does merit close observation.

Latvian researchers and government officials should closely monitor Russian investment in Latvia, particularly through third countries, and develop instruments to assist critical Latvian companies, particularly in strategic sectors, to resist hostile takeover bids.

One of Russia's core instruments in exercising its soft power is television, which is the primary source of news and opinion for Russian-speakers and many others in Latvia. Insofar as legal restrictions are impracticable in an age of cable television and the internet, the only solution is to compete with Russia.

The Latvian government should invest additional resources in public broadcasting in the Russian language in television and radio and review legal restrictions on broadcasting in minority languages.

While EU funded education programmes offer an attractive alternative to programmes funded by Russia, there is no information and analysis as to the ethnic make-up of students involved in programmes such as Socrates, Erasmus, etc.

The Latvian Ministry of Education and Science should commission research to ascertain whether students of all ethnic groups are proportionately represented in EU education programmes and take appropriate remedial measures if they are not.

Latvia has some limited cooperation with Latvians in Russia through its diplomats in Russia and the efforts of certain Latvian municipalities and NGOs. Latvians in Russia are a significant underutilized resource in Latvian-Russian relations. These are individuals who not only possess an in-depth knowledge of Russia, but can also serve as bridges for business and other contacts.

The Latvian government should reinvigorate its diaspora support programme and involve Latvians from Russia in all plans to develop expertise on Russia within Latvia.

The most under-utilized source of funding for promoting Latvian-Russian cooperation appears to be that for promoting cross-border cooperation with Russia.

The Latvian government should commission a detailed analysis of barriers to more effective use of funds for cross-border cooperation.

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