

*Supporting The Right Cause and Deepening the EMU***Highlights**

- ★ Latvia's benefits to the EU have been clear. It has boosted the modernisation of the country and its infrastructures via the Cohesion Funds. It has helped reconnect the country with the West. And it has served to provide security to Latvia, especially vis-à-vis Russia.
- ★ Criticism regarding the EU has risen. The reasons are threefold. For some, lack of clarity of the EU project has generated unrealistic expectations of the gains that the EU membership would bring to the economy. By others, the EU's handling of current crises is perceived as ineffective. But generally, the original accession idealism has given way to more pragmatic views on the EU.
- ★ Latvia feels that integration within the Eurozone has intensified for good reasons – and the country remains supportive of being part of the core. Yet, the EU should now improve its capacity to face threats, such as cross-border crime and terrorism, and exceptional situations, such as the refugee crisis.

Building Bridges project

This paper is part of the Building Bridges Paper Series. The series looks at how the Member States perceive the EU and what they expect from it. It is composed of 28 contributions, one from each Member State. The publications aim to be both analytical and educational in order to be available to a wider public. All the contributions and the full volume *The European Union in The Fog* are available [here](#).



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About Building Bridges

Called "Building Bridges Between National Perspectives on the European Union", the project aims to stimulate the public debate around national experts on the relationship between their Member State and the EU and on the future of the Union. This project confronts their visions with others' from different member states, but also those of people from different horizons via workshops in Warsaw, Madrid, Paris and Brussels, which took place in 2015 gathering experts and local citizens.

The project is coordinated by the French Institute of International Relations (Ifri) with three major partners: the Polish Institute of International Affairs (PISM), Real Instituto Elcano and EUROPEUM—European Institute for European Policy. The project has also benefited from the support of institutes in each Member State.

You can find all the information and publications about the project at this address: <http://www.ifri.org/en/recherche/zones-geographiques/europe/projet-building-bridges>.



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What does Latvia hope to gain from its membership to the European Union?

Almost immediately after breaking away from its forced membership in the Union of the Soviet Socialist Republics (USSR), Latvia found itself willing to re-integrate with Western values and to become a member of the Euro-Atlantic institutions. NATO membership was the first port of call on the small Baltic state's priority list, and was closely followed by an interest in EU membership. Membership in both the European Union and NATO faced opposition domestically, but the majority of politicians and society at large understood the geostrategic security and economic development prospects that membership entailed. In spite of criticism, Latvia joined the European Union (along with NATO) during the 2004 enlargement wave with membership in the Eurozone coming ten years later. Support for the EU has traditionally been cross-ethnic, cross-party, and absent of opposition from specific religious, ethnic, professional or other interest groups. The government positions, regardless of the political parties constituting the ruling coalition, have treated EU affairs as foreign policy, and, as such, the responsibility to define major policies has lain in the hands of the Ministry of Foreign Affairs and its Permanent Representation to the European Union and the respective sectoral ministries.

A great variety of promises were provided by politicians and pro-European experts during Latvia's EU accession negotiations. Safeguarding economic growth, convergence with Western Europe, and ensuring the influx of both institutional and foreign direct investments and capital were among the main arguments used by the pro-EU membership activists and politicians. More predictable relations with the Russian Federation and accelerated ethnic

integration domestically were tied to this as well. In addition, security reasons, both economic and political, and the preservation of the autonomous existence of the Latvian culture and language within the EU framework were central arguments not only for Latvia's place in the EU, but also the Eurozone, Lisbon Treaty and the further deepening of the European Union. Latvia has seen the EU (together with NATO) as the main guarantor of the geopolitical environment that ensures the Northern European country and its population has possibilities for both economic and cultural growth.

Latvia's dedication towards the EU cause, on the parliamentary political party level, remained undisputed at the end of its first Presidency of the Council of the European Union during the first semester of 2015. In spite of new trends now emerging, the eurosceptics have traditionally been strongly marginalised in the Latvian political environment. Eleven years after the 2004 enlargement Latvia is still convinced that its decision to opt for EU membership has been the correct one, with 42.2% of the population clearly supporting this.¹ Moreover, 63% of the population see the European Union in a positive light compared to 42% in 2008.²

When discussing the hopes of Latvia in the European Union several aspects should be mentioned. Latvia still fights strongly for EU funds and agricultural subsidies, as well as financing for large infrastructure projects. Latvia is the fourth largest per capita net-recipient of EU funds (and third in support per capita), receiving 7.479 billion euros in the Multinational Financial Framework 2014-2020 in cohesion funds and agricultural subsidies³ - the equivalent of roughly one annual state budget of investment money to the Latvian economy. At the same time, Latvia is still

receiving the lowest agricultural subsidies among the European Union Member States - support equal to 75% of the EU average will be reached only by 2019.⁴ Unequal subsidies have, for a long time, been used as a vivid example of all sorts of perceived misdemeanours by eurosceptics. It was only substituted as the main argument of eurosceptic voices following the discussions on the expenses of preparing and hosting the Presidency of the Council, the third bailout programme for Greece⁵ and the infamous “refugee-redistribution plan” of Jean-Claude Juncker.⁶

Another aspect for Latvia relates to major energy and infrastructure improvements—namely, the Baltic infrastructure and energy connectivity legacies to Russia and Belarus. They stand among the country’s central concerns, where EU financial assistance is crucial and even irreplaceable in given terms. For instance, one of the biggest pan-Baltic railway projects - “Rail Baltica 2”, worth 3.68 billion euros is planned to be 85% co-financed with the EU⁷ with the first tranche of 442 million euros already having been signed.⁸ New electricity supply infrastructure projects, such as the EU’s Baltic Energy Market Interconnection Plan⁹ that will liberalise and connect the Baltic electricity markets and producers to the NORDEL electricity grid at the end of 2015,¹⁰ are essential for energy safety in the region, and Latvia in particular. Through these two aspects, together with regular financial support on road reconstruction worth 450 million euros in 2014-2020,¹¹ and project co-financing, the EU in Latvia is guarantor of a safe economic environment for investments until full economic and social convergence takes place. The EU is not only a market for Latvian goods, it is also putting the renewed country back on the European and global political and economic map.

Does the European Union appear to be a clear project in Latvia? If not, what are the main reasons?

The European Union is, simply put, not popular among the Latvian population at the moment. Faith in the project has not been lost, but doubts have emerged. There are two main reasons for this – decreasing trust in the European Union and a lack of clarity in the European project. The goals and motivations of enlargement, but especially of deepening of the European Union, are being questioned more often in recent years. Latvia’s original pro-Europeanness is increasingly disputed in the country, especially since the Latvian Presidency ended. While 63% of the Latvian population identify themselves as part of the European Union and 46% express trust in the EU (which is traditionally higher than in most other EU Member States),¹² other indicators are less favourable. National media often portrays the EU in a negative light, especially concerning Latvia’s capacities to defend its interests.¹³ Moreover, Latvia’s negative economic experiences within the EU have also been used as one of the main reasons for sceptics and critics to attack the EU. The growing scepticism has been facilitated by the political elite’s mismanagement of communications on solidarity with Greece and the refugee crisis. Significant damage was also done by the previous Latvian President stating vague, often factually incorrect,¹⁴ but critical opinions about the European Union.

Lack of clarity is tied to the unrealistic expectations of the gains that EU membership would bring to real household income and that would narrow the discrepancies between Latvia and the EU 28. A constant reminder is that Latvia is among the poorest countries of the EU, with GDP per capita at 64% of the EU average in 2014.¹⁵ The catching up process has

not been as smooth as originally hoped and this decreases faith in the project, which was popularly associated with a rapid increase of welfare. Secondly, current concerns, such as the chaos caused by “Brexit”, together with re-negotiations on migrant quotas and aggressive demands for solidarity, highlight the EU’s apparent inability to act and creates negative tensions within Latvian society. Namely, memories of Soviet-era immigration policies have stigmatised the Latvian population, and the significant wave of emigration experienced since joining the EU stirs up fears that the EU project might threaten the preservation of the Latvian culture and language.

The decreasing trust is, again, tied to individual populists seeking political profit from previously underutilised “Euro-bashing” opportunities in Latvia. Disappointment originating in the learning and adaptation process of the country, mistakes and hard lessons have accumulated negative stereotypes and reduced the original enthusiasm and idealism that the majority of the population had during the first years of EU membership. The Presidency of the Council of the European Union did not only bring increased self-assertiveness to the Latvian administrative and political elite, it also brought more Realpolitik and less idealism into dealing with the European Union. The general complexity of the new economic governance of the Eurozone and rapid extra-Treaty integration of the last seven years has limited the general populations’ knowledge of the institutions and the functioning of the European Union. To top this off, the political elite’s inability to explain the European Union processes to the public paints a rather murky picture. This lack of understanding directly increases distrust among Latvian politicians and society.

Which degree of integration seems adequate to the position and ambitions of Latvia both politically and economically?

Latvia has traditionally supported both the deepening and widening of the European Union. Enlargement to the Balkan countries,¹⁶ support for the Eastern partnership process with promises of closer integration, and, most recently, active support to rejuvenate accession negotiations with Turkey during the Latvian Presidency of the Council of the EU, have been among the central examples of the Latvian position on enlargement. The support for widening, on the condition that the European Commission greenlights respective country’s membership, is based on both solidarity with the aspiring European project supporters, and a realisation that Latvia will not be the main financial contributor to the new Member States in the coming decades.

Latvia’s support for deepening the European Union has been more complex. The Baltic state is among the most pro-European countries, seeking the advancement of the European project whenever it is necessary. Latvia has supported the Constitutional Treaty, Lisbon Treaty, Fiscal Compact and other changes in the European economic governance, as well as the Eurozone membership during its recent years of euro-turbulence. In addition, Latvia acknowledges that, as a country with small resources, it has more economic and political prospects as part of a larger multilateral entity. The country has supported deepening proposals that do not undermine its relative advantages in the EU, by adopting its traditional “wait-and-see policy”. For instance, Latvia does not want to appear to be a trouble maker on issues that are irrelevant to its survival and competitiveness. The logic that Latvian society has been following is based on the unwillingness to see any splits within the

European Union. But in case a multi-speed Europe is emerging, Latvia wants to be at the core¹⁷ as one of the most prominent supporters and winners from the European project.

Therefore, Latvia still follows its traditional pro-integrationist policies. And it will keep following this path as long as integration does not undermine the preservation of its culture, language, and traditional characteristics, and as long as it keeps on providing a positive environment for economic and social development. The national self-preservation is an ultimate goal for Latvian society. Therefore, any attempts to limit ethnic nationalism in the country will face severe objections in the form of political nationalism. The possible negative impact on Latvian culture as a consequence of the influx of refugees nowadays is an elaborate example of this reaction.

How could we strengthen the idea of belonging to a common European public sphere among Latvian citizens?

Belongingness has a long history in the Latvian post-Cold War foreign and domestic struggles. The transformation process that the country went through was based on a return to Western values. It was motivated by being recognised as a legitimate and trustworthy partner. The Latvian Presidency of the Council of the European Union was the final exam for the Member State. A sense of professional acceptance has been a strong motivator for Latvian civil servants and some of the politicians. However, the understanding of this among the general population has been somewhat different.

The freedom of movement of labour, the Schengen Area, and the introduction of the euro have been strong arguments for increased confidence and feelings of acceptance in the

European Union. Personal contacts have increased the sense of belongingness tremendously as a result of labour migration, travel opportunities, and business connections. However, a more intense presence of Western and Southern European countries in the Latvian domestic economy and societal processes would better secure the idea of belonging to a European public sphere. The European Commission, and the European Union in general, is only one dimension, often regarded as a bureaucratic and distant dimension. However, the European project could also be symbolised in other Member States' embrace of the Baltic countries. Horizontal country-to-country contacts and recognition are more significant, not only for the ideas of belonging to spread, but also for solidarity among different European societies to take root. Latvia is a geographically marginalised country. Its feeling of remoteness has not disappeared and can only be reduced via eliminating the lack of common history and common projects between one geographical end of the EU and the other.

Which policies deem essential to conduct at the EU level in order to better legitimise the European project?

Latvian society sees the European project as legitimate. A visible illustration is that public support reached 46% for the European Union institutions, while trust in national institutions remains at only 22%.¹⁸ At the same time, there is a clear potential to increase support and legitimacy of the European Union. The European societies must be connected not only mentally, but also tangibly. Practicalities matter most to the general population. Roaming tariffs, online shopping, travel opportunities, unified traffic regulations, simplified and no-cost bank payment procedures, standardised use of public transportation throughout the EU,

common healthcare standards or many other practical benefits create more legitimacy than high-end political negotiations or the bureaucratic distribution of ungraspable funds.

It is not only the protection of the EU's external borders, more intensified military integration or infrastructure connections that bother Latvians nowadays. Just as important, as for other countries, is domestic security. After years and decades of intensified integration in economic and monetary matters, the EU needs to look at accelerating integration in Justice and Home Affairs. It is expected, and even demanded of the European Union, to find answers to modern threats, such as the refugee crisis, terrorism and cross-border crime, in a more integrated, coordinated and standardised manner.

The European project has become an essential and wanted part of Latvian society's daily routine. There were, and continue to be, many geopolitical, economic and shared value aspects that define Latvia's interests in the European Union. Current challenges cause fears that the European project is entering a true stage of political crisis. To every previous crisis the EU has responded with a deeper integration, thus surviving the collapse. Now, another under-integrated sector needs to redefine its principles and responsibilities. And it is essential, not only for the legitimacy of the European Union and its ownership among the population, but also for reducing the fears of disappointment which would come if this project spanning more than two generations were to collapse.

Endnotes

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