

## Address given by Valdis Birkavs on European integration (7 May 1998)

**Caption:** On 7 May 1998, during his visit to the University of Tartu, Valdis Birkavs, Latvian Minister for Foreign Affairs, delivers an address on the challenges of and the potential role of the Baltic States in the European Union enlargement process.

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**Speech by the Minister for Foreign Affairs of the Republic of Latvia, Dr Valdis Birkavs, "Latvia and Estonia: Partners on the way to Europe", Tartu University (Estonia), 7 May 1998**

*Terre !! [Good afternoon!]*

*Ladies and Gentlemen,  
Dear Students,  
Dear Friends,*

Thank you for inviting me to your great university. It is an honour and a pleasure to be with you.

[...]

In these respects, Baltic co-operation mirrors our EU integration efforts. It is a question of foreign policy but it is also a question of internal development. Of private people recognising their part in the process. Then it becomes pragmatic, not something theoretical. Steady internal development is one of the best arguments leading to foreign policy success.

The Estonians have received the opportunity to join in accession negotiations already this spring. You know our positive attitude, that we congratulate Estonia's invitation to join the first group. We are unhappy for ourselves but not jealous of you. And it is not just the Latvian government that has this attitude. It is the Latvian people. We all continue to say good words about the achievements of Estonia around the world. Estonia's example is an important motivating factor.

I think that the distance between our countries in various fields is a small one. And Latvia is the country which is probably the closest to being added to the first group.

In fact, the Austrian Foreign Minister, Wolfgang Shussel, has said that the first group tagged for enlargement could be expanded by drawing in another candidate country. A candidate now in the second group could be placed in the first group. Such statements are noteworthy since Austria will be taking over the reins of the EU when it assumes the EU Presidency from July to December this year. Latvians and Estonians should work together so that Latvia will be brought in.

## **LAUNCHING THE EU ACCESSION PROCESS**

At the end of March, the EU accession process was launched and accession negotiations with six candidate countries were opened. Latvia, being in the second round of the accession talks, welcomes the single framework in which countries destined to join the European Union can discuss questions essential to prepare for membership. In this framework, Latvia sees Estonia as a partner on the path to European membership.

The accession process should do more than simply present and future members with an opportunity to meet for an occasional exchange of views. EU integration should be a common goal for the all eleven candidates and the accession process should ensure that the momentum necessary for successful enlargement be maintained until the last candidate of this accession process accedes to the Union. The second group candidates should be able to join the negotiation process as soon as possible.

### **Latvia's Progress in Economic and Social Order**

Latvia has taken seriously the priorities identified by the Commission's Opinion (avis) and is committed to the Accession Partnership. Already in the current stage of the development, market forces in Latvia have gained ground to meet competitive pressure. Since the transition process has been completed in most segments, the main challenge now is to secure the gains already made and proceed further with an implementation of the structural reform.

Certain macroeconomic achievements are worth noticing. The current statistics are like at the casino. Three sevens. GDP reached nearly 7% in 1997. We have inflation just under seven percent. And unemployment is around seven percent. 7-7-7.

Foreign direct investment inflows amounted to around USD 340 per capita by the end of 1997. Latvia therefore ranks on the top of the list of the Associated countries for influx of FDI in 1997.

The Latvian Government has ensured that Latvia be in compliance with the parameters for joining the 'euro' zone. According to the current indicators, Latvia would be ready to meet the convergence criteria by the time of EU accession. Several of our economic indicators, such as the budget deficit, public debt, and the stability of our currency, are already in full correspondence with the convergence criteria. This was achieved through implementation of a tough monetary policy.

Since the publication of the avis a number of key legislative acts have been adopted - a new customs code, public procurement legislation, a new competition law, new state aid regulations.

In the sphere of human rights and social welfare, the Law on Refugees and Asylum seekers has been adopted by the Parliament. The Geneva Convention of 1951 and a number of other relevant international Conventions have been ratified. And Latvia has signed the Social Charter.

Progress has been achieved in the area of the III Pillar as well. To mention only one - the Law on the prevention of money laundering prepared in accordance with EU provisions has been adopted by the Parliament.

Latvian government policy is geared toward faster, fair and united integration of the society, strict observance of the norms of the Language law, and strengthening of language status and additional training.

The Latvian government is conducting an open dialogue with the OSCE High Commissioner Max van der Stoel and the CBSS High Commissioner Ole Espersen, as well as with the United Nations, Council of Europe and the European Commission on the process of strengthening democracy, human rights and the rule of law in Latvia.

In the context of being in conformity with OSCE recommendations, Latvia is drafting an integration programme for the entire society. The program envisages increasing the pace of naturalisation for non-citizens.

### The EU Progress Report

We expect that Latvia's achievements will be positively evaluated in the EU Commission's Progress Report expected by the end of the year. If it is positive, that report will provide a basis for an EU Council decision placing Latvia in the group of countries which are involved in active accession negotiations.

Why will there be a finding this year that Latvia is qualified to join Estonia in the first group that will accede to the EU? Because we are well-advanced in the area of harmonizing our legislation with that of member states. We have prepared a National Programme for completing this project. Each government agency is now responsible for monitoring the correspondence of its activities with that of the EU. The work of preparing for EU membership is being delegated and shared across a wider range with the aim that it become a national project in which every individual is participating.

### The Acquis Screening Process

In the time leading up to the Progress Report, we are engaged in the process of acquis screening. Latvia is doing quite well. My information from Brussels yesterday is that the Latvian side is providing comprehensive and convincing information. That is good news since what is gathered during screening will feed into the Progress Report.

Acquis Screening applies to all the eleven candidate countries, it will last until November of this year. The screening process has a different aim than accession negotiations should not be allowed to delay the beginning of those negotiations.

### The Politics of Enlargement

Leave out the *acquis communautaire*, and you see how much the decision to enlarge is political. Member states of the Union could be embracing the Baltic States today. And to the extent that enlargement is a political decision, the pace selected for enlargement has everything to do with how ready the European Union is. Not with the readiness of Latvia and Estonia.

In the early days of enlargement, we often heard it said that it was technically too difficult to negotiate with all ten candidate states plus Cyprus and Turkey at one and the same time. It was simply not feasible. Now the European Commission has hushed up about questions of Commission manpower, but the question remains: after the Intergovernmental Conference, the IGC, are European Union member states capable of making the decisions that support enlargement to the Baltic States?

### The Practical Side of Integration

There is also the side of the accession preparation all diplomats face at home. That is the practical side. The voters, the voting public. Latvia along with Estonia needs to provide voters with clear information on the benefits and impacts of membership. That is why we both have started to think about improving information on the European Union. When I was last in Copenhagen, I noticed that Estonia has applied for "Team Estonia" program which will help make EU information available also in the Estonian countryside. That is quite important and is much needed in Latvia as well.

On the October 3rd elections in Latvia, voters in the city and country will have to decide which vehicle to ride to Brussels. It has been easy these seven years since independence to see where I stand and what I advocate, personally and as the Latvian Foreign Minister.

As a politician lasting through six governments, I have championed the cause of moving Latvia to Europe without delays. I am pro-European and pro-European Union. I am even pro-"euro." It is lucky combination, that my personal convictions happen to match perfectly with our national goals.

To fulfil the Copenhagen criteria, to come into compliance with the *acquis communautaire*, to join the European Union - integration with Europe is at the top of Latvia's foreign policy priorities. EU is the only game in town. There is no alternative. (The CIS - even if it is led by a successful businessman like Boris Berezovsky - is not an alternative for Latvia.) And no matter who wins the next elections, expect to see the Latvian government continue its steady policy toward the goal of full EU membership.

Political realities have an effect on EU integration in so far as they are affecting our rate of internal integration. In the Latvian Parliament, we have been discussing how best to keep to our schedule of completing privatisation this year. And there is the question of naturalisation of non-citizens. These are just two of the issues we have been mulling over continuously. With non-citizens, we have an issue of community development, and there are legal and historical issues. It is not a quiet issue. There are many things to look at.

Sometimes we wonder how many of the tricks that we are being asked to perform are stunts which the member states themselves are successfully accomplishing. EU member states have been calling upon us to boost pluralism by turning immigrants into citizens, preferably overnight; and they would like to see corruption and drugs stamped out, and a vibrant balanced economy up and running. We say that we are doing it and we are.

### Back to School

First we will work, then we will have time to look out the window. It is sadly like that, like being in school because before you can go out into the market place people are asking for your diplomas. So you are in school concerned about paper deadlines, and the next grade point averaging, and what professor might not be satisfied if you do not present yourself well enough.

Even with spring happening outside, we in this room must be looking down at our papers all too often to see the beauties of nature, and for me it is partly because the European Commission has made getting into Europe a bit like getting through school. It bothers me because I thought that I'd graduated.

I am not alone in wanting to get out of the training ground and into the line of fire. The desire of each Baltic State to speed up accession seems to surprise some western Europeans who would be more comfortable taking things slow and bureaucratic. It is as if saying to themselves "what do the Baltics want so quickly?" European businessmen must think they are very tough, but they are afraid to let us into their club without a waiting period.

The real reason for all the waiting is that EU member states have not figured out how to adapt. They haven't figured out how to vote with more members and they haven't figured out what to do with the money.

By not being let in immediately, we are being held responsible by European Union member states for being behind. "Being behind" is something we can remedy but it is also something where European member states could do more. They could try remembering their historical responsibility. We did not choose to be behind the Iron Curtain. The big powers did that for us in Yalta and Tehran when they mapped spheres of influence.

We should take responsibility ourselves, we are told: stamp out corruption, privatise all our companies, and harmonise our laws with EU law. This is not an overnight job, but we are doing it. There is steady progress.

Membership is about Business

As for the role of business, and of government assistance for business, we are concerned with climate. A good business climate and a good climate for integration go hand in hand. A climate conducive to accession in the European Union is a good climate for foreign direct investment; the Union brings the type of connections and the availability of resources that are necessary for state-building. At the same time, the European Union's interest in Latvia, signals a line of interest for Europe's business community.

I have personally strived to see that Latvia has been implementing reforms systematically and at the fastest pace allowed - because membership is about business.

Have you seen the Economist magazine two weeks ago. Take a look at the section entitled the "Baltic Revolution": it says "the [Baltic Sea] is the biggest, most complicated, and most promising piece of the new Europe."

How did this sentence get past the scrutiny of fussy British editors? Can it be that the Baltic Sea region is really the most promising?

Estonian and Latvian markets are connecting with global markets. We are not neglecting the trade links to the east. Due to knowledge, experience, and strategic location, Latvians and Estonians are natural business partners and mediators working between Europe and the CIS states. We are diversifying to western markets, but not throwing away the reliable business that has endured over years.

Finally, it is possible to begin calling Latvia investor-friendly. In the last five years, more than three hundred thousand jobs have been created in small-and-medium-sized companies.

Strong bilateral links with Sweden, Finland, Denmark, Iceland and Norway, are complemented by work in multilateral fora. They are our five closest western friends by virtue of geography.

Economic dynamism at a regional level coupled with the vitality of local business are intrinsic to long term stability.

## **THE NORTHERN DIMENSION**

The Northern Dimension of the European Union was activated when Finland and Sweden acceded. It means the EU actually extends beyond the Polar Circle and already - without Latvia and Estonia - has a 1300 km border with Russia. It means that the EU is a major actor in this northern region and that the ongoing process of enlargement will only serve to emphasise this presence in the north.

The Nordic countries are aware of the concerns of the Baltic States. On the Mediterranean, they have the smoke of Kosovo and the uncertainties of Algeria. There is Bosnia. Those things are close to home for them. And representatives from this seashore would not like Brussels to look too quickly somewhere else with its structural funds. These are diplomatic realities and national interests.

For Latvia and the Baltic States, we cannot plead for assistance based on a prognosis of "potential troubles" in the region. We merit attention because we are stable and should be kept that way. An investment in our region now is an investment in long-term stability.

We want the Hanseatic merchants' spirit of trade to be rekindled and combined with the spirit of free will which has enabled the Baltic States to endure independently all these years. The Baltic network of markets, linked by ports and airports, fuelled by free enterprise and supported by democratic governments that share a common vision of peace, trade and prosperity is the economic and political background for the Northern Dimension.

## **THE COUNCIL OF BALTIC SEA STATES**

If you are looking for a way to get a grip on the Nordic-Baltic infrastructure and networking under construction then the Council of Baltic Sea States (CBSS) would be where to look for concrete material.

The CBSS is promoting practical measures to improve the climate for business, ecology, and civic security in the Baltic Sea Region.

The January 23rd CBSS Heads of Government meeting in Riga brought in all regional players including Russia, Germany, and the European Commission. From its inception, the CBSS was purposefully oriented toward integration of the Baltic States into European institutions.

## **LATVIA AND NATO**

I have spoken about economic links and our links with Europe that are related to history and common values. European security architecture is another kind of question.

The reason for including Latvia and Estonia is easy. A projection of European security to include our countries would be a projection of stability. The extension of a seamless and indivisible security architecture will make war unthinkable.

Latvia wants to enter NATO, the core organisation of European security, for the same reason that no current member considers leaving.

Latvia also supports North American engagement in European and Baltic affairs. NATO is the organisation which links the United States and Canada with Europe.

U.S. interests in the Baltic Sea region

I'd like to point out that America since the end of the Cold War sometimes seems to remember the lessons of European history better than the Europeans themselves.

The growing engagement of the United States in the Baltic Sea region is a sign that the U.S. is recognizing how much European security depends on Baltic Sea stability.

On the political front, the United States is filling the gap in leadership left by hesitant Europeans.

Eurobureacrats have an ingrained attitude of taking integration slow. This has been sometimes frustrating for Latvia.

And despite talk of a multi-tiered Europe, Latvia and Estonia, will only be satisfied with full-fledged membership of the European Union (EU). We need to be present at the decisions made at EU member luncheons. Perhaps, the Norwegians with their NATO membership and their oil can afford to stay out for a while. We cannot.

It is difficult to assess the extent to which U.S. political support is causing the European Union member states to turn their attention to the Baltic States. Certainly, it is positive in all ways, and the Charter signed by the United States with Latvia, Lithuania, and Estonia this January has been an overt signal of support imitated by very few European states.

The Charter conveys an understanding that the Baltic States should be fully and legally incorporated into Euro-Atlantic structures on political, economic, and defence levels. Furthermore, the Charter affirms the commitment to guarantee the rights for all resident on Latvian and Estonian territory.

For Latvia, multicultural diversity is a reflection of the cosmopolitan atmosphere which we have developed over centuries.

The Charter further specifies a structure for four-way dialogue between the US and the Baltic States and an opportunity for regular bilateral dialogue between the United States and Latvia through various committees and working groups. Currently, the Minister of Finance of Latvia, Roberts Zile, heads the committee on commercial cooperation. The Latvian Foreign Minister is responsible for political dialogue.

### The Dialogue with Russia

Looking east, maintenance of friendly and fruitful contacts with Russia in the political and commercial sphere is a chief priority of Latvian foreign policy. We have not countered the unfriendly boycott of our goods. To us it is evident, that the boycott harms most the people to is supposed to help – the Russian people in Latvia. They are the ones who have the most lucrative agreements in business and it is that business which is being damaged. Russians are harming Russians. Both Latvia and Russia have every reason to profit from the existing interdependence of our economies. The logic of interdependence will be a logic that triumphs over the narrow-minded interests at stake in the boycott.

The Baltic States have ample grounds for cooperation with the east including rich language skills and a "positive interdependency" in transit trade. Forty percent of Russia's trade is with the EU countries but in terms of transport, Russia has few outlets. Freight transport through the Baltic States is key for Russia and the CIS. To take one example, the bulk of Uzbekistan's cotton exports are shipped through the port of Riga. Maybe you have some through Tallinn too?

Baltic State sea ports have remained competitive and cost effective when compared with the Russian Baltic ports of Kaliningrad and St. Petersburg as well as the Russian Black Sea ports of Novorossisk and Tuapse. The Baltic States have 45 percent of total Russian sea trade today and two thirds of total Russian sea trade uses the Baltic sea routes.

Shipments of goods to and from European markets contribute to the depth of the Latvian-Russian



relationship.

Latvia hopes that other countries will encourage Russia to proceed with moves that will contribute to its image of a country leaving behind imperial thinking. While Latvia seeks to establish vital relations with all former Soviet states. Talks with Belarus, Russia, and Ukraine are intensive, regular, and often fruitful.

More dialogue with Russia will make the Baltic States more secure. Not economic pressure cooking.

## **THE RUSSIAN BOYCOTT**

Speaking on the diversion of the oil flowing through Latvia from Russia, one of course must mention the world market price. Those are realities of market forces.

More worrying than a change in world pricing are the de facto sanctions on Latvian goods. Russia has stopped Latvian goods from reaching Russian markets. Shops in Moscow display signs saying "Latvian Free." Such practices, harmful to bilateral trade, harm Russian business, Russian businessmen, and the health of Russia's own economy as well as ours.

For goods sent to western markets, Latvia has been a safe and stable route as well as the least expensive.

Groups within Russia are fighting among themselves to achieve contradictory goals. This does not mean that the Russian government should allow these feuds to influence bilateral relations.

Latvia will continue to demonstrate preparedness to engage in dialogue with Russia. Currently, Russia is ignoring even invitations from the European Union to engage in closer dialogue.

That's too bad for Russia. Russia is interested in joining the World Trade Organisation. What does this behavior show about Russia's readiness?

And it has often been said that the European Union has a way of measuring Russia's interest in true dialogue and that way is to watch how Russia handles the Baltic States. The Russian government has not distanced itself from the boycott. It is tacitly supporting it therefore. And what does this imply about Russia's attitude toward Europe?

At a time when the integration of society in Latvia, the integration of Latvians and Russians, is a primary concern, it is sad that Russia is attempting to capitalise on the emotions stirred up by terrorist attacks in Latvia when it is clear that the persons involved in these attacks are friends neither of Latvia nor of Russia.

## **INTEGRATION AT HOME AND ABROAD**

Latvia's direction and foreign policy emphasis can be summed at this moment in one word: INTEGRATION. Abroad and at home. To protect our values, we need to integrate on the level of trans-Atlantic institutions – that means with the European Union and NATO. Membership will be the sign that our rightful place in the architecture of Europe is restored.

I say rightful and that has to do with the times of European occupation when Riga was the largest city in the Swedish empire. In 1283, Riga was already an intrinsic part of the Hanseatic League, a powerful trading bloc. Latvians today are participating in projects with the rest of the European community, doing our duty as prospective citizens of Europe.

And it should come as no surprise that the work of restoring external relations has meant giving extra attention to see that our home is in order. Stable internal affairs are the right foundation for establishing Latvia as a regional and an international player. So this question of our home and of what is in our backyard - has cropped up as a salient characteristic of our work in the 90s.



The questions of good-housekeeping...of streamlining bureaucracy, of cleaning up the Baltic sea, of upholding civil and cultural rights for all members of our society - those are the sore and burning questions. We need to put back the life that was missing.

The country we regained in 1991 cannot function in the long term without democracy and pluralism, a high value on the individual, and an honest competent and sensible system of justice and law. This is what we want to see at home.

### On the Cusp of Europe and Asia

Latvia and Estonia are Europe on the cusp of Asia. But being on the cusp doesn't mean that we lack some essence of our European birthright. On the contrary, it may mean that we have a does of character in even higher concentrations.

In Latvia and Estonia, we have distilled and concentrated our love of freedom. Such a love is certainly part of the European character. Individual freedom allows Europeans to enjoy the good life. What we get belongs to us then, and not to someone else.

It is not always so obvious. With Finns, for example, how does there Finnish character blends with their European character? But when it came to the referendum on EU membership, the Finns made the choice. Referendums are not times to be hazy about orientation and we will all be watching to see what the Danes do on the 28th of May. If the Danes opt out, they will lose influence in European decision-making and the Baltic States position will be weakened accordingly. We in Estonia and Latvia should be sending a clear signal to Copenhagen that if they choose the Norwegian way, it will impact on us here as well.

### Conclusion

The case of Latvia shows what is being done and what is not being done to make Europe whole and indivisible in the short term. European Union members merely content with the status quo are not helping the Baltic States.

Estonia so far is a good illustration of how to do things right, especially in terms of presentation and hospitality to the kinds of people from abroad we need to impress for the sake of our international image and economy: I'm thinking of journalists and businessmen for starters.

Latvia's desire for full membership is comparable to Estonian desires. Even if you beat us on the first stretch, watch out for us round the next bend in the track. We're right behind you, and it helps us to see you just ahead. I think for some of us, Estonian success is not too far different from the scent of a fox to a pack of hounds; we want to charge ahead. I think that you are aware of this and you have therefore worried less about the chances of leaving us behind. You know that the lead is not decisive.

I have suggested to you how Latvia has steadily upgraded and developed its systems to be prepared for membership. Now, I would like to wish you well in your studies and examinations, that your minds will be sharp.

I hope that my presence here today will make you more interested in Latvia and in government and diplomatic work. Governments cannot function without bright and educated people, and Tartu has provided both our countries with people who have contributed to the community.

You are the ones who will make Estonia and Latvia strong. With you, we could succeed. Or if you are lazy, we could become irrelevant. A reasonably good start was made. Some of you will continue the job. I wish you the best. And I wish the best for warm relations between Estonia and Latvia.

In 1918 and in 1991, our common struggles brought us together. Now at the turn of the century, let us

work together consciously for mutual success.

There is a saying from an Estonian classic "EI SAA ME LABI LATITA." I would like to say to you all speaking deeply from my Latvian background – EI SAA ME LABI EESTITA !!!