

Memorandum from the Latvian Government on Agenda 2000 and on Latvia's application for accession to the EU (1997)

Caption: In 1997, in a memorandum, the Latvian Government outlines the implications of the process leading to the accession of Latvia to the European Union and emphasises the efforts made by the country to comply with the Community acquis.

Source: Memorandum of the government of the Republic of Latvia on Agenda 2000-European Commission Opinion on Latvia's Application for Membership of the European Union. [ON-LINE]. [Riga]: Ministry of Foreign Affairs of the Republic of Latvia, [1997.10.07]. Available on <http://www.mfa.gov.lv>.

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Memorandum of the Government of the Republic of Latvia on Agenda 2000 - European Commission Opinion on Latvia's Application for Membership of the European Union

European development in the last few years is a clear proof of its ability to discard the type of geopolitical thinking that in the second half of this century had created an unprecedented division of the continent into two ideologically and politically antagonistic groups of states reciprocally excluding each other. The bi-polar division of the world is gone. Central and East European states, once forcibly incorporated into the Soviet sphere of influence have now regained their independence, and have chosen to follow the road of democracy, co-operation according to their own choice and re-integration into Europe. Important organisations for co-operation of Western democracies - The European Union (EU), The North-Atlantic Treaty Organisation (NATO) and the World Trade Organisation (WTO) have all expressed readiness to accept new members, thus decisively widening the zone of stability, democracy and economic prosperity in Europe.

1. Latvia's policy concerning Europe

The process of democratic and economic reforms implemented by the Latvian government with the aim of creating a modern, democratic, secure, and economically sound state integrated into European structures is considered an integral part of a unified and undivided Europe. Integration in the European Union remains one of the strategic foreign policy goals of the Latvian government since the restoration of Latvia's independence in 1990/1991.

The concept of Latvian foreign policy, delineated by the Latvian government and accepted by the Parliament (Saeima) in 1995, states that **accession to the EU is a vital opportunity for survival of Latvian state and people. Alignment with the EU economic system is bound to promote faster development of Latvian economy, science, education and culture.** The concept of Latvian foreign policy declares that **the strategic aim of the Republic of Latvia is accession to the European Union.**

On May 11, 1992, an Agreement between the Republic of Latvia and the European Economic Community on Trade and Commercial and Economic Co-operation was concluded.

On May 5, 1993, both sides signed an Agreement on Fishery.

On June 18, 1994, the current legal basis for Latvian - EU relationships was established by the Agreement on Free Trade and Trade Related Matters.

On June 12, 1995, Latvia and the European Communities concluded an Association Agreement in order to create a judicial basis for their mutual relations. The Treaty shall come into force after all the EU member states have ratified it. Latvia has ratified it already.

Latvia has repeatedly stressed its resolution to become an EU member state. On October 14, 1995, all the parties represented in the Parliament (Saeima) supported the President's Declaration on the Policy of Latvian Integration in the EU. On October 27, 1995, Latvia submitted its application for membership of the European Union.

In December 1996, the government of Latvia adopted the Latvian National Programme for Integration into the European Union. This programme determines Latvia's strategy for the integration process. It will be updated this September, taking into account the recommendations proposed in the Commission Opinion, and a timetable for approximation of laws will be confirmed.

On August 7th this year the Latvian Parliament (Saeima), while approving the new Latvian government and its Declaration on the Intended Activities of the Cabinet of Ministers, again expressed its support for Latvia's integration into the EU as one of the main governmental priorities.

2. Enlargement of the European Union

Taking the above-mentioned into account, the Latvian government appreciates the recommendations to the Council contained in Agenda 2000 related to the beginning of accession negotiations for candidate states and strengthening of the Pre-Accession Strategy. The proposal to start accession negotiations with Central and East European candidate states including Estonia, shows that the Baltic States are regarded as potential full-fledged participants in a united Europe, capable of implementing the reforms necessary for accession to the EU in a short time.

The Latvian government wants to lay stress on the idea included in its Europe Agreement that it is necessary to facilitate regional co-operation of the Baltic States because a closer co-operation between the EU and the Baltic States, a mutual integration of the Baltic States, and integration as seen in a wider regional context should be simultaneous processes.

The Latvian government expresses its satisfaction with the enlargement of the EU, as a process, which is presented in *Agenda 2000*, excluding no candidate state, irrespective of the start of accession negotiations. The Commission points out that the aim of two main elements of its offered enhanced pre-accession strategy - the Accession Partnership and certain Community Programmes and procedures to be applied to the candidate states - is preparation of Central and East European countries for EU partnership irrespective of the particular situation and timing of their accession to the EU.

The Latvian government regards the consideration of political aspects of the accession process to be of utmost importance. Simultaneous opening of accession negotiations with all the candidate states is the only solution to the problem that is politically appropriate. Analysis contained in the Commission Opinion shows that the differences between the candidate states are not that substantial to distinguish exactly which state meets the criteria of the European Council in Copenhagen, and which of them does not. The candidate states have contributed significantly to the fulfilment of these criteria. Simultaneous opening of accession negotiations with all the candidate states will enhance their economic and social stability and give an additional impetus to complete additional reforms necessary for integration into the EU. The government does not believe all the states are likely to achieve their aim of acceding into the EU simultaneously. Differentiation of the states must take place, nevertheless, it has to be based on the pace of accession negotiations and progress of the reform processes in each of the candidate states.

The government will endeavour to prepare Latvia for invitation to the accession negotiations at the EU Council in Luxembourg this December.

The Latvian government highly appreciates the proposal by the Commission to put the main accent on operational enhancement of institutions and administration of the candidate states in the process of EU enlargement, and introduction of Community standards including the environment, working conditions and transportation. That means additional EU investment in environmental projects, development of transport infrastructures, and restructuring of industry.

The Latvian government welcomes Commission's readiness to monitor the progress of all the candidate states regularly in the course of their preparation for EU participation, and to submit a report on each candidate state to the Council beginning with the year 1998.

The Latvian government fully agrees with the Commission Opinion that the next EU enlargement is likely to differ from all the previous ones in the sense that within the framework of an enhanced pre-accession strategy, all the candidate states have to develop their individual accession strategies based on enhanced administrative and financial assistance, while avoiding long transitional periods for their full-fledged EU membership.

3. Latvia's compliance with the criteria proposed by the European Council in Copenhagen

The Latvian government regards the Commission Opinion on Latvia's progress and readiness to take up its

obligations as a full-fledged member of the EU as generally positive and mainly unbiased, with a strategic significance to promote Latvian integration in the EU.

Nevertheless the government would like to remark on several inaccuracies, misinterpreted facts and biased interpretations contained in the Commission Opinion. Latvian government has completed a detailed analysis of the Commission Opinion, and will deliver its results to the Commission this month.

3.1 Compliance with political criteria

The government of Republic of Latvia highly values the Commission Opinion on the correspondence of the Latvian political situation to the criteria proposed in Copenhagen: stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities. The 1993 and 1995 elections are seen as free and fair, and they have resulted in the formation of coalition governments with an active opposition. The government of Latvia emphasises that, in the case of our state, the positive conclusion on development of democracy is especially significant, taking into account the recent restoration of national statehood by comparison with other Central and East European states.

3.2 Compliance with economic criteria

When examining the economic situation of Latvia according to the Copenhagen criteria - a functioning market economy, as well as the capacity to cope with competitive pressure and market forces within the Union - the Latvian government would like to emphasise the pace with which Latvia has been transformed from a country with a planned economy into one having climate conducive to an operational market economy and creation of a judicial basis for it. The government of Latvia expresses its satisfaction with the positive economic growth, tight fiscal policy, low external indebtedness, as well as successful liberalisation of trade and prices which received positive mention in the Commission Opinion.

3.3 Ability to take up EU member state responsibilities (correspondence with the *acquis*)

Concerning Latvia's ability to take up EU member state responsibilities including preparedness of the state to join the political, economic, and monetary union, the government of Republic of Latvia stresses the high value placed by the Commission on the fact that Latvia is meeting its obligations under the Latvian - EU Free Trade Agreement, as well as introducing the requirements of the Agreement according to the timetable for implementation set out in it. Since the conclusion of this Agreement the Commission has encountered no serious bilateral problems. The Latvian government welcomes the progress noted in the Commission Opinion towards compliance with the essential single market legislation, especially in the areas of banking, industrial property rights, harmonisation of standards, conformity assessment, as well as commercial law.

The government of Latvia expresses its satisfaction that the Commission has noted Latvia's readiness to fulfil its obligations under the common foreign and security policy.

The government of Republic of Latvia is satisfied with the progress in the development of relations between Latvia and Russia as mentioned in the Commission Opinion. The progress has been based on the government's foreign policy one of the priorities being good neighbourly relations with Russia.

4. Further practical actions on behalf of the government of Latvia in the short term, taking the Commission opinion on the reform process in Latvia as a basis

The Latvian government notes that existence of a homogeneous society is a prerequisite for a democratic, stable and secure state. An essential factor in order to attain this aim is Latvia's adherence to the criteria of the European Council in Copenhagen.

The value of every individual and of society as a whole require more attention in the process of integration. A well-informed society and its support is a pre-condition for successful integration. Taking into account the practical results of integration in its everyday life, society is not only ready to give its moral support, but

also prepared to take an active part in state reforms, thus strengthening EU values, guaranteeing social stability and enhancing democracy.

As a response to the Commission Opinion the Latvian government has drawn up an Action Plan for Intensifying Latvian Integration in the European Union, resulting from the Agenda 2000 - The Commission Opinion on Latvia's Application for Membership of the European Union, while the tasks set out in it have been reflected in the Declaration of the new government, containing short-term measures and taking into account recommendations of the EU Commission. The Plan lays out the elements for enhanced action for EU integration; all state institutions are involved in implementation of this plan.

4.1 Objectives proposed by the EU Council in Copenhagen in order to fulfil political criteria

The government of Latvia considers that the further development of the naturalisation process is prerequisite for the shaping of an integrated society. The government has agreed in principle to apply a sliding scale to the fee for naturalisation. The government is committed to undertake an analysis of the reasons behind the slow rate of application for naturalisation of eligible individuals. Examination is underway and will be continuing of the limitations of the rights of non-citizens to practice certain professions.

Strengthening of legal and judicial power is a precondition of establishing a secure state for its residents. Drawing up the Latvian integration strategy and submitting it to EU Justice and Home Affairs (3rd Pillar), the government of Latvia stressed that this area is a priority matter in the governmental politics. Within this strategic framework the government will continue to pay close attention to the consolidation of the state eastern border as a potential eastern border of the EU.

Improvement of rights and opportunities for the less privileged part of the society plays a significant role in the state reforms and integration. Dynamic changes are occurring in the bettering of conditions for convicts, jails are being renovated, sports and rehabilitation facilities are being equipped, the penal code has been revised and, as a consequence, a graduated scale of punishments has been implemented in Latvia for two years. The European Convention on Abolition of Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment with its additional Protocols No. 1 and No. 2 has been submitted to the Parliament (Saeima) this July. The Convention is on the agenda for ratification by the end of this year.

Taking into account the significance of information exchange and promotion of communications between Latvia and the EU, one of the particular interests is an active participation in the Community educational and youth programmes. This participation is connected not only with the desire to participate, but also with certain financial obligations. Thus, according to the budgetary limits, Latvia will progressively take part in the Community youth programmes such as *Socrates*, *Youth for Europe*, *Safe*, *SME*, *Tempus*, *Leonardo* and *Life*.

4.2 Tasks for the achievement of the economic criteria set out by the European Council in Copenhagen

In assessing the national economy, it must be stated that the economic policy implemented ensures a sustainable growth. To promote further favourable economic progress, the government of Latvia has taken upon itself the task of completing the enterprise and land privatisation programme, to ensure an efficient functioning of the banking sector, to strengthen the property rights, to liberalise trade, and to make state expenditure more efficient and to further promote advances made in the sphere of tax administration.

In order to contribute to a successful development of the national economy, the Latvian Government is going to promote competition by providing a favourable climate for all kinds of enterprises, and by enhancing the legal basis for regulating entrepreneurial activities. In order to boost industrial growth, investments to the manufacturing industry are being attracted intensively by ensuring an appropriate information base and the improvements of the distribution system, by creating a more comprehensive treaty base for the attraction of foreign investments, and by expansion of international economic co-operation.

An economic development strategy is being drawn up including co-ordinated efforts by all state institutions in order to activate economic growth.

A special meaning is attributed to the attraction of investments. During the previous year, several measures have been introduced in Latvia for the purpose of attracting foreign investments, including the removal of all restrictions to foreign investments. As a result of such policy, foreign investments amounted to 613 million ECU at the end of 1996. The government is also planning Latvia's participation in the OECD's multilateral agreement on investments (MIA) as an important measure for attracting foreign investments.

Latvia's balance of payments is positive. External balance of trade is characterised by a tendency towards stabilisation. The external trade deficit is of a temporary nature, as when analysing the import statistics, it must be stated that equipment and machinery make up significant share of imports. This points to a tendency to import production equipment with a view of renewing industry in Latvia. An equilibrium in the balance of trade is expected after the completion of industrial reconstruction. While in the period of January-May 1996 imports exceeded exports by 60.9%, the respective period of this year produced a difference of 55.4% in imports and exports. Thus a decrease in the trade deficit is expected this year.

In trading with the European Union, Latvia exercises a liberal foreign trade policy, including also agricultural products. Latvia is prepared to liberalise trade in agricultural goods even further.

Latvia's determination to harmonise its economic policy with the requirements for the EU membership is clearly evident in Latvian macroeconomic rates, where Latvia is approaching the criteria for the introduction of single European currency. Latvia fulfils the requirements of the Maastricht Treaty regarding the budget deficit and national debt. Latvia is also approaching the inflation rate criterion envisaging the reduction of level inflation to a single-digit number. Latvia is close to fulfilling the criterion concerning national security interest – Latvia's current two-year internal loan discount rate is fluctuating around the nine percent level.

The new Customs Law drawn up according to the EU requirements entered into force on July 1, 1997. In the following months in order to update the customs administration, it is envisaged to join the Single Administrative Document Convention and to introduce a system of financial guarantees for the customs procedure and to introduce EU customs legislation rules on the delay and repayment of customs duties.

With regard to the evaluation of the environmental situation in Latvia expressed in the Commission Opinion, the government has planned to carry out an analysis of legal disparities between legislation of the EU and Latvia, to produce a swift action plan in order to harmonise the environmental protection laws and to assess the costs of achieving compliance with EU legislation and, according to this plan, to increase the ratio of state investment in the area of environmental protection.

4.3 achieving the capacity to take up the responsibilities for EU membership

Particular attention will be paid toward the improvement of the mechanism of the state administration and its staff qualifications, in co-operation with the PHARE programme, and with respect to the Commission recommendations, the government is planning to improve the management and co-ordination of the integration process in order to promote a more rapid transposition of the EU rules into Latvian legislative acts, which, in its turn, will allow Latvia to undertake the obligations of the *acquis* more rapidly.

The Latvian government stresses that integration in the European Union is one of the top priorities for its activities in the formation of a democratic, modern, economically sound and secure state. In accordance with the government declaration, special attention will be paid toward carrying out the state reforms in connection with EU integration. The government will intensify its co-operation with the governments of the EU Member States and EU institutions.