



Integrated Country Strategy

Latvia

FOR PUBLIC RELEASE

Table of Contents

1.	Chief of Mission Priorities	3
2.	Mission Strategic Framework	6
3.	Mission Goals and Objectives	7
4.	Management Objectives.....	11

1. Chief of Mission Priorities

Latvia is a reliable and eager NATO ally, with a strong transatlantic orientation reflected in its desire to expand economic ties with the United States and work together to promote our shared values regionally and around the world. As Europe faces increasing external challenges from a resurgent and adversarial Russia, Latvia and the United States are working to develop coordinated bilateral and multilateral policies to protect our shared national interests.

As a steadfast NATO ally, Latvia has answered the call to increase defense spending, achieving 2% of GDP in 2018. In 2017 Latvia welcomed a Canadian-led enhanced Forward Presence (eFP) NATO Battle Group, which has eight contributing nations as of 2018. Providing ongoing support to Afghanistan and Iraq as a member of the anti-ISIS coalition, Latvia continues to support most everything we ask of it. Effectively incorporating NATO and U.S. military assets and investments into Latvian defense structures remains a top mission priority. Our principled commitment to Latvia's sovereignty and independence now also includes cooperation to improve border security, cyber integrity, and resistance to hybrid warfare techniques.

Latvia lost nearly a quarter of its GDP during the 2008 financial crisis. Although the economy is now growing at a healthy pace, it only recently reached its pre-crisis peak, and demographic and geopolitical challenges cloud the future. More than one-sixth of Latvian residents have emigrated since 2001, largely for economic reasons, and a recent UN report predicts an additional 15 percent decline by 2050. Poor relations between Russia and the EU have increased anxiety, given Latvia's status as an important trade route to Russia. Economic growth is further constrained by low investor confidence, stemming from concerns about corruption, a weak judicial system, and a large shadow economy. The banking system poses a particular vulnerability, with a poor international reputation stemming from widely publicized cases of money-laundering. To solidify recent economic gains and secure its future as a stable European democracy, Latvia will also need to overcome social divisions between native Latvian- and Russian-speakers and the highest level of income inequality in the EU.

We have identified three mission goals that will enhance Latvia's capacity to contribute to our mutual security objectives, strengthen our economic partnership, and enhance our shared values. In order to achieve these goals, it is critical the Mission have the right human and financial resources as outlined in the management objective.

Latvia Engages Actively on Regional and Global Challenges

Latvia is making tangible contributions to international security, and we will support its efforts, outlined in its State Defense Concept and Armed Forces Development Plan, to better address national territorial defense and border security challenges, as well as participate effectively in regional and international security operations. Latvia must use its increased resources strategically to ensure the interoperability of its forces with NATO allies and develop defensive

capabilities in line with NATO development targets. With our help, Latvia will be able to strengthen territorial defense and contribute to NATO's deterrence of a resurgent Russia.

Latvia eagerly shares its experiences with transitioning countries that are not as far along the path toward democracy and free enterprise. We will encourage Latvia to expand its assistance efforts, particularly to the Eastern Partnership and Central Asian countries. Latvia shares with these countries the complicated legacy of the Soviet Union and, therefore, can draw on its own transition experience to mentor them on the path to democracy and stability.

Stronger Economic Ties Promote Growth

One of the few good news stories to emerge from Latvia's economic crisis was the doubling of U.S.-Latvia trade between 2009 and 2011. Continued weakness in Europe's economy should result in greater Latvian focus on the United States as an export market and investment opportunity. We must take advantage of this opening to deepen our bilateral economic relationship. Sustained increases in U.S.-Latvia trade will mean, among other things, job creation in the United States, with a particular focus on growth sectors such as transportation and logistics, information technology, and energy.

Latvia must continue the structural reforms it initiated during the economic crisis, including a more aggressive fight against corruption and illicit financial activity. These reforms will enhance Latvia's competitiveness and create a business climate that invites international investment and local innovation. We will assist the Latvian government on its path to reform through our efforts to build government capacity, facilitate stakeholder dialogue, and engage with the Latvian public.

Latvian Society Supports Transatlantic Values and a close relationship with the United States

To increase and strengthen Latvia's support for Transatlantic values, we will use our public engagement and private contacts to promote national unity and mutual tolerance among ethnic Latvians, Latvia's Russian-speaking minority, and other minority or marginalized groups. Latvia's promising future will be further enhanced by ensuring all corners of society share in the country's progress and development.

To continue progress on our agenda of shared Transatlantic values, we will need to sustain and increase public support for the bilateral relationship, making use of the full range of public diplomacy tools at our disposal. Consistent people-to-people interactions reinforce and maintain the special relationship we have enjoyed, dating back to Latvian independence in 1918. We must expand outreach to the younger generation of Latvians, who have no memory of the Soviet period, to help build public support for current cooperation and solidify our partnership with Latvia for generations to come. These efforts will also help to ensure that the United States remains a principal strategic partner. Latvia is a small country, far from the United States, and increasingly integrated into Europe. To maintain Latvia's view of the

FOR PUBLIC RELEASE

Transatlantic relationship as indispensable, we will need to continue to demonstrate, in ways understandable to the public, how Latvia benefits from close partnership.

FOR PUBLIC RELEASE

Approved: July 31, 2018

2. Mission Strategic Framework

Mission Goal 1: Latvia is a secure and independent NATO ally that effectively contributes to regional and global security.

Mission Objective 1.1: In accordance with Latvian NATO Capability Targets, Latvia strengthens its capacity to monitor and protect its borders, combat hybrid and cyber threats, counter Russian influence, and deter Russian aggression.

Mission Objective 1.2: Latvia is a substantial regional and international security contributor, whose national armed forces are interoperable with NATO allies and continue to enhance the country's fundamental defensive capabilities.

Mission Goal 2: The Latvian economy is strong and vibrant, with expanded trade and investment ties to the United States, and prosperity is shared across society.

Mission Objective 2.1: Latvia enjoys sustainable, shared economic growth that enhances its national security and stability and significantly reduces income inequality and emigration.

Mission Objective 2.2: Latvia's energy sector is competitive, secure, regionally integrated, and provides the best price and value to customers.

Mission Objective 2.3: Latvian-U.S. bilateral trade increases across a range of sectors.

Mission Goal 3: Latvia is a leading European partner, ally, and friend of the United States, promoting Transatlantic values and regional cooperation.

Mission Objective 3.1: Latvian society is open and inclusive, with an active civil society that promotes unity and tolerance, including among Russian and Latvian speakers and other minority groups like the LGBTI community, orphans, and disabled people.

Mission Objective 3.2: Latvian media is objective, independent, and professional.

Mission Objective 3.3: Latvia is active in multilateral organizations and is an engaged democratic model and mentor in the region and around the world.

Management Objective 1: Provide the best possible facilities for all components of Mission Latvia, ensuring safety and operational effectiveness for the chancery, official non-co-located offices, mission residences, and regional support to other Baltic countries.

3. Mission Goals and Objectives

Mission Goal 1: Latvia is a secure and independent NATO ally that effectively contributes to regional and global security.

Description and Linkages: The 2017 National Security Strategy (NSS) states that a strong and free Europe is of vital importance to the United States. Latvia, located on NATO's eastern flank and with a sizeable (37 percent) Russian-speaking population, is highly susceptible to Russian influence. This goal also supports NSS Pillars 1 (Protect the American People, the Homeland, and the American Way of Life), 3 (Preserve Peace Through Strength), and 4 (Advance American Influence). Additionally, Mission Goal 1 supports Joint Regional Strategy (JRS) Goals 1 (Strengthen the Western Alliance) and 3 (Secure and Stabilize the Eastern and Southern Frontiers). Finally, Mission Goal 1 supports the Joint Strategic Plan (JSP) Goal 1: Protect America's Security at Home and Abroad.

Mission Objective 1.1 In accordance with Latvian NATO Capability Targets, Latvia strengthens its capacity to monitor and protect its borders, combat hybrid and cyber threats, counter Russian influence, and deter Russian aggression.

Justification: Latvia's status as a NATO front-line state has taken on greater importance in the current geopolitical environment, and Latvian leaders have consistently expressed concern about Russia's intensifying threat of "hybrid warfare" in the Baltic states – which includes border and air space incursions, cyber attacks, and the distribution of propaganda in Russian-language print and broadcast media.

Having observed Russia's military incursion into eastern Ukraine, which largely depended on Kyiv's inability to control its border, Latvian officials have grown concerned about deficiencies in their own border security. Recognizing a lack of coordination between its security services, Latvia is developing an integrated strategy to better secure its border, and it has identified significant needs for improved equipment and training. Latvia's cyber security posture has also been tested in recent months, and its cyber defense capabilities are in need of additional investment, training, and international collaboration. The tactics and effectiveness of Russian propaganda and soft power should be thoroughly evaluated in order to address misinformation and ensure the prevalence of fact-based information in public discourse.

U.S. goals include countering Russian influence and strengthening alliances and partnerships. Continued realization of NATO capability targets will increase deterrence, and communicate clearly to Russia that Latvia's territorial sovereignty will be defended by the Alliance.

Mission Objective 1.2 Latvia is a substantial regional and international security contributor, whose national armed forces are interoperable with NATO allies and continue to enhance the country's fundamental defensive capabilities.

Justification: Russian threats to destabilize NATO and the crisis in Ukraine have galvanized political support to invest 2% of GDP on defense spending. Latvian military assets are relatively small in scale, requiring a regional approach and the integration of neighboring and NATO contributing nations' military forces to achieve a credible deterrent posture. Baltic geography and the asymmetry between NATO and Russian capabilities in the region dictate that a credible deterrent threat must be built on organic capabilities that already exist in the region at the outset of a crisis. Thus Latvian fundamental defensive capabilities are focused on identification of indicators and warnings of a developing Russian threat across the entire spectrum of conflict, including cyber, hybrid, and information operations based threats and the defense of these threats. Latvian forces contribute to NATO activities in the Baltics and abroad and therefore their conventional forces must improve their abilities to conduct military operations across the spectrum of conflict in order to meet NATO capabilities targets.

Mission Goal 2: The Latvian economy is strong and vibrant, with expanded trade and investment ties to the United States, and prosperity is shared across society.

Description and Linkages: Mission Goal 2 supports NSS Pillar 2: Promote American Prosperity by increasing the economic ability of an emerging member of America's largest, most prosperous trading partner, the EU. It supports JRS Goal 2 Strengthen and Balance the Transatlantic Trade and Investment Relationship and JSP Goal 2: Renew America's Competitive Advantage for Sustained Economic Growth and Job Creation.

Mission Objective 2.1 Latvia enjoys sustainable, shared economic growth that enhances its national security and stability and significantly reduces income inequality and emigration.

Justification: Latvia's economic development is hampered by a slow judicial system, economic emigration, and a widespread perception of corruption in both the public and private sectors. Latvia is the third-poorest EU country and has the highest income inequality in the EU. According to the February 2014 European Commission and Eurobarometer reports, 83 percent of Latvians believe corruption is pervasive throughout society and 57 percent said they would not know where to report corruption if they experienced or witnessed it. In addition, 67 percent of Latvians—the most of any EU member state—believe it is acceptable to give a gift in return for something they want from public employees. Historically, few public corruption cases have ended in successful prosecutions.

Mission Objective 2.2 Latvia's energy sector is competitive, secure, regionally integrated, and provides the best price and value to customers.

Justification: Latvia has one of the highest energy dependency rates in the EU, importing most natural gas and 17 percent of its electricity from Russia. Given this potential vulnerability, the government views regional energy security and diversification efforts as top strategic priorities. Latvia's key asset is its underground gas storage facility in Incukalna, which could serve as a lynchpin of a regional gas market. In accordance with its EU obligation to implement the Third Energy Package, Latvia has

implemented reforms to open its gas market. Latvia has eagerly supported a range of EU co-financed energy projects to help diversify regional energy supplies, and it views the Gas Interconnector Poland-Lithuania (GIPL) pipeline and desynchronization from Russia's electrical grid as priority projects.

Mission Objective 2.3 Latvian-U.S. bilateral trade increases across a range of sectors.

Justification: Latvia's economy contracted deeply during the 2008-09 economic crisis, as its GDP fell about 25 percent and economic migration to other parts of the EU intensified. The government instituted severe austerity policies in response to the crisis; these were deeply unpopular with the public at the time, but are now viewed by many in the government and general public with a sense of pride. Although the economy has only recently recovered to its pre-crisis levels, it has enjoyed one of the fastest-growth rates in the EU.

Mission Goal 3: Latvia is a leading European partner, ally, and friend of the United States, promoting Transatlantic values and regional cooperation.

Description and Linkages: Mission Goal 3 supports NSS Pillar 4: Advance American Influence. It also supports JRS Goal 4 Preserve Western Democratic Principles. Furthermore, Mission Goal 3 supports JSP Goal 3: Promote American Leadership through Balanced Engagement.

Mission Objective 3.1 Latvian society is open and inclusive, with an active civil society that promotes unity and tolerance, including among Russian and Latvian speakers and other minority groups like the LGBTI community, orphans, and disabled people.**Justification:** Latvia has a significant Russian-speaking minority, with Russian the primary language of approximately 37 percent of the country's population. About one-third of this group, or nearly 11 percent of Latvian residents, lack citizenship and are officially termed "non-citizens." In recent years, the government has amended the citizenship law to ease the conferral of citizenship on children born in Latvia, and consequently the proportion of non-citizens in the general population is gradually decreasing as the community ages. While non-citizen residents enjoy essentially the same social, economic, and consular protections as Latvian citizens, they have no political rights and are prohibited from working as civil servants and holding positions of national security.

Mission Objective 3.2 Latvian media is objective, independent, and professional.

Justification: The media landscape in Latvia is divided by language into two parallel spheres, Latvian and Russian. Latvia's media segmentation tends to reinforce existing ethnic-based differences in Latvian public opinion. While many Russian-language media in Latvia is heavily influenced by broadcast media received from pro-Kremlin outlets in Russia, it still has a voice distinct from both Moscow (the primary news source for many Russian speakers) and the Latvian-language press. In addition to covering national and international stories, Latvia's Russian-speaking media focuses on issues of concern to their readers. The Latvian government dedicated additional funding in 2014-16 to strengthen Russian-language media offerings from the public broadcasters, Latvian

Television (LTV) and Latvian Radio (LR), but there is declining political will to support the initiatives as they struggled to win market share away from the vastly better funded, high entertainment value programming produced by Russian state-owned media.

Although the tradition of investigative journalism in Latvia is weak, Riga hosts a small number of investigative media organizations. Media ownership is not transparent and calls the objectivity of some large media outlets into question. Following the Kremlin's crackdown on independent media, a small group of Russian journalists relocated to Riga and set up independent Russian language news outlets. Latvia should continue to strengthen its investigative journalism capabilities and support burgeoning independent Russian language media as alternatives to Moscow-controlled media sources. Such efforts will contribute to society's ability to withstand misinformation attacks on the values and institutions that underpin free societies.

Mission Objective 3.3 Latvia is active in multilateral organizations and is an engaged democratic model and mentor in the region and around the world.

Justification: Even before the onset of the crisis in Ukraine, Latvia championed acceleration of the EU's negotiations with Moldova and Georgia to conclude Association Agreements and was the first EU state to ratify the Association Agreement with Ukraine. Citing a shared history and a common facility with the Russian language, Latvia sees itself as a mentor to former Soviet republics on their paths to democracy and free market economies. Latvia also has credibility and reach in these countries that the United States does not always enjoy.

4. Management Objectives

Management Objective 1: Provide the best possible facilities for all components of Mission Latvia, ensuring safety and operational effectiveness for the chancery, official non-co-located offices, mission residences, and regional support to other Baltic countries.

Justification: Mission Latvia is a well-established operation that operates from a New Embassy Compound (NEC) completed in 2011. The relatively new compound provides an exceptional foundation to support most of Mission Latvia's strategic requirements. In addition to the new compound, the Embassy leases a 1037 sm warehouse rthat provides regional support to Riga, Tallinn, and Vilnius.

Embassy Riga's Management Section in engaged in creative Overseas Cost-Containment Initiative (OCCI) projects to the maximum extent possible (5-8 projects per year) and anticipates cost savings of over \$40k each year from 2018. For example, reducing electricity costs and addressing seasonal light issues through the installation of innovative LED lighting systems.