

FOIA MARKER

This is not a textual record. This is used as an administrative marker by the Clinton Presidential Library Staff.

Folder Title:

Latvia [1]

Staff Office-Individual:

European Affairs-Norland, Richard

Original OA/ID Number:

2630

Row:	Section:	Shelf:	Position:	Stack:
33	5	10	1	V

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001a. email	Antony Blinken to Richard Norland and Cameron Munter, re: Latvia/NATO (2 pages)	11/06/2000	P1/b(1)
001b. email	White House Situation Room to Christopher Bolan, et al., re: Latvians Unveil Memorial to Waffen SS Conscripts (1 page)	11/05/2000	P1/b(1) VZ 9/21/2023
002. email	Dean Haas to Richard Norland, re: From Tracey Jacobson in Riga: Meeting with Latvian Prosecutor General Maizitis on Kalejs Case/Prosecutors' Conference (5 pages)	08/16/2000	b(7)(E)
003. memo	Re: ICRAS Distribution 00-04 [partial] (1 page)	07/12/2000	b(7)(C)
004. paper	Re: Political/Social Constraints (1 page)	ea. 2000	P1/b(1) VZ 9/21/2023
005. fax	To Alan Villabroza and Matt Spence, re: ICRAS rating for Latvia (1 page)	07/20/2000	P1/b(1) VZ 9/21/2023
006. report	Country Risk Assessment Report (10 pages)	06/23/2000	P1/b(1)
007. report	Re: [Latvian politics] (4 pages)	06/02/2000	P1/b(1)
008. email	White House Situation Room to John Ficklin, et al., re: Letter from President Clinton to President Vaira Vike Freiberga (2 pages)	06/23/2000	P1/b(1) VZ 9/21/2023
009a. letter	President Clinton to President Vaira Vike Freiberga of Latvia (1 page)	06/20/2000	P1/b(1) VZ 9/21/2023
009b. memo	Samuel Berger to the President, re: Response to Latvian President (1 page)	06/17/2000	P1/b(1) VZ 9/21/2023

COLLECTION:

Clinton Presidential Records
National Security Council
European Affairs (Norland, Richard)
OA/Box Number: 2630

FOLDER TITLE:

Latvia [1]

2011-1037-F
ke2188

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

Freedom of Information Act - [5 U.S.C. 552(b)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
009e. letter	Vaira Vike-Freiberga, President of Latvia, to President Clinton (2 pages)	05/30/2000	P1/b(1) VZ 9/21/2023
009d. letter	Andris Berzins, Prime Minister of Latvia, to President Clinton (2 pages)	05/31/2000	P1/b(1) VZ
009e. letter	Vaira Vike-Freiberga, President of Latvia, to President Clinton (2 pages)	05/30/2000	P1/b(1) VZ
010. email	White House Situation Room to Steven Black, et al., re: Latvian-Russian Relations (8 pages)	05/25/2000	P1/b(1) VZ
011a. email	White House Situation Room to Christopher Bolan, et al., re: Latvian Parliament (2 pages)	05/05/2000	P1/b(1) VZ
011b. report	Re: Latvia: New Coalition Formed (1 page)	05/05/2000	P1/b(1) VZ 9/21/2023

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Norland, Richard B. (EUR)

From: Norland, Richard B. (EUR)
Sent: Monday, November 13, 2000 4:28 PM
To: @CROSS - Cross Hatches
Cc: @BLINKEN
Subject: Cross-hatch 30909 - Latvia National Day Message [UNCLASSIFIED]

EUR clears with the following changes:

-- Second paragraph, first sentence: strike "the same" and insert "similar values and common" (so that the sentence reads: "As longstanding friends, Latvia and the United States share similar values and common regional interests.")

-- Second para, second sentence: strike "pleased" and insert "impressed" (so sentences starts: "We are impressed by Latvia's continued commitment....")

-- Third para, first sentence: Strike "we" and insert "The United States" (so sentence starts: "The United States remains committed to NATO's Open Door...")

-- Third para, last sentence: Strike "Latvia" and insert "you" (so sentence reads "We look forward to working closely with you in pursuit of these common goals.")

Washfax Receipt

STATE DEPARTMENT OF STATE

4

8

2000 NOV -9 P 12:00

030909

Message No.: _____

Classification: _____

UNCLASSIFIED

9 NOV '00 12:22

No. Pages: _____ 2

From: Robert O. Blake
(Officer Name)S/S
(Office Symbol)202-647-5302
(Extension)7224
(Room number)Message Description: Cable to RIGA: NATIONAL DAY MESSAGE FOR LATVIA

To (Agency):	Deliver To:	Extension	Room No.
NSCS	Robert A. Bradtke Executive Secretariat	456-9461	WHSITRM
	<i>Blinken</i>		
	<i>Norland</i>		

MUST GO ☐NON-MUST GO ☒Remarks: Please Clear by: COR November 15.National Day is November 18.*Thank you.*

NSC POC: _____

S/S Officer: _____

Robert O. Blake

Robert O. Blake

CROSSHATCH

ORIGINAL

11/9

INITIALS

APPR:	WEA	...
DRAFT:	ALS	...
CLR 1:	VDK	...
CLR 2:	KTO	...
CLR 3:	NLC	...
CLR 4:	DEG	...
CLR 5:	LLT	...
CLR 6:		...
CLR 7:		...
CLR 8:		...

nec
for

UNCLASSIFIED

EUR/NB:ALSILSKI:ALS
11/06/2000 7-8378
EUR:WEANDRUSYSZYN

EUR/NB:VKDELAWIE S/CPR:KTOWNSEND S/S-CR:NLCHAGNON
EUR/NB:DEGRAZE P:LLTEPPER S/S:
NSC: S/S-O:

IMMEDIATE RIGA

E.O. 12958: N/A

TAGS: OPDC, LG

SUBJECT: NATIONAL DAY MESSAGE FOR LATVIA

1. PLEASE DELIVER FOLLOWING MESSAGE FROM PRESIDENT CLINTON TO PRESIDENT VIKE-FREIBERGA AT APPROPRIATE TIME PRIOR TO NOVEMBER 18. THE WHITE HOUSE DOES NOT PLAN TO RELEASE TEXT OF MESSAGE BUT HAS NO OBJECTION IF GOVERNMENT OF LATVIA WISHES TO DO SO. THERE WILL BE NO SIGNED ORIGINAL.

2. BEGIN TEXT:

DEAR MADAM PRESIDENT:

ON BEHALF OF THE AMERICAN PEOPLE, I CONGRATULATE YOU AND THE PEOPLE OF LATVIA ON THE 82ND ANNIVERSARY OF YOUR NATION'S INDEPENDENCE ON NOVEMBER 18.

AS LONGSTANDING FRIENDS, LATVIA AND THE UNITED STATES SHARE ~~THE SAME~~ REGIONAL INTERESTS. WE ARE ~~PLEASED~~ BY LATVIA'S CONTINUED COMMITMENT TO SOCIAL INTEGRATION AND GOOD NEIGHBORLY RELATIONS. LATVIA ALSO HAS MADE STEADY PROGRESS IN BUILDING ITS OWN DEMOCRATIC INSTITUTIONS, LOWERING BARRIERS TO TRADE, AND HELPING CREATE A SPIRIT OF COMMON SECURITY IN EUROPE.

impressed

COMMON VALUES AND
COMMON

UNCLASSIFIED

UNCLASSIFIED

2

The United States

~~WE~~ REMAIN COMMITTED TO NATO'S OPEN DOOR AND TO HELPING CREATE THE CONDITIONS FOR LATVIA TO CROSS THE THRESHOLD INTO FULL INTEGRATION WITH THE ALLIANCE AND OTHER TRANSATLANTIC AND EUROPEAN INSTITUTIONS. WE LOOK FORWARD TO WORKING CLOSELY WITH ~~LATVIA~~ *you* IN PURSUIT OF THESE COMMON GOALS.

SINCERELY,

WILLIAM J. CLINTON

END TEXT.

YY

UNCLASSIFIED

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Norland, Richard B. (EUR)

From: WHSR
Sent: Sunday, November 05, 2000 2:12 PM
To: Bolan, Christopher J. (VP); Davidson, Leslie K. (VP); Norland, Richard B. (EUR); Yee, Hoyt B. (EUR)
Subject: LATVIANS UNVEIL MEMORIAL TO WAFFEN SS CONSCRIPTS

Classification: UNCLASSIFIED
Distribution: SIT: BOLAN DAVIDSON NORLAND YEE
Identifier: R05bdf20
Originator: Reuters
Precedence: RUSH
TimeOfReceipt: 11/05/2000 15:11:20 ET

a1585

^BC-LATVIA-NAZI

^Latvians unveil memorial to Waffen SS conscripts

RIGA, Nov 5 (Reuters) - About 1,000 people, including Defence Minister Girts Kristovskis, gathered on Sunday in western Latvia to unveil a monument to men who fought alongside the Germans during World War Two, local media reported.

The Nazis drafted some 146,000 Latvian men into a Waffen SS unit in 1943 and 1944 in a last-ditch mobilisation after heavy setbacks at the hands of the Soviet Red Army.

The Latvian unit, known as the Latvian legion, was one of the last holdouts during the war, helping the Germans to fend off the Red Army in the Western Latvian region of Kurzeme until Berlin surrendered to the Allies. The unit has been at the centre of controversy for several years.

Sunday's meeting in Lestene, about 100 km (60 miles) from Riga, was the culmination of several years of efforts by the legionnaires to gather the remains of fallen comrades for a cemetery burial and build a memorial to them.

News agency BNS reported that Commander in Chief of the armed services Gundars Abols also attended Sunday's rainy ceremony.

In 1998, Latvia's parliament sacked then Commander in Chief Juris Dalbins for taking part in a commemoration of the Waffen SS legion in Riga after the government had told officials not to participate.

Their annual processions through the capital Riga have been criticised by Jewish groups for making heroes out of those who fought for the Third Reich and have embarrassed Latvian leaders eager to guide their country into the European Union.

However, the legionnaires say they have been misrepresented as ageing Nazis nostalgic for the days of Hitler and note that they were drafted illegally by the Germans.

At the end of the war, the Allies effectively cleared the members of the legion, saying membership would not be a hindrance to immigration.

RB-- 11/05/00 15:07:14

Amb. Paris
726-8213

Conscripts -

Cemetery not recognized for 50 years.

Coop. w/ Russia & Germany to restore graves. Request.
(S)

Tragic moment for Latvia.

MOD paid request to those who died in tragic war - not political story.

have Soviet, German etc. cemeteries.

PM spoke there in press req: not condemning MOD; instead this was a good request & soldier who is died in Latvian soil.

Then only celebration?

11/6/00
Amb. Paris:

Award to Paris?
letter to Pres. of Latvia.



United States Department of State
2201 C Street, N.W.
Washington, D.C. 20520

Office of the Ambassador-at-Large for War Crimes Issues
Telephone (202) 647-5072 Telefax (202) 736-4495

Date: October 16, 2000 8:40 AM

Pages: 3
(including this cover page)

CC - Eric
- @Europe
@ Asia

To: NSC – Dorothy Shea

Fax #: 456-9396

Voice #: 456-9249

From: Ambassador David Scheffer *DS*

Message: See attached about status of Kalejs matter. Note
Waser's comment about the Extradition Act.



EMBASSY
OF THE
UNITED STATES OF AMERICA
CANBERRA, AUSTRALIA

Moonah Place
Yarralumla ACT 2600

Telephone: (61) (2) 6214-5863
Facsimile: (61) (2) 6214-5816

Facsimile

To: Ambassador Holmes, Riga

From: Tamir G. Waser

Ambassador Scheffer, S/WCI

Dave Fetter, EAP/ANP

Attn:

Section: Political Section

Fax No:

Email: wasertg@state.gov

Tel:

Date: October 10, 2000

Re: Kalejs article

No. Pages: 2

☐ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

Message:

Ambassador Gnchm asked me to fax this op-ed which appeared in the October 9th issue of the Australian newspaper. We will keep an eye on this issue over the next ten days.

In a meeting with the DCM today, a senior official at the Attorney - General's office told us that, at the moment, Kalejs' extradition would proceed under the Extradition Act and a promise of reciprocal treatment from Latvia, rather than under the treaty. If this continued, his extradition proceedings would not be subject to any reservations or understandings in the treaty's ratification document.

-Tamir Waser

(Dave F. : Could you please share this with DOJ/OSI? Thanks.)

● If you did not receive all pages, please call (61) (2) 6214-5600 ●

'Idiot' MPs could save Kalejs

MOVED to extradite suspected war criminal Konrad Kalejs from Australia to Latvia to face trial have sparked a nasty behind-the-scenes brawl in Canberra that has seen Justice Minister Amanda Vanstone railing against her colleagues as "idiots".

Vanstone has also warned her fellow Coalition MPs that if they fail to allow Kalejs to be extradited the Government will face an electoral backlash from Australia's powerful Jewish lobby.

The brawl has been conducted within the private confines of the Joint Standing Committee on Treaties, which has been reviewing a proposed extradition treaty with Latvia.

Kalejs, 86, was commander of a concentration camp guard company in Salaspils from June 1942 to July 1943, during the Nazi occupation of Latvia. Latvian prosecutors say scores of Jews and Russian prisoners of war were executed, tortured or died of malnutrition at the camp.

Kalejs arrived in Australia from Latvia in 1950 as a displaced person and became an Australian citizen in 1967. The joint committee — comprised of both Coalition and Labor MPs — has been examining the Latvian extradition application as



Glenn Milne

part of normal parliamentary scrutiny of treaties. It is due to report to Parliament this month.

In the course of its deliberations committee members have faced serious dilemmas over civil liberties. But these concerns, if acted upon, could have the unintended consequence of allowing Kalejs to go free.

Hence Vanstone's anger and concern.

The issues relate back to the Extradition Act introduced by Hawke government attorney-general Lionel Bowen.

Under Bowen's legislation, there is what's called the "no evidence" rule. Under this rule the country applying for extradition simply has to produce a statement of fact — in other words, a prima facie case against the accused.

The problem is, according to committee sources, many European countries do not understand Australian

rules of evidence and their statements of fact often do not meet basic evidentiary requirements.

Under the act, once the country in question has produced its statement of fact — without evidence — an Australian magistrate must certify that were the facts to be proved true it would constitute an offence under Australian law. The Attorney-General then has the discretion to approve the extradition.

The concern now being raised by the committee is that under this process the accused has no chance to produce evidence before Australian courts to counter the charges.

Committee members have tried to put Kalejs out of their mind during the at times heated debate. While the principles they are enunciating are sound, they are acutely aware that the result could be to allow Kalejs to escape extradition.

They were profoundly influenced by Ivan Shearer, O'Callaghan professor of law at Sydney University. In evidence to the committee, Shearer argued that power in matters of extradition had swung too far towards executive government and away from the judiciary.

Instead, Shearer recommended an upgraded and modified prima facie test

for extradition, based on "reasonable suspicion" — the same basis for an Australian arrest warrant. This, however, would still make it easier for Kalejs to avoid extradition.

In an accident of timing, Shearer has just been appointed by the Howard Government to replace Elizabeth Evatt as Australia's representative on UN Human Rights Commission.

The appointment was considered controversial. Labor saw Evatt's termination and Shearer's appointment as another sign of John Howard's determination to downgrade Australia's contacts with the UN.

NOW Shearer has offered up a persuasive civil liberties argument to the treaties committee that should enhance his human rights record. Except that it could also have the effect of letting Kalejs off the hook. And that wouldn't do anything for Australia's reputation at the UN.

Vanstone is not worried about civil liberties niceties. She simply wants Kalejs extradited for political reasons.

"We just get screamed at," says one committee member of the Justice Minister. Many MPs don't believe that

when it comes to core civil liberty principles they should be swayed by Vanstone's fears of an anti-Coalition campaign by the Jewish lobby.

Andrew Thompson, a former Howard minister, who chairs the committee, has an electorate that is 20 per cent Jewish.

Thompson has taken Shearer's opinion to a senior Jewish judge, who agrees with the professor's concerns.

The committee meets finally next Wednesday. If at all possible it would rather not put any recommendation to Parliament that would keep Kalejs beyond the reach of justice.

There remains a final possibility for compromise. Thompson has been advised that one party to an international treaty can attach an official diplomatic addendum to the document informing the other party that it will interpret the treaty in its own way.

According to Thompson's advice, Australian courts will be able to take cognisance of such an addendum, giving them the right to intervene in extradition cases.

John Howard, and Latvia, will be watching the committee's final report closely. So will Konrad Kalejs.

Glenn Milne is chief political correspondent for the Seven network.

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UNCLASSIFIED

OFFICE OF NORDIC & BALTIC AFFAIRS

EUR/NB Room 5229

TEL: 202-647-5669

FAX: 202-736-4170

PAGE 1 of 3 *[including cover sheet]*

DATE: August 10, 2000

TO: Dick Norland

FAX: 456.9150

FROM: Deborah Graze

SUBJECT: Rebar Trade Action Coalition/Latvia

FYI. I didn't realize this had already been sent last Friday, before you and I spoke.

United States Department of State

*Under Secretary of State
for Economic,
Business, and Agricultural Affairs*

Washington, D.C. 20520-7512

August 4, 2000

Dear Mr. Minister:

Thank you for your letter of July 11, 2000, expressing your concern over the Rebar Trade Action Coalition's recent antidumping petition and Latvia's designation as a "non-market economy" (NME) country.

The U.S. International Trade Commission (USITC), an independent agency, determines through a preliminary investigation whether the U.S. industry is being injured or threatened with injury as result of dumped imports.

At the same time, the Department of Commerce's Import Administration begins a preliminary investigation to assess whether the imports have been unfairly traded. If both the USITC and the Import Administration make affirmative preliminary determinations (within 160 days), importers are required to post a bond to cover an estimated amount for the duties that would be collected in the event that an antidumping order is issued upon the completion of the investigations.

Regarding your concern about Latvia's designation in the antidumping petition as a "non-market economy" (NME) country, let me assure you that this designation is a legal definition that applies only to antidumping proceedings; it has no broader ramification. For these purposes, the Department of Commerce defines a "non-market economy" country as any foreign country that does not operate on market principles of cost and pricing structures, based on a set of statutory criteria enacted before Latvia regained its independence.

As a matter of practice, the Department of Commerce addresses issues concerning NME-country status in the context of ongoing antidumping cases so that all parties involved have the opportunity to comment. You may formally

His Excellency
Aigars Kalvitis,
Minister of Economy,
Riga.

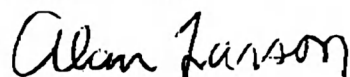
-2-

request that the Department of Commerce revoke Latvia's NME-country status; however, such a request should be directed to the Department of Commerce. To assist in this process, we have shared your concerns with the Department of Commerce.

You should be aware that if Latvia were to be treated as a market economy country, it would not be eligible for any quota-based suspension agreements in the future, and would become subject to subsidy (countervailing duty) cases. If Latvia indeed requests a revocation of its NME-country status, Latvia's privatizing and deregulating its energy, transportation, telecommunications, and oil transit sectors certainly would facilitate Latvia's efforts to alter the designation.

I enjoyed chairing our Economic Bilateral Working Group in Riga last April, and thank you for bringing your concerns to my attention.

Sincerely,



Alan Larson

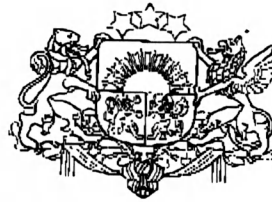
Norland, Richard B. (EUR)

From: Norland, Richard B. (EUR)
Sent: Tuesday, July 25, 2000 4:33 PM
To: Siberell, Justin H. (NSA)
Cc: @BLINKEN
Subject: Latvian Letter on Steel Dumping [UNCLASSIFIED]

Justin,

Actually, the Latvian Embassy faxed us the letter directly on July 13, so it is not a formal package being tracked by Records. As I mentioned, the same letter was sent to Albright, USTR and others. State and Commerce are coordinating a response -- I agree with you that there is no need for Sandy to respond to this.

thanks, Dick.



MINISTER OF FOREIGN AFFAIRS
REPUBLIC OF LATVIA

→
Dick Nordland
(as discussed)
- AS

July 12, 2000

36/1810 - 4958

Samuel R. Berger
National Security Advisor
The White House
Washington, D.C.

Dear Mr. Berger,

On behalf of the Latvian Government, I would like to express our deep concern over the charge by U.S. steel makers that Latvian joint stock company "Liepājas Metalurģis" is dumping steel concrete reinforcing bars (re-bars) in the U.S. market.

Since regaining of our independence, the relations between our countries have enjoyed tremendous development and grown into close partnership, as vividly manifested by the US - Baltic Charter, signed on January 16, 1998. The Charter and the Partnership institutions have been effective instruments for promoting co-operation in fields that clearly reflect our unique relationship. The Partnership, in the spirit of the Charter, is made stronger by our common vision of the contemporary world.

Latvia has supported U.S. involvement in the Baltic Sea region and in the CBSS. Interest of the United States in our region, in turn, has resulted in the North European Initiative that highlights the region's dynamism and potential for investment.

U.S. support has helped Latvia to become a free market economy with a democratic government and civic society that ensures human rights, minority rights and the rule of law, as well as a consistent course of integration into the global community of free and democratic nations. The President of the United States William Clinton and the US Congress have acknowledged these achievements.

In contrast to the above-mentioned U.S. policy, the petition filed with the U.S. International Trade Commission on behalf of the members of the Rebar Trade Action Coalition claims that Latvia is a "non-market economy." This assumption is untrue and the allegation of dumping couched in such loose and inaccurate terms also neglects, we believe, a wider understanding of the impact this move will have on Latvia and its economic development.

We are very concerned that the potential outcome could have negative repercussions on our membership drive toward Euro-Atlantic institutions.

Due to the specific rules in the U.S. anti-dumping legislation, I would like to draw your attention to the very fact that an anti-dumping petition has been filed is already influencing the attitude of U.S. importers concerned about the possibility of *retroactive* anti-dumping duties. This development could seriously injure "Liepājas Metalurgs," the only steel mill in Latvia.

Injury to "Liepājas Metalurgs" has a direct and negative impact on Liepāja, the third largest city of Latvia. The steel factory is a source of vitality and prosperity for the city. The slow-down in production will hurt the local population. A reduction in exports by "Liepājas Metalurgs", also the largest regional employer, will cause a loss of jobs and lower tax revenues.

The U.S. government wishes to facilitate integration in Latvia and in the region. Furthermore, the United States is the global leader in promotion of free and fair trade. Imposition of anti-dumping duties on the production of "Liepājas Metalurgs" runs contrary to these principles.

I urge you to pay a close attention to this issue.

Sincerely yours,



Indulis Bērziņš

Enclosure: Latvia as a Functioning Market Economy (5 pages)

Latvia as a Functioning Market Economy

The European Commission

As set out in the European Commission's Agenda 2000 and the underlying Copenhagen economic criteria, the existence of a functioning market economy requires that prices, as well as trade, are liberalised and that an enforceable legal system, including property rights, is in place.

Macroeconomic stability and consensus regarding economic policy enhance the performance of a market economy. A well-developed financial sector and the absence of any significant barriers to market entry and exit improve the efficiency of the economy.

The above-defined economic criteria have been largely achieved by Latvia. The Regular Report of the European Commission on Latvia's progress towards accession, issued on October 13, 1999, for the first time clearly state that **"Latvia can be regarded as a functioning market economy"** (in contrast, the European Commission's 1998 Regular Report on Latvia it stated that "given that the reform agenda is implemented in a sustained manner, Latvia should be able to make the progress necessary to be regarded as a functioning market economy").

The International Monetary Fund

The Executive Board of the International Monetary Fund has recently finished annual consultations with Latvia and issued a report on June 30, 2000, in which it is stated that "Latvia has succeeded in weathering the external shock and economic slowdown triggered by the Russian crisis owing to its efforts, over a number of years, to cement macroeconomic stability and **develop a flexible market-oriented economy.**" Furthermore, IMF support for Latvia's economic programs via the Precautionary Stand-by Arrangements have clearly shown that the principles of a market economy in Latvia are in place (e.g., liberal prices, liberal trade, and a large private sector).

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In a concurrent resolution to commemorate the Republic of Latvia on the tenth anniversary of the re-establishment of its independence from the Soviet Union (May 4, 2000), passed by the U.S. Senate (and submitted by Senator Dick Durbin), it is stated that "Latvia, since May 4, 1990, has successfully built democracy, ensured human and minority rights, the rule of law, **developed a free market economy**, implemented exemplary relations with neighboring countries, and consistently pursued a course of integration into the community of free and democratic nations by seeking membership in the European Union and the North Atlantic Treaty Organization (NATO)."

A similar resolution to commemorate the anniversary of the establishment of Latvian independence, passed by the House of Representatives (and submitted by Representative John M. Shimkus), acknowledges that "Latvia has, since 1990, pursued policies to build democracy, protect human rights, expand the rule of law, **develop a free market system** and pursue a course of integration in to the community of free and democratic nations, including the seeking of membership in the European Union and the North Atlantic Treaty Organization (NATO)."

International Organizations

Latvia's compliance with the requirements of a functioning market economy are further affirmed by integration into various international organizations that imply strict responsibilities regarding economic and market reforms. In this regard the accession of Latvia into the World Trade Organization on October 14, 1998 can be mentioned; Latvia's membership in the organization is an

assurance of a liberal and stable economy and capability to comply with the requirements the WTO membership imposes (primarily, trade relations).

Similarly, Latvia is practically ready to assume the membership and commitments of the Organization for Economic Co-operation and Development (OECD) that promotes development of liberal market economies, democratic societies and norms of human rights. Latvia has been actively participating in OECD activities and initiatives such as Baltic Regional Program, SIGMA (the OECD and EU Phare program for fostering administrative reforms) and other programs; Latvia has also been granted *ad hoc* status of an observer in one of the OECD committees.

"Market Economy" Status according to the U.S. Law

The objective of this section is to show that Latvia is an economy that operates on the basis of market principles to the extent that Latvian domestic prices can be reasonably used as a basis for calculating Normal Value.

To distinguish market economies from non-market economies, the U.S. anti-dumping law requires that a country comply with the following provisions:

- convertibility of the local currency;
- existence of a free labor market with wages set by negotiation between labor and management;
- ability of foreign companies to invest in production operations in the country;
- extent of government ownership and control of companies generally;
- extent of government control over prices, output and allocation of resources in the economy;
- other factors selected by the Department of Commerce, including government involvement in the respondent companies.

Firstly, Latvia has established one of the most liberal foreign exchange regimes in the world. Latvian residents and foreigners alike are allowed to open accounts in lats and foreign currencies without any restrictions. They can buy and sell lats freely or exchange them for other currencies. To ensure free convertibility of "the lat", the Bank of Latvia buys and sells unlimited amounts of the SDR (Special Drawing Rights) basket currencies to banks at their request. There are no restrictions even on capital account transactions.

The exchange rate of the lat is determined by market forces with limited intervention by the Bank of Latvia. The lat is worth roughly USD 1.66. Latvia does not restrict the import, export, exchange of payment in foreign or domestic currencies inside the country. The Bank of Latvia has foreign reserves of USD 873.27 million (May 2000); and, based on these reserves, the Bank of Latvia guarantees full convertibility of the lat. The Bank of Latvia is exercising a policy of monetary restraint consistent with International Monetary Fund guidelines.

Secondly, the existence of a free labor market in Latvia is indisputable. The legal status of employee and employer, the rights and obligations of both parties, as well as other aspects of labor relations are governed by the Labor Code. Employment relations with foreign nationals are governed by the legislation of Latvia as well as bilateral agreements concluded between Latvia and a other states. Matters related to labor as well as safety of the workplace and security matters are governed by several legislative acts: the Law "On labor inspections"; the Law "On collective work agreements"; the Law "On work safety"; and the Law "On employer's organizations and their associations."

Furthermore, employees have the right to join trade unions based on professional, branch, territorial or any other principles. General guidelines regarding trade or labor union principles are in a separate Law "On trade unions." For instance, labor unions have the right to bargain collectively and are free of

government interference in their negotiations with employers. Latvian law prohibits discrimination against union members and organizers. The law also does not limit the right to strike. The strength of trade union movement in Latvia has been evidenced by a number of strikes and negotiations (mainly with government) on improvement of work conditions, primarily wage rise. For example, there have been strikes by teachers and doctors and recently a protest from a trade union "Energy" against the privatization of Latvenergo; the strike resulted in a call for a national referendum.

Thirdly, the Latvian government welcomes foreign investors and seeks to consistently improve the business climate. Foreign investors enjoy the same rights and opportunities as do local investors and are offered investment incentives, such as substantial depreciation rates on fixed assets and transfer of losses from year to year and exemptions to VAT and customs duties on fixed assets. Foreign investors have fair access to enterprises that are eligible for sale. There have been no reports of a foreign investor having been excluded from acquisition of assets due to unfair practices. On the contrary, foreign investors frequently have priority over domestic investors in a sale of assets when it appears that the foreign investor can bring more money and added-value to the business.

Further activities are taken to improve business environment in Latvia. For instance, a new Commercial Code with enhanced protection of creditor interests and minority shareholders rights has been adopted by Saeima in the Second Reading. Also, minority shareholder rights will be bolstered by a new Securities Law. The registration formalities of new companies will decrease as Enterprise Register and the State Revenue Service put into practice a unified enterprise registration procedure.

Investor confidence in Latvia is affected by credit ratings awarded by the international agencies Standard & Poor's, Moody's and Fitch IBCA. The ratings are among the highest in countries of Central and Eastern Europe (Latvia ranks only behind Hungary, Czech Republic and Estonia).

Fourthly, the privatization of small-and-medium-sized enterprises and the majority of large enterprises have been completed in Latvia. 97% of all state enterprises have been assigned for privatization. The private sector constitutes around 70% of GDP and 69% of employment. A number of large and economically-significant enterprises, such as Latvenergo (in the energy sector), Lattelekom (the telecommunications sector), Ventspils Nafta (energy sector) are yet to be privatized in 2000, however an appropriate regulatory framework to ensure competition and proper pricing has been adopted (for example, a new energy sector policy is to be adopted in 2000 and the establishment of single regulatory agency with responsibility for all public utilities).

Fifthly, *The Transition Report 1999* by the European Bank for Reconstruction and Development (EBRD) clearly states that "the countries in central Europe and the Baltic region [including Latvia] liberalized domestic prices and abolished state orders very early in the transition. In addition, they have sustained these reforms." A similar evaluation is made by the World Bank (c.g., report and recommendations on the proposed programmatic structural adjustment loan) that acknowledges: "Price liberalization in Latvia took place at the outset of transition in 1992." The EC Progress Report on Latvia's compliance with Copenhagen economic criteria states that "the prices of the majority of goods and services in Latvia are freely determined by market forces and the liberalization of the regulated prices (around 20% of the Consumer Price Index basket) continues.

Update of arguments presented by the Petitioners

Privatization of housing

Although privatization of apartments was slowed by delays in preparing apartments for privatization as well as uncertainty related to the post privatization management of apartment buildings and the recent extension of the validity of privatization vouchers until the end of 2000, 72% of the total number of state and municipal apartments are prepared and assigned for privatization. This has

increased from 43% at end-1998 (the greatest success in privatization of municipal residential houses was reached in towns of regional centers of Latvia where 93% of all flats were prepared for privatization; 70% of flats are prepared for privatization in seven largest cities of Latvia). Furthermore, the authorities are taking steps to simplify the process of obtaining land rights and to register real estate.

Privatization of land

Pursuant to the law "On Privatization of Land in Rural Areas" and "On Completion of Land Reform in Rural Areas," all land claims in rural areas have been reviewed and decisions made in regard to restitution of property rights, granting of land for pay or transfer for use. According to the law "On land reform in Cities of the Republic of Latvia" and "On Competition of Land Reform in the Cities," all claims of purchase of land used by physical persons have been reviewed and restitution of land ownership rights is continued.

According to the IMF (Request for Stand by Arrangement): "Progress in land privatization is well advanced, with the transfer of land being virtually complete." However, land registration has been slow, due in part to the significant costs involved in the cadastral registration process. Roughly 40% of all properties were registered in the "Land Book" by the beginning of 2000.

According to the law "On Land Privatization in Rural Regions" and "On Land Reform in Towns and Cities of Republic of Latvia" foreign physical and legal persons, as well as those legal entities to which conditions of international agreements do not apply (see above) can buy land, having received a permission from a local authority in whose territory the land is situated. These persons must submit an application to buy land including a description of the intended use of the land. In addition, a copy of the agreement must be submitted. The Head of the Municipal Council has 20 days to review the request.

Setting up a business in Latvia

The establishment and registration of a foreign enterprise is governed by the law "On Foreign Investments in the Republic of Latvia" (adopted on 5 November 1991 and subsequently amended). The law states that a foreign investor is required to establish one of the following legal entities if he wants to carry out business activities in the Republic of Latvia: limited liability company, joint stock company and permanent representative office (a branch or division of the foreign parent company). In order to acquire the status of a legal entity and to start business activities, all enterprises must be registered in the Register of Enterprises of the Republic of Latvia. Under this law, the interests of foreign investors are protected and practices of discrimination in favour of domestic companies are prohibited¹.

Liepajas Metalurgs – an important regional and national economic activity engine

The beginnings of the Liepaja Special Economic Zone Joint Stock Company "Liepajas Metalurgs" date back to 1882. At that time, its predecessor, the Liepaja Wire and Nail Factory - "Bekker & Co," started operating. It remains one of the oldest continuously operating companies in Latvia. In 1997, the state company "Liepajas Metalurgs," as a result of the privatization process, regained the status of public limited company; 83% of share capital was acquired by "Gcsil Limited." In June 1998, the company received the status of a Liepaja Special Economic Zone company. "Liepajas Metalurgs" is the only metallurgical company in the Baltic States.

¹ For instance, it is not true that "foreign acquisitions of controlling shares of companies with assets greater than \$1 million must be approved by Latvia's Cabinet of Ministers, while acquisitions by Latvian citizens do not require such approval" as stated by the Petitioners.

"Liepajas Metalurgs" is the largest company, the largest tax-payer, and the largest employer in the third major city of Latvia - Liepaja (population of 98 000). The number of employees is 2,640 - while some 15 000 people - according to estimates of "Liepajas Metalurgs," are indirectly dependent on the activities of the company. This, particularly, relates to the operations of Liepaja Port, where some 35% of the 2.3 million tons of cargo turnover (1999) were derived from the production of "Liepajas Metalurgs." Railway shipments are made through the Liepaja Railway station with around 35% of railway carriages loaded with rebar products from "Liepajas Metalurgs". The company is also a significant contributor towards the development of cultural, and sports programs as well as activities in the context of the integration of society in Latvia. As an example, Liepajas Metalurgs finances football and hockey teams, activities at a recreational and cultural center, and promotes social integration both in its large multi-ethnic group of employees and in the wider community.

Moreover, "Liepajas Metalurgs" is the largest consumer of electricity (in the region of Kurzeme 60% of electricity supply is consumed by "Liepajas Metalurgs") and the 3rd largest gas consumer in Latvia. Also, it is an important tax-payer. Last year, it paid around 7 million USD of taxes into the state budget.

Given the size and the scope of its activities and the overall economic importance of the company in the region of Liepaja, as well as the country as a whole, one can begin to grasp the scope of detrimental impact that can be caused if the flow of goods toward the U.S. market is slowed (currently, 63% of the production is oriented towards orders from U.S. customers).

It has been estimated by industry specialists that a drop in production volumes of a mere 10% would place "Liepajas Metalurgs" in the position where production becomes uneconomical. Most of the machinery and equipment is outdated by Western standards. Ambitious investment plans have been executed over the past years resulting in modernization of some parts of the production (around 40 million USD have been invested since the privatization in the end of 1996) and more modernization projects are planned assuming that the company's business and the operational environment remains unchanged. Over the period of the next 4-5 years, 45-50 million USD is planned for investment to replace open hearth furnaces with electric arc furnace mills.

Taking all that has been said here, it is clear that a drop in production and sales volumes of the company would result in a question mark over the future operations of the company and lost jobs for many employees of "Liepajas Metalurgs" and its related companies. The rise of unemployment in the city of Liepaja would be dramatic and could easily reach 20% or more, resulting in increased social strain and an additional burden on the state budget, as well as economic depression in a city that has experienced a steady revival during the last three years (the rate of unemployment already is among the highest in Latvia - 13.9%).

Given the decreased rates of consumption of gas and electricity, as well as other resources and services, it is also inevitable that financial distress will be put on "Latvenergo" (state energy company), "Latvijas Gaze" (public gas company) and other related companies, resulting in a set-back of economic activity and plummeting budget revenues which are vital for Latvia's efforts to resume growth after the economic shock of the Russian crisis (GDP growth is expected to reach + 4% to 5% in 2000 after a slight increase in GDP growth of 0.1% in 1999) and for the country to assume some of its international commitments and goals; for instance, to increase the defense budget to 2% of GDP by 2003 and continue at the current pace of integration into the European Union.

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FAX COVER SHEETTO: *Dick Norland*FROM: *Sandra Mathison*DATE: *7/13/00*PAGES TO FOLLOW: *7**fax 456-9150*

*Please find enclosed a copy of
the letter from the Foreign Minister of Latvia
Mr. Indulis Bērziņš to the National Security
Advisor Mr. Samuel R. Berger.*

*Followed up w/ Andrew
Silski 7/26. Commerce
response drafted. State
is still drafting
response, which will
send to us.*

-M



MINISTER OF FOREIGN AFFAIRS
REPUBLIC OF LATVIA

July 12, 2000

36/1810-4958

Samuel R. Berger
National Security Advisor
The White House
Washington, D.C.

Dear Mr. Berger,

On behalf of the Latvian Government, I would like to express our deep concern over the charge by U.S. steel makers that Latvian joint stock company "Liepājas Metalurgs" is dumping steel concrete reinforcing bars (re-bars) in the U.S. market.

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Latvia has supported U.S. involvement in the Baltic Sea region and in the CBSS. Interest of the United States in our region, in turn, has resulted in the North European Initiative that highlights the region's dynamism and potential for investment.

U.S. support has helped Latvia to become a free market economy with a democratic government and civic society that ensures human rights, minority rights and the rule of law, as well as a consistent course of integration into the global community of free and democratic nations. The President of the United States William Clinton and the US Congress have acknowledged these achievements.

In contrast to the above-mentioned U.S. policy, the petition filed with the U.S. International Trade Commission on behalf of the members of the Rebar Trade Action Coalition claims that Latvia is a "non-market economy." This assumption is untrue and the allegation of dumping couched in such loose and inaccurate terms also neglects, we believe, a wider understanding of the impact this move will have on Latvia and its economic development.

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P.13

We are very concerned that the potential outcome could have negative repercussions on our membership drive toward Euro-Atlantic institutions.

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Injury to "Liepājas Metalurģs" has a direct and negative impact on Liepāja, the third largest city of Latvia. The steel factory is a source of vitality and prosperity for the city. The slow-down in production will hurt the local population. A reduction in exports by "Liepājas Metalurģs", also the largest regional employer, will cause a loss of jobs and lower tax revenues.

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I urge you to pay a close attention to this issue.

Sincerely yours,

Indulis Bērziņš

Enclosure: Latvia as a Functioning Market Economy (5 pages)

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P.3

Latvia as a Functioning Market Economy

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As set out in the European Commission's Agenda 2000 and the underlying Copenhagen economic criteria, the existence of a functioning market economy requires that prices, as well as trade, are liberalised and that an enforceable legal system, including property rights, is in place.

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The above-defined economic criteria have been largely achieved by Latvia. The Regular Report of the European Commission on Latvia's progress towards accession, issued on October 13, 1999, for the first time clearly state that **"Latvia can be regarded as a functioning market economy"** (in contrast, the European Commission's 1998 Regular Report on Latvia it stated that "given that the reform agenda is implemented in a sustained manner, Latvia should be able to make the progress necessary to be regarded as a functioning market economy").

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P. 4

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P.5

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Pursuant to the law "On Privatization of Land in Rural Areas" and "On Completion of Land Reform in Rural Areas," all land claims in rural areas have been reviewed and decisions made in regard to restitution of property rights, granting of land for pay or transfer for use. According to the law "On land reform in Cities of the Republic of Latvia" and "On Completion of Land Reform in the Cities," all claims of purchase of land used by physical persons have been reviewed and restitution of land ownership rights is continued.

According to the IMF (Request for Stand by Arrangement): "Progress in land privatization is well advanced, with the transfer of land being virtually complete." However, land registration has been slow, due in part to the significant costs involved in the cadastral registration process. Roughly 40% of all properties were registered in the "Land Book" by the beginning of 2000.

According to the law "On Land Privatization in Rural Regions" and "On Land Reform in Towns and Cities of Republic of Latvia" foreign physical and legal persons, as well as those legal entities to which conditions of international agreements do not apply (see above) can buy land, having received a permission from a local authority in whose territory the land is situated. These persons must submit an application to buy land including a description of the intended use of the land. In addition, a copy of the agreement must be submitted. The Head of the Municipal Council has 20 days to review the request.

Setting up a business in Latvia

The establishment and registration of a foreign enterprise is governed by the law "On Foreign Investments in the Republic of Latvia" (adopted on 5 November 1991 and subsequently amended). The law states that a foreign investor is required to establish one of the following legal entities if he wants to carry out business activities in the Republic of Latvia: limited liability company, joint stock company and permanent representative office (a branch or division of the foreign parent company). In order to acquire the status of a legal entity and to start business activities, all enterprises must be registered in the Register of Enterprises of the Republic of Latvia. Under this law, the interests of foreign investors are protected and practices of discrimination in favour of domestic companies are prohibited¹.

Liepajas Metalurgs – an important regional and national economic activity engine

The beginnings of the Liepaja Special Economic Zone Joint Stock Company "Liepajas Metalurgs" date back to 1882. At that time, its predecessor, the Liepaja Wire and Nail Factory - "Bekker & Co," started operating. It remains one of the oldest continuously operating companies in Latvia. In 1997, the state company "Liepajas Metalurgs," as a result of the privatization process, regained the status of public limited company; 83% of share capital was acquired by "Gesil Limited." In June 1998, the company received the status of a Liepaja Special Economic Zone company. "Liepajas Metalurgs" is the only metallurgical company in the Baltic States.

¹ For instance, it is not true that "foreign acquisitions of controlling shares of companies with assets greater than \$1 million must be approved by Latvia's Cabinet of Ministers, while acquisitions by Latvian citizens do not require such approval" as stated by the Petitioners.

JUL 12 '00 06:34PM MFA LATVIA 7820121

P.7

"Liepajas Metalurgs" is the largest company, the largest tax-payer, and the largest employer in the third major city of Latvia - Liepaja (population of 98 000). The number of employees is 2,640 - while some 15 000 people - according to estimates of "Liepajas Metalurgs," are indirectly dependent on the activities of the company. This, particularly, relates to the operations of Liepaja Port, where some 35% of the 2.3 million tons of cargo turnover (1999) were derived from the production of "Liepajas Metalurgs." Railway shipments are made through the Liepaja Railway station with around 35% of railway carriages loaded with rebar products from "Liepajas Metalurgs". The company is also a significant contributor towards the development of cultural, and sports programs as well as activities in the context of the integration of society in Latvia. As an example, Liepajas Metalurgs finances football and hockey teams, activities at a recreational and cultural center, and promotes social integration both in its large multi-ethnic group of employees and in the wider community.

Moreover, "Liepajas Metalurgs" is the largest consumer of electricity (in the region of Kurzeme 60% of electricity supply is consumed by "Liepajas Metalurgs") and the 3rd largest gas consumer in Latvia. Also, it is an important tax-payer. Last year, it paid around 7 million USD of taxes into the state budget.

Given the size and the scope of its activities and the overall economic importance of the company in the region of Liepaja, as well as the country as a whole, one can begin to grasp the scope of detrimental impact that can be caused if the flow of goods toward the U.S. market is slowed (currently, 63% of the production is oriented towards orders from U.S. customers).

It has been estimated by industry specialists that a drop in production volumes of a mere 10% would place "Liepajas Metalurgs" in the position where production becomes uneconomical. Most of the machinery and equipment is outdated by Western standards. Ambitious investment plans have been executed over the past years resulting in modernization of some parts of the production (around 40 million USD have been invested since the privatization in the end of 1996) and more modernization projects are planned assuming that the company's business and the operational environment remains unchanged. Over the period of the next 4-5 years, 45-50 million USD is planned for investment to replace open hearth furnaces with electric arc furnace mills.

Taking all that has been said here, it is clear that a drop in production and sales volumes of the company would result in a question mark over the future operations of the company and lost jobs for many employees of "Liepajas Metalurgs" and its related companies. The rise of unemployment in the city of Liepaja would be dramatic and could easily reach 20% or more, resulting in increased social strain and an additional burden on the state budget, as well as economic depression in a city that has experienced a steady revival during the last three years (the rate of unemployment already is among the highest in Latvia - 13.9%).

Given the decreased rates of consumption of gas and electricity, as well as other resources and services, it is also inevitable that financial distress will be put on "Latvenergo" (state energy company), "Latvijas Gaze" (public gas company) and other related companies, resulting in a set-back of economic activity and plummeting budget revenues which are vital for Latvia's efforts to resume growth after the economic shock of the Russian crisis (GDP growth is expected to reach + 4% to 5% in 2000 after a slight increase in GDP growth of 0.1% in 1999) and for the country to assume some of its international commitments and goals; for instance, to increase the defense budget to 2% of GDP by 2003 and continue at the current pace of integration into the European Union.

Norland, Richard B. (EUR)

From: Norland, Richard B. (EUR)
Sent: Thursday, July 13, 2000 10:40 AM
To: Maxfield, Nancy H. (EUR); Blinken, Antony J. (EUR)
Cc: Quinn, Mary E. (EUR); Norland, Richard B. (EUR)
Subject: RE: Call from Embassy of Latvia [UNCLASSIFIED]

sounds to me like something that should go to State, particularly as it's from FM. I'll give them a call. Obviously will be ready to receive him if it seems warranted. Tony?

-----Original Message-----

From: Maxfield, Nancy H. (EUR)
Sent: Thursday, July 13, 2000 10:04 AM
To: Blinken, Antony J. (EUR); Norland, Richard B. (EUR)
Cc: Quinn, Mary E. (EUR)
Subject: Call from Embassy of Latvia [UNCLASSIFIED]
Importance: High

The Ambassador has a letter from the Foreign Minister re anti-dumping case that he feels he needs to deliver personally because of the sensitivity of the issue. Would like to see either of you. Needs to be either today or tomorrow as he leaves for Latvia on Saturday.

POC: Sandra, 726 8213 X15

Matt -
Could you call them
& ask where my copy
of the demarche is -
I asked for it but
have not seen it yet.
Thx,
Dick.

Norland, Richard B. (EUR)

From: Storey, Sharon V. (NSA)
Sent: Monday, July 31, 2000 5:09 PM
To: Norland, Richard B. (EUR)
Subject: RE: Latvian Request to see SRB [UNCLASSIFIED]

Thanks

-----Original Message-----

From: Norland, Richard B. (EUR)
Sent: Monday, July 31, 2000 5:01 PM
To: @APNSA
Cc: @EUROPE - European Affairs; @RUSSIA - Russia/Ukraine
Subject: Latvian Request to see SRB [UNCLASSIFIED]

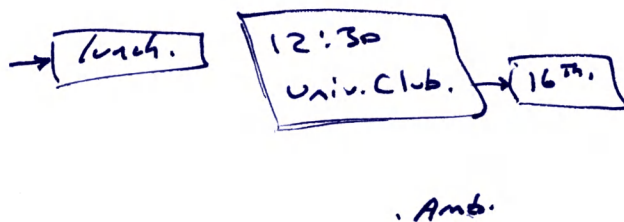
Latvian Embassy has conveyed a request from Mr. Martin Bondars, chief of staff to President Vike-Freiberga, to meet with Sandy next week, Monday or Tuesday August 7-8.

Bondars would like to bring us up to date on : U.S.-Baltic cooperation; Latvian progress in strengthening its defense capacity, integrating Russian-speakers and tackling war crimes issues; and Latvian relations with Russia. He also intends to hand over a letter inviting President Clinton to an event in Riga next year (Latvian Embassy believes this would be in the President's "personal capacity," i.e. they mean for President Clinton himself to attend, but they will clarify this).

Your meeting Bondars would be a nice gesture given ongoing Latvian concern about Russian behavior toward the Balts, which continues to alternate between pragmatism and jingoistic nationalism. Alternatively, we could receive Bondars here in EUR if you are not available.

☐ Yes, schedule meeting with Bondars on Aug. 7-8.

☒ Decline -- EUR to meet.



**EMBASSY OF LATVIA
WASHINGTON D.C.****FAX MESSAGE**

Ph: (202) 726-8213
✉ 4325 17th Str. NW

Fax: (202) 726-6785
Washington DC 20011

www.Latvia-USA.org
Embassy@Latvia-USA.org

FROM: Peteris Vinkelis, DCM ☎ 202-726-8213 ext. 14 PV@Latvia-USA.org

TO: Dick Norland, NSC

Date: 31-Jul-2000

Subject: *Request for a meeting with Latvian President's Chief of Staff*

Dear Mr. Norland,

I would like to request a meeting at the NSC for Mr. Martins BONDARS, Chief of Staff of the President of Latvia.

He will be in D.C. next Monday and Tuesday (August 7-8, 2000).

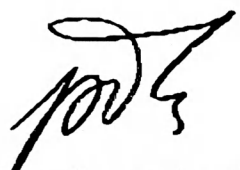
We would greatly appreciate an opportunity to meet National Security Adviser and you to:

- discuss the prospects of US-Baltic cooperation
- highlight the progress made by Latvia in strengthening its defense capacity, integrating society and dealing with the past
- share views on building cooperative relations with Russia
- hand over a letter from Latvian President Freiberga to President Clinton.

Mr. Martins Bondars has been Chief of Staff of President Freiberga since her inauguration in July, 1999. Prior to that he served as the Head of the Prime Minister's Office (1998-99).

He would be accompanied at the meeting by Latvian Ambassador Mr. Aivis RONIS.

Sincerely,



Peteris Vinkelis, Counselor, Charge d'Affaires ad interim

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
003. memo	Re: ICRAS Distribution 00-04 [partial] (1 page)	07/12/2000	b(7)(C)

COLLECTION:

Clinton Presidential Records
National Security Council
European Affairs (Norland, Richard)
OA/Box Number: 2630

FOLDER TITLE:

Latvia [1]

2011-1037-F
ke2188

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

Freedom of Information Act - [5 U.S.C. 552(b)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 12, 2000

MEMORANDUM FOR ICRAS DISTRIBUTION

FROM

Allan Villabroza *W* 53947

SUBJECT

ICRAS Distribution 00-04: *B99391*

Argentina, Barbados, Honduras, India, Cote d'Ivoire, **Latvia**,
Philippines, Uzbekistan, Venezuela

Please find enclosed several country papers for your review.

Please contact the appropriate country analyst if you have any issues. If your issues remain unresolved after discussion with the analyst, you must provide your written comments to me and to the country analyst through Pete Gosnell no later than Friday July 28th, at 5pm.

I will assume your agreement with the paper and its recommendation if you have no comment.

(b)(7)(c)

[003]

tel: 565-3733

Dick:

Sent our cleared version
back to them. Gave
their country officer,
who drafted the
report — and on leave
until Aug. 9 — your
number to call w/
any of their new
changes. OMB received
our comments before
their deadline.
—Mott

Bill Marsella (drafted
repat)

EX/Im

565-3739

(b)(7)(c)

Brenda Hillstrom
54776

(b)(7)(c)

~~CONFIDENTIAL~~

POLITICAL/SOCIAL CONSTRAINTS (Cleared by State and NSC Europe, please replace the section on pgs. 3-4 with this)

Since independence was restored in 1991, Latvia has experienced a series of coalition Governments -- nine in all, whose average life span has been 13 months. Much of this political volatility stems from disputes over potentially lucrative privatization ventures involving state enterprises. Strong personal and financial links between the business and political sectors have raised the stakes in these disputes. This trend of shaky coalition Governments is expected to continue, particularly as no single party appears set to win an overall majority. Latvians are showing frustration with the status quo, as more established political parties are rejected and voters turn to new parties in an attempt to force change. In the 1998 election, the People's Party -- which had been in existence for less than a year -- received the largest share of the vote. The current Government, led by Prime Minister Andris Berzins, took office on May 5, 2000. The previous Government, led by Andris Skele, collapsed following internal squabbling over privatization issues. In general, despite the frequent changes in leadership, Latvia's Governments have all supported market reform and integration with Euro-Atlantic institutions.

Latvia's foreign relations center around its desire to integrate with Western Europe through NATO and EU membership, and its continued strained relations with Russia. Latvia eagerly wants to join the European Union (EU) and NATO. Latvia is slated to join the second wave of EU expansion, which the GOL hopes to complete by 2003 -- a somewhat optimistic goal. Latvia maintains a vigorous lobbying effort to join NATO, is a member of the Partnership for Peace, and is considered one of the seven most promising NATO aspirant countries. However, a decision on the next round of NATO enlargement is not expected at least until 2002.

Latvia's major foreign policy challenge involves relations with Russia. Latvia shares a common border with, economic dependence on, and a large ethnic population from Russia. Yet relations have been strained since Latvia's independence. In early 2000 Russia threatened to impose sanctions on Latvia due to Moscow's perception that the GOL was not adequately protecting the civil rights of ethnic Russians in Latvia. Two issues have been particularly thorny: a proposed law requiring the Latvian language to be used in all business dealings, and the trial of a 77 year-old former Soviet freedom fighter for crimes against Latvian civilians during World War II. Latvian-Russian relations improved slightly after the Latvian-only language legislation was amended, and the Supreme Court overturned the conviction of the former Soviet freedom fighter. Nonetheless, Latvia's avowed interest in NATO membership, which Russia strongly opposes, continues to engender Russian resentment.

U.S.-Latvian relations are strong -- stemming from the U.S. refusal to recognize the incorporation of the Baltic states into the Soviet Union -- and are expected to remain close and vibrant.

DECLASSIFIED

PER E.O. 13526

2016-0314-M-1 (1.82)

6/12/2023 v2

~~CONFIDENTIAL~~



United States Department of State

Washington, D.C. 20520

OFFICE OF NORDIC AND BALTIC AFFAIRS.

2201 C Street, NW; Room 5229

phone: (202) 647-8378

fax: (202) 736-4170

e-mail: SilskiAL@eurms.state.gov

Alan Villabroza

OMB

Matt Spence

NSC

(name)

(agency)

395-5770

395-3947

456-9150

456-9151

(fax number)

(phone number)

FROM: Andrew L. Silski
Foreign Affairs Specialist for Iceland, Estonia, Latvia, Lithuania

SUBJECT: ICRAS rating for Latvia

COMMENTS: EB hasn't yet shared the Latvia report, although I did clear on the Estonia report. For that matter, I have not seen the Lithuania one.

Only two small changes to an otherwise excellent report:

In POLITICAL AND SOCIAL RESTRAINTS, note the spelling of "Berzins."

In the same section, same paragraph near the end of the same sentence, end it as "over tackling privatization." There was no scandal.

Anyway, it's rare to find someone else in the USG who really understands the dynamics of Latvian politics and how it affects privatization, and vice versa. Bravo.

number of pages to follow:

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
006. report	Country Risk Assessment Report (10 pages)	06/23/2000	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
European Affairs (Norland, Richard)
OA/Box Number: 2630

FOLDER TITLE:

Latvia [1]

2011-1037-F
ke2188

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

Freedom of Information Act - [5 U.S.C. 552(b)]

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C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

Withdrawal/Redaction Marker

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
007. report	Re: [Latvian politics] (4 pages)	06/02/2000	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
European Affairs (Norland, Richard)
OA/Box Number: 2630

FOLDER TITLE:

Latvia [1]

2011-1037-F
ke2188

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

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Embassy of Latvia

4325 Seventeenth Street, N.W.
Washington, D.C. 20011
Phone: 1-202-726 8213
Fax: 1-202-726 6785
newslatv@frontiernet.net

Mr. Richard B. Norland
Director, European Affairs
National Security Council
Old Executive Office Building
Washington, DC 20504
FAX: 202 4569150

July 3, 2000

Dear Mr. Norland,

First of all, let me thank you for meeting with the Latvian Defense Minister's delegation.

I am sending you for your information a copy of a letter of congratulations by the President of Latvia to the President of the United States. The signed original will be forwarded through the US Department of State.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Rihards Mucins', followed by a horizontal line.

Rihards Mucins
Counselor

Being a country with a long-standing and deeply rooted democratic system, the United States is commonly regarded as a classic example of a functioning free market economy, the rule of law, as well as respect of individual rights and freedoms. The sharing of the US experience in these issues has been useful to Latvia in many respects, and has helped to accelerate the progress made by us since 1991.

During the decade after the re-establishment of Latvia's independence, Latvia and the United States have become partners, dedicated to working together on bilateral, regional and global matters on the basis of mutual understanding and common interests.

I am very pleased that in recent years Latvia and the United States have developed a broad and solid basis for an ever-closer relationship. The United States has been supportive of Latvia's aspirations to join Euro-Atlantic institutions. For its part, Latvia will continue to support US involvement in this

region and appreciates the need of a strong transatlantic link to the Baltic Sea area.

I take this opportunity to express my best wishes to you personally and to all the American people.

Please accept, Mr. President, the assurances of my highest consideration.

Yours sincerely,

A handwritten signature in cursive script, reading "Vaira Vīķe-Freiberga".

Vaira Vīķe-Freiberga
President of the Republic of Latvia

Norland, Richard B. (EUR)

From: WHSR
Sent: Friday, June 23, 2000 9:14 PM
To: Cables; Ficklin, John W. (RECORDS); Medish, Mark C. (RUE); Millison, Cathy L. (EXSEC); Norland, Richard B. (EUR); Wasserman, Elaine P. (EXSEC); Weiss, Andrew S. (RUE)
Subject: LETTER FROM PRESIDENT CLINTON TO PRESIDENT VAIRA VIKE-FREIBERGA

ActionAddres: AMEMBASSY RIGA 2556
Classification: UNCLASSIFIED
DateTime: 240041Z JUN 00
Distribution: SIT: NSC Ficklin Medish Millison Norland Wasserman Weiss
Identifier: M4507863
InfoAddres: ////
Line1: RAAUZYUW RUEHCAA0924 1760044-UUUU--RHEHAAX.
Line2: ZNR UUUUU ZZH
Line3: R 240041Z JUN 00
Line4: FM SECSTATE WASHDC
Originator: SECSTATE WASHDC
Precedence: ROUTINE
Profiles: CABLES
FICKLINJ
MEDISHM
MILLISOC
NORLANDR
WASSERME
WEISSA
StationRoutingIndicator: RUEHC
StationSerialNumber: 0924
TimeOfReceipt: 06/23/2000 21:13:20 ET

UNCLAS STATE 120924

E.O. 12958: DECL: N/A

TAGS: OPDC, LG

SUBJECT: LETTER FROM PRESIDENT CLINTON TO PRESIDENT VAIRA VIKE-FREIBERGA

1. PLEASE DELIVER FOLLOWING MESSAGE FROM PRESIDENT CLINTON TO PRESIDENT VAIRA VIKE-FREIBERGA. THE WHITE HOUSE DOES NOT PLAN TO RELEASE TEXT OF MESSAGE BUT HAS NO OBJECTION IF GOVERNMENT OF LATVIA WISHES TO DO SO. THE SIGNED ORIGINAL WILL FOLLOW VIA POUCH.

2. BEGIN TEXT:

JUNE 20, 2000

DEAR MADAM PRESIDENT:

THANK YOU FOR WRITING PRIOR TO MY RECENT VISIT TO MOSCOW. YOUR CONCERNS WERE VERY MUCH IN MIND DURING MY DISCUSSIONS WITH PRESIDENT PUTIN. I AM CONVINCED THAT, BASED ON OUR TALKS, PRESIDENT PUTIN UNDERSTANDS CLEARLY THE IMPORTANCE THE UNITED STATES ATTACHES TO ENSURING STABLE AND COOPERATIVE RELATIONS BETWEEN RUSSIA AND ITS NEIGHBORS, INCLUDING IN THE BALTIC REGION. THIS ISSUE, ALONG WITH RESPECT FOR DEMOCRATIC PRINCIPLES AND THE SUCCESS OF

ECONOMIC REFORMS, WILL HAVE A DIRECT IMPACT ON RUSSIA'S INTERNATIONAL INTEGRATION.

TO UNDERSCORE OUR SUPPORT FOR LATVIA, LITHUANIA, AND ESTONIA, I ASKED DEPUTY SECRETARY OF STATE STROBE TALBOTT TO REPRESENT THE UNITED STATES AT THE JUNE 7 MEETING OF THE U.S.-BALTIC PARTNERSHIP COMMISSION IN TALLINN. I WELCOME THE REAFFIRMATION AT THAT MEETING OF OUR COMMON VISION OF A EUROPE WHOLE AND FREE, AND OF OUR GOAL TO CREATE TOGETHER CONDITIONS TO COMPLETE THE INTEGRATION OF LATVIA, LITHUANIA, AND ESTONIA INTO EUROPEAN AND TRANSATLANTIC INSTITUTIONS.

DEPUTY SECRETARY TALBOTT ALSO USED THAT OCCASION TO CONFIRM PUBLICLY THAT THE UNITED STATES CONSIDERS RECENT STATEMENTS BY RUSSIAN OFFICIALS CONCERNING LATVIA TO BE COMPLETELY UNWARRANTED BY THE FACTS. HE CALLED FOR RESUMPTION OF A FULL DIALOGUE AND ENHANCED COOPERATION BETWEEN RUSSIA AND ITS BALTIC NEIGHBORS, AIMED AT DEVELOPING MORE STABLE AND PROSPEROUS RELATIONS IN THE REGION. I HOPE THAT SUCH A DIALOGUE WILL BEGIN TO DEVELOP SOON.

AGAIN, THANK YOU FOR WRITING ON THIS IMPORTANT MATTER.

SINCERELY,

BILL CLINTON /S/

HER EXCELLENCY
VAIRA VIKE-FREIBERGA
PRESIDENT OF THE REPUBLIC OF LATVIA
R1GA

END TEXT.
TALBOTT

~~CONFIDENTIAL~~
NSC/RMO PROFILE

RECORD ID: 0003715
RECEIVED: 02 JUN 00 15

TO: VIKE-FREIBERGA, VAIR

FROM: PRESIDENT

DECLASSIFIED
E.O. 13526
White House Guidelines, September 11, 2006
By ✓✓ NARA, Date 09/27/2013
2011-1037-F

DOC DATE: 20 JUN 00
SOURCE REF:

KEYWORDS: LATVIA
RUSSIA

HS

PERSONS: PUTIN, VLADIMIR

SUBJECT: RESPONSE TO LATVIAN PRES VIKE-FREIBERGA RE RUSSIAN POLICY TWD BALTIC STATES

ACTION: FOR DISPATCH

DUE DATE: 27 JUN 00 STATUS: C

STAFF OFFICER: NORLAND

LOGREF:

FILES: PA

NSCP:

CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION
STATE

FOR CONCURRENCE

FOR INFO
NORLAND
NSC CHRON

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSSWL

CLOSED BY: NSGP

DOC 5 OF 5

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~
ACTION DATA SUMMARY REPORT

RECORD ID: 0003715

DOC ACTION OFFICER

CAO ASSIGNED ACTION REQUIRED

001 NORLAND	Z 00060215 PREPARE MEMO FOR BERGER
002 NORLAND	Z 00060215 PREPARE MEMO FOR BERGER
003 BERGER	Z 00061620 FWD TO PRESIDENT FOR SIGNATURE
004 PRESIDENT	Z 00061716 FOR SIGNATURE
005	X 00062105 PRESIDENT SGD LTR
005 STATE	X 00062105 FOR DISPATCH

DISPATCH DATA SUMMARY REPORT

<u>DOC</u>	<u>DATE</u>	<u>DISPATCH FOR ACTION</u>	<u>DISPATCH FOR INFO</u>
004	000617		VICE PRESIDENT
004	000617		PODESTA, J
005	000620	STATE	
005	000620	VIKE-FREIBERGA, VAIRA	

~~CONFIDENTIAL~~

DECLASSIFIED

E.O. 13526

White House Guidelines, September 11, 2006

By 104 NARA, Date 09/27/2013

2011-1037-F

LOG 0003715

DATE 20 JUN 00

NATIONAL SECURITY COUNCIL
DISTRIBUTION RECEIPT

SUBJECT: RESPONSE TO LATVIAN PRES VIKE-FREIBERGA RE RUSSIAN POLICY TWD BALTIC
DOCUMENT CLASSIFICATION: ~~CONFIDENTIAL~~

EXTERNAL DISTRIBUTION:

DATE

TIME

SIGNATURE

EXECUTIVE SECRETARIAT
FOR THE EXECUTIVE SECRETARY
ROOM 7224
2201 C STREET, NW
WASHINGTON, DC 20520
DEPARTMENT OF STATE

PRINT LAST NAME: _____

COPY: 1

DATE, TIME, SIGN THE RECEIPT AND RETURN TO: NSC RECORDS MGNT, ROOM 379 OEOB

PAGE 01 OF 01 PAGES

NATIONAL SECURITY COUNCIL
THE WHITE HOUSE

Lead 6/17

PROOFED BY: 8

LOG # 3715

URGENT NOT PROOFED: _____

SYSTEM PRS INT ARS

BYPASSED WW DESK: _____

DOCLOG 7 A/O _____

efw

	SEQUENCE TO	INITIAL/DATE	DISPOSITION
GIRE	_____	_____	_____
JACOBSON	_____	_____	_____
POWELL	_____	_____	_____
BASH	_____	_____	_____
BRADTKE	<u>1</u>	<u>PRM 4/17</u>	_____
RUDMAN	_____	_____	_____
STEINBERG	<u>2</u>	<u>[Signature]</u>	_____
BERGER	_____	<u>Deputy Natl Sec Advisor</u>	<u>6/17</u>
SITUATION ROOM	_____	<u>has seen</u>	<u>Pres</u>
WEST WING DESK	<u>3</u>	<u>7/6/17</u>	<u>Pres</u>
RECORDS MGMT.	_____	_____	_____

A = ACTION I = INFORMATION D = DISPATCH R = RETAIN N = NO FURTHER ACTION

CC:

00 JUN 16 PM 7:05

COMMENTS:

LTR to LATVIAN President

EXEC SEC OFFICE HAS DISKETTE yes

**NATIONAL SECURITY COUNCIL
THE WHITE HOUSE**

PROOFED BY: _____ LOG # 3715
 URGENT NOT PROOFED: _____ SYSTEM PR3 INT ARS
 BYPASSED WW DESK: _____ DOCLOG 1 A/O _____

	SEQUENCE TO	INITIAL/DATE	DISPOSITION
GIRE	_____	_____	_____
JACOBSON	_____	_____	_____
POWELL	_____	_____	_____
BASH	<u>1</u>	<u>BR/6/20</u>	_____
BRADTKE	_____	_____	_____
RUDMAN	_____	_____	_____
STEINBERG	_____	_____	_____
BERGER	_____	_____	_____
SITUATION ROOM	_____	_____	_____
WEST WING DESK	<u>2</u>	<u>HA 6/20</u>	<u>A A</u>
RECORDS MGMT.	<u>3</u>	_____	<u>D</u>
_____	_____	_____	_____

A = ACTION I = INFORMATION D = DISPATCH R = RETAIN N = NO FURTHER ACTION

CC:

COMMENTS:

Date June 20, 2000 ?

EXEC SEC OFFICE HAS DISKETTE _____

NATIONAL SECURITY COUNCIL

ID 0003715

REFERRAL

DATE: 21 JUN 00

MEMORANDUM FOR: KENNEY, K

STATE SECRETARIAT

DOCUMENT DESCRIPTION:

TO: VIKE-FREIBERGA, VAIR

SOURCE: PRESIDENT

DATE: 20 JUN 00

SUBJ: RESPONSE TO LATVIAN PRES VIKE-FREIBERGA RE RUSSIAN POLICY TWD BALTIC
STATES

REQUIRED ACTION: FOR DISPATCH

DUE DATE: 22 JUN 00

COMMENT:

FOR



JOHN W. FICKLIN

NSC RECORDS MANAGEMENT OFFICE

DECLASSIFIED

E.O. 13526

White House Guidelines, September 11, 2006

By KDE NARA, Date 09/21/2013

2011-1037-F

THE WHITE HOUSE

WASHINGTON

June 20, 2000

Dear Madam President:

Thank you for writing prior to my recent visit to Moscow. Your concerns were very much in mind during my discussions with President Putin. I am convinced that, based on our talks, President Putin understands clearly the importance the United States attaches to ensuring stable and cooperative relations between Russia and its neighbors, including in the Baltic region. This issue, along with respect for democratic principles and the success of economic reforms, will have a direct impact on Russia's international integration.

To underscore our support for Latvia, Lithuania, and Estonia, I asked Deputy Secretary of State Strobe Talbott to represent the United States at the June 7 meeting of the U.S.-Baltic Partnership Commission in Tallinn. I welcome the reaffirmation at that meeting of our common vision of a Europe whole and free, and of our goal to create together conditions to complete the integration of Latvia, Lithuania, and Estonia into European and transatlantic institutions.

Deputy Secretary Talbott also used that occasion to confirm publicly that the United States considers recent statements by Russian officials concerning Latvia to be completely unwarranted by the facts. He called for resumption of a full dialogue and enhanced cooperation between Russia and its Baltic neighbors, aimed at developing more stable and prosperous relations in the region. I hope that such a dialogue will begin to develop soon.

Again, thank you for writing on this important matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Clinton", with a long, sweeping horizontal stroke at the end.

Her Excellency
Vaira Vike-Freiberga
President of the Republic of Latvia
Riga

~~CONFIDENTIAL~~

3715

6-20-00

THE WHITE HOUSE

WASHINGTON

June 17, 2000

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM:

SAMUEL BERGER *MB*

SUBJECT:

Response to Latvian President

DECLASSIFIED

PER E.O. 13526

2016-0314-M-1 (1.87)

6/12/23 VZ

Purpose

Respond to President Vike-Freiberga's concerns about Russian policy toward the Baltic states.

Background

President Vike-Freiberga wrote to you just before your meetings in Moscow to express the hope that Russia's rhetoric and policies toward its Baltic neighbors might soften as a result of your visit. Your response points out that we share these concerns and continue to make clear to the Russians our expectation that they will work to promote stability and cooperation with their neighbors, including in the Baltic region.

A letter from Latvia's new Prime Minister, Andris Berzins, accompanied the letter from President Vike-Freiberga. Berzins thanks you for your congratulatory note upon his becoming Prime Minister and outlines his Government's goals in the months ahead. No response is required at this time.

RECOMMENDATION

That you sign the response to President Vike-Freiberga at Tab A.

Attachments

Tab A Response to President Vike-Freiberga

Tab B Incoming Correspondence

~~CONFIDENTIAL~~

Reason: 1.5 (d)

Declassify On: 06/15/10

cc: Vice President
Chief of Staff

TIME OF TRANSMISSION:

TIME OF RECEIPT:

**WHITE HOUSE
SITUATION ROOM**UNCLASSIFIED UPON REMOVAL
OF CLASSIFIED ATTACHMENTS
Initials: KOE Date: 09/27/08

2011-1037-F

PRECEDENCE: _____

✓IMMEDIATE
PRIORITY
ROUTINE

RELEASER: _____

DTG: _____

MESSAGE NO: _____

CLASSIFICATION: ~~CONFIDENTIAL~~PAGES: 2

(Including Cover)

FROM: NSC West Wing Desk
(NAME)(202) 456-9425
(PHONE NUMBER)WH Situation Room
(ROOM NO.)MESSAGE DESCRIPTION: HQS. LTR FOR PRES OF LATVIANSC LOG # 3715TO (AGENCY)DELIVER TODEPT/ROOM NO.PHONE NUMBER4 - DOSExecutive Secretary

REMARKS:

William Jefferson Clinton
President of the
United States of America

Riga, May 30, 2000

Dear Mr. President,

June 14, 2000 marks a significant date in the history of US-Baltic relations. For over fifty years, it was a date that reflected the consistent non-recognition policy by the US Government and its people of the illegal incorporation of the Baltic countries into the USSR. This policy of non-recognition provided the people of Latvia, Estonia and Lithuania with the hope that the ideals of democracy, freedom and justice would prevail, and result in the renewed independence of these countries.

Ten years ago, Latvia once again resumed responsibility for its own development, and has been actively pursuing its goals of full integration into the Euro-Atlantic community. The outstanding work of your administration in the Baltic policy area deserves true admiration and widespread recognition. With the practical assistance and vocal support of the United States, Latvia has showed visible and consistent progress in strengthening democracy, human rights, economic growth and social integration within the country.

Latvia has received broad support of its efforts both in the United States and in Europe. A vivid example of this occurred during my recent visit to New York City and Harvard University, and during my meetings with Americans of various backgrounds and careers in the political, academic and business communities. These individuals might have held different views on politics and on the immediate challenges that face the Baltic States, but they were united in their belief that Latvia's future lies in a Europe united and free, and in an increasingly close partnership with the United States.

Latvia deeply appreciates the highly supportive and active policy of the United States in the Baltic region during the past years. This policy has taken an important part of your own personal time and consideration, Mr. President, and, as a result, has helped the Baltic region to become one of the most dynamic and stable in Europe. I am extremely pleased to note the existence of ambitious plans for our common work this year in terms of high-level political meetings and

JUN 2 14:57 active work within the Partnership Charter framework.

We in Latvia are looking forward to your upcoming visit to Moscow and to your meetings with Russia's newly elected President, Vladimir Putin. Latvia fully supports a policy of engagement and dialogue with Russia that could contribute to Russia's development as a modern European country. Our own practical efforts in this area clearly follow the principles of the US-Baltic

Partnership, and are targeted at the establishment of a prosperous and stable European continent. Latvia is ready share the common responsibility of the international community in this regard, not least as the next presiding state of the Council of Europe.

We realize that Russia is currently facing a wide array of social, political, and economic problems. We hope that the new Russia of President Putin will demonstrate its commitment to true European values in its internal and foreign policies. For Latvians, the reversal of some of Russia's obstructive policies and rhetoric towards its Baltic neighbors, which have been an integral part of Russian foreign policy for the past few years, would certainly be a welcome sign of such a commitment. We are closely following the evolving situation that regard.

Mr. President, I wish you every success during your challenging visit. I am convinced that your upcoming meeting with President Putin, like previous Summit meetings you have had with Russian leaders, will bring a renewed sense of security to the people in the Baltic countries.

Yours sincerely,

Vaira Vīķe-Freiberga
President of the Republic of Latvia

Please enter into the system.

*Delivered by Latvian Embassy
to Dick Newland 6/1/00.
ACTION: EUR. (Newland) INFO: RUE*



LATVIJAS REPUBLIKAS MINISTRU PREZIDENTS
Prime Minister of the Republic of Latvia

36 Brīvības Blvd., Riga LV-1520, Latvia, tel. (+371) 7332232, fax (+371) 7286598

Riga, 31 May 2000

H. E. Mr. William J. Clinton
President of the United States of America

Dear Mr. President,

I would like to express my most sincere thanks for your letter of congratulations on the occasion of my appointment as the Prime Minister of the Republic of Latvia.

Assuming the duties of the Head of the Government of Latvia I fully realize that the challenges we are going to face require lots of energy and hard work. Let me assure you that the newly formed Government of Latvia is prepared to work actively, maintaining continuity of the Government's agenda both internally and internationally.

We highly value the US positive assessment of Latvia's legislation on citizenship, language and minority related issues that are in full compliance with OSCE standards. The Government of Latvia is grateful for the US support for our work on integration of Latvian society. The implementation of the National Program "Integration of Society in Latvia" will strengthen the democratic civil society on the basis of common values. Work in this direction will be one of the priorities for the new Government of Latvia.

We have always greatly appreciated the US political support for Latvia's aspirations to join Euro-Atlantic institutions. We are very pleased that our intensive work with the European Commission has resulted in the invitation to start accession negotiations, as it was decided at EU Helsinki Summit in 1999. We are prepared to proceed with these negotiations quickly and efficiently.

Latvia's goal to join NATO remains unchanged. In this respect, I wish to reiterate my Government's commitment to raise defense spending up to 2% of GDP by year 2003.

Latvia is engaged in close co-operation with the Baltic states and other aspirant countries preparing for NATO membership. The significance of this co-operation was confirmed in the statement of nine Foreign ministers at the Vilnius conference on 19 May 2000. The inclusion of all European democracies into NATO will complete the historic task of building Europe whole and free. Latvia's Government relies on strong and continuous support of the United States in our way of becoming full NATO member.

I wish to assure you that we will continue to strongly adhere to all our international commitments and to support the efforts to keeping and preserving of peace in all parts of the globe.

I am glad that the relationship between our countries is based on the true partnership and common vision of the future of Europe and the whole contemporary world. The signing of US-Baltic Partnership Charter and its subsequent successful implementation serves as the most important element in strengthening ties between Latvia and the United States that covers all the major spheres of our partnership.

As we approach the third Partnership Commission in June 2000, I would like to note with satisfaction the positive results of the work of the bilateral and quadrilateral bodies created under the Charter, and most recently - the economic working group meeting in April this year.

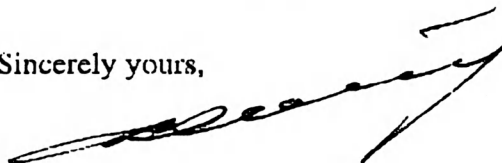
Let me reiterate the deep and continuous interest of Latvia in expanding our economic partnership that undoubtedly has a huge potential for further development. I am planning to visit the United States in September this year. I view it as an opportunity to contribute personally to fostering our dialogue on issues of political and economic co-operation.

Latvia is deeply interested in the growth of economic co-operation and political stability of the Baltic Sea area and we will strongly support all initiatives, aimed at achieving this goal, particularly the US involvement through the NEI projects.

I look forward to the traditionally close co-operation with the US Government on the issues of regional as well as global importance.

Please accept, Mr. President, the assurances of my highest consideration.

Sincerely yours,



Andris Bērziņš
Prime Minister of the Republic of Latvia



Latvijas Valsts prezidents

Riga, May 30, 2000

The Hon. Mr. William Jefferson Clinton
President of the United States of America

Dear Mr. President,

June 14, 2000 marks a significant date in the history of US-Baltic relations. For over fifty years, it was a date that reflected the consistent non-recognition policy by the US Government and its people of the illegal incorporation of the Baltic countries into the USSR. This policy of non-recognition provided the people of Latvia, Estonia and Lithuania with the hope that the ideals of democracy, freedom and justice would prevail, and result in the renewed independence of these countries.

Ten years ago, Latvia once again resumed responsibility for its own development, and has been actively pursuing its goals of full integration into the Euro-Atlantic community. The outstanding work of your administration in the Baltic policy area deserves true admiration and widespread recognition. With the practical assistance and vocal support of the United States, Latvia has showed visible and consistent progress in strengthening democracy, human rights, economic growth and social integration within the country.

Latvia has received broad support of its efforts both in the United States and in Europe. A vivid example of this occurred during my recent visit to New York City and Harvard University, and during my meetings with Americans of various backgrounds and careers in the political, academic and business communities. These individuals might have held different views on politics and on the immediate challenges that face the Baltic States, but they were united in their belief that Latvia's future lies in a Europe united and free, and in an increasingly close partnership with the United States.

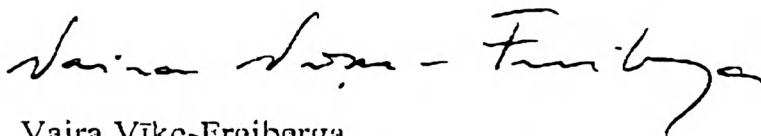
Latvia deeply appreciates the highly supportive and active policy of the United States in the Baltic region during the past years. This policy has taken an important part of your own personal time and consideration, Mr. President, and, as a result, has helped the Baltic region to become one of the most dynamic and stable in Europe. I am extremely pleased to note the existence of ambitious plans for our common work this year in terms of high-level political meetings and active work within the Partnership Charter framework.

We in Latvia are looking forward to your visit to Moscow and to your meetings with Russia's newly elected President, Vladimir Putin. Latvia fully supports a policy of engagement and dialogue with Russia that could contribute to Russia's development as a modern European country. Our own practical efforts in this area clearly follow the principles of the US-Baltic Partnership, and are targeted at the establishment of a prosperous and stable European continent. Latvia is ready share the common responsibility of the international community in this regard, not least as the next presiding state of the Council of Europe.

We realize that Russia is currently facing a wide array of social, political, and economic problems. We hope that the new Russia of President Putin will demonstrate its commitment to true European values in its internal and foreign policies. For Latvians, the reversal of some of Russia's obstructive policies and rhetoric towards its Baltic neighbors, which have been an integral part of Russian foreign policy for the past few years, would certainly be a welcome sign of such a commitment. We are closely following the evolving situation in that regard.

Mr. President, I wish you every success during your challenging visit. I am convinced that your meeting with President Putin, like previous Summit meetings you have had with Russian leaders, will bring a renewed sense of security to the people in the Baltic countries.

Yours sincerely,



Vaira Vīķe-Freiberga
President of the Republic of Latvia

~~CONFIDENTIAL~~
NSC/RMO PROFILE

RECORD ID: 0003715
RECEIVED: 02 JUN 00 15

TO: PRESIDENT

FROM: VIKE-FREIBERGA, VAIRA

DOC DATE: 30 MAY 00
SOURCE REF:

KEYWORDS: LATVIA
RUSSIA

HS

DECLASSIFIED
E.O. 13526
White House Guidelines, September 11, 2006
By XX NARA, Date 09/27/2013
2011-1037-F

PERSONS: PUTIN, VLADIMIR

SUBJECT: WISHES POTUS SUCCESSFUL RUSSIA VISIT & MTG W/ PUTIN

ACTION: PREPARE MEMO FOR BERGER

DUE DATE: 14 JUN 00 STATUS: S

STAFF OFFICER: NORLAND

LOGREF:

FILES: PA

NSCP:

CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION
NORLAND

FOR CONCURRENCE
WEISS

FOR INFO
BERGER
BINNENDIJK
BRADTKE
MCCARTHY
MEDISH
RUDMAN
SCHWARTZ
STEINBERG

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSSWL

CLOSED BY:

DOC 1 OF 2

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~
NSC/RMO PROFILE

RECORD ID: 0003715
RECEIVED: 02 JUN 00 15

TO: PRESIDENT

DECLASSIFIED

E.O. 13526

FROM: BERZINS, ANDRIS

White House Guidelines, September 11, 2006
By KSE NARA, Date 09/27/2013

DOC DATE: 31 MAY 00
SOURCE REF:

2011-1037-F

KEYWORDS: LATVIA
RUSSIA

HS

PERSONS: PUTIN, VLADIMIR

SUBJECT: THANK YOU LTR RE CONGRATULATIONS LTR & LOOKS FWD TO WASH VISIT IN
SEP

ACTION: PREPARE MEMO FOR BERGER

DUE DATE: 14 JUN 00 STATUS: S

STAFF OFFICER: NORLAND

LOGREF:

FILES: PA

NSCP:

CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION
NORLAND

FOR CONCURRENCE
WEISS

FOR INFO
BERGER
BINNENDIJK
BRADTKE
MCCARTHY
MEDISH
RUDMAN
SCHWARTZ
STEINBERG

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSSWL

CLOSED BY:

DOC 2 OF 2

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20504

3715

June 15, 2000

ACTION

MEMORANDUM FOR SAMUEL R. BERGER

THROUGH: ANTONY BLINKEN *AD3*

FROM: RICHARD NORLAND *Ry*

SUBJECT: Response to Latvian President

DECLASSIFIED

E.O. 13526

White House Guidelines, September 11, 2006

By *KDE* NARA, Date *09/27/2003*

2011-1037-F

Attached at Tab I for your signature is your memorandum to the President forwarding a response to President Vike-Freiberga.

The NSC received the incoming correspondence on June 2, 2000.

Concurrence by: Andrew Weiss *AL*

RECOMMENDATION

That you sign the memorandum to the President at Tab I.

Attachments

Tab I Memorandum to the President

Tab A Response to Latvian President

Tab B Incoming Correspondence

~~CONFIDENTIAL~~

Reason: 1.5(d)

Declassify On: 06/15/10

PRESIDENTIAL/NSA CORRESPONDENCE

IMMEDIATE ACTION REQUIRED

ACTION OFFICER: Norland

LOG NUMBER: 3715

DUE DATE: 14 Jun.

DATE STAFFED: 5 Jun

CORRESPONDENCE ADDRESSED TO:



PRESIDENT



NATIONAL SECURITY ADVISOR

FROM: Vike-Freiberga & Berzins

PREPARE A RESPONSE FOR THE PRESIDENT'S OR NATIONAL SECURITY ADVISOR'S SIGNATURE WITHIN 10 DAYS. IF A LETTER DOES NOT REQUIRE A RESPONSE, PLEASE RETURN IT TO RECORDS MANAGEMENT (RM 379) WITH THIS FORM, ANNOTATED ACCORDINGLY.

Norland, Richard B. (EUR)

From: WHSR
Sent: Saturday, June 17, 2000 12:08 PM
To: Bolan, Christopher J. (VP); Davidson, Leslie K. (VP); Norland, Richard B. (EUR); Yee, Hoyt B. (EUR)
Subject: LATVIA PLANS WW2 CHARGES AGAINST KALEJS-AGENCY

Classification: UNCLASSIFIED
Distribution: SIT: BOLAN DAVIDSON NORLAND YEE
PRT: JACOBSON
Identifier: R4b9df70
Originator: Reuters
Precedence: RUSH
TimeOfReceipt: 06/17/2000 12:06:54 ET

a7553

^BC-CRIME-KALEJS-LATVIA

^Latvia plans WW2 charges against Kalejs-agency

RIGA, June 17 (Reuters) - Latvian prosecutors are preparing genocide and war crimes charges against Nazi-era suspect Konrads Kalejs and will soon ask Australia to extradite him to the Baltic state, BNS news agency reported on Saturday.

Chief prosecutor Rudite Abolina told BNS charges against the 86-year-old Australian citizen, who lives in Melbourne, could be drafted by June or July.

The agency did not quote Abolina directly, except in saying that it was crucial to secure Kalejs' extradition, otherwise "there is nobody to press the charges against."

Latvia expects to sign an extradition treaty with Australia in June but BNS said extradition could take place without a treaty.

The agency said that in war crime cases countries normally extradited suspects against whom charges had been brought, regardless of whether an extradition treaty existed with the requesting country.

It quoted Abolina as saying charges would be pressed against Kalejs once the evidence was prepared, without regard to progress on an extradition agreement.

Nazi hunters say Kalejs helped in the World War Two slaughter of Jews, although a lack of evidence so far has been the obstacle to bringing him to trial.

Latvian prosecutors re-opened investigations into Kalejs' wartime past late last year when the discovery that he was living in a retired peoples' home in Britain led to a media outcry and charges that the Baltic state was soft on war criminals.

Abolina said a recent visit by war crimes investigators from the United States played a crucial role in Latvia's decision to prosecute.

Kalejs, who vehemently denies involvement in war crimes or genocide, fled to Australia in February to avoid a deportation order by Britain.

He had already been deported from the United States and Canada over his wartime past.

He has said that while he was a member of a Nazi-backed Latvian hit squad called the Arajs during World War Two, he only fought Russia on the eastern front or was studying at university when killings of Jews took place in 1941.

Ninety-five percent of Latvia's 70,000 pre-war Jewish population was murdered during the German occupation, sometimes with local collaboration.

RB-- 06/17/00 11:49:11

Norland, Richard B. (EUR)

From: WHSR
Sent: Thursday, May 25, 2000 1:41 PM
To: Black, Steven K. (VP); Blinken, Antony J. (EUR); Brzezinski, Mark F. (RUE); Cables; Crawford, Bernard T. (RECORDS); Davidson, Leslie K. (VP); Elkind, Jonathan H. (RUE); Hinckley, Steedman (VP); Kass, Nicholas S. (EUR); Massey, Stephen M. (RUE/INTERN); Medish, Mark C. (RUE); Munter, Cameron P. (EUR); Norland, Richard B. (EUR); Tedstrom, John E. (RUE); vonLipsey, Roderick K. (SEE); Weiss, Andrew S. (RUE); Wolosky, Lee S. (TNT); Yee, Hoyt B. (EUR)
Subject: LATVIAN-RUSSIAN RELATIONS: MOSCOW RENEWS ANTI-LATVIAN ATTACKS

ActionAddres: RUEHC/SECSTATE WASHDC IMMEDIATE 5000
Classification: ~~CONFIDENTIAL~~
DateTime: 251716Z MAY 00
Distribution: SIT: BLACK BLINKEN BRZEZINSKI NSC CRAWFORD DAVIDSON ELKIND HINCKLEY KASS
MASSEY MEDISH MUNTER NORLAND TEDSTROM VONLIPSEY WEISS WOLOSKEY YEE
PRT: Jacobson

Identifier: M4461698
InfoAddres: RUEKJCS/SECDEF WASHINGTON DC IMMEDIATE
RHEHAAA/THE WHITE HOUSE WASHDC IMMEDIATE
RUEHSK/AMEMBASSY MINSK IMMEDIATE 0360
RUEHKV/AMEMBASSY KIEV IMMEDIATE 0969
RUEHFRS/AMCONSUL STRASBOURG IMMEDIATE 0186
RUEHVEN/USMISSION USOSCE IMMEDIATE 0385
RUEHGV/USMISSION GENEVA IMMEDIATE 0255
RUEHBS/USEU BRUSSELS IMMEDIATE
RUEHNO/USMISSION USNATO IMMEDIATE 1660
RUCNNEI/NORTHERN EUROPEAN INITIATIVE COLLECTIVE IMMEDIATE

Line1: OAACZYUW RUEHRAA1945 1461716-CCCC--RHEHAAA.
Line2: ZNY CCCCC ZZH
Line3: O 251716Z MAY 00
Line4: FM AMEMBASSY RIGA
Originator: AMEMBASSY RIGA
Precedence: IMMEDIATE
Profiles: BLACKS
BLINKENA
BRZEZINM
CABLES
CRAWFORB
DAVIDSOL
ELKINDJ
HINCKLES
KASSN
MASSEYS
MEDISHM
MUNTERC
NORLANDR
TEDSTROJ
VONLIPSR
WEISSA
WOLOSKEY
YEEH

StationRoutingIndicator: RUEHRA
StationSerialNumber: 1945
TimeOfReceipt: 05/25/2000 13:40:43 ET

C O N F I D E N T I A L SECTION 01 OF 05 RIGA 001945

DEPT FOR D, EUR/DAS HAMILTON, EUR/RPM, EUR/NB, S/NIS

DECLASSIFIED

PER E.O. 13526

2016-0314-M-1 (1.91)

6/12/2023 VR

MOSCOW PLEASE PASS TO DEPSEC TALBOTT

THE WHITE HOUSE FOR NSC NORLAND AND JACOBSON

HELSINKI PLEASE PASS AMCONSUL ST PETERSBURG

E.O. 12958: DECL: 05/21/10

TAGS: PREL,, PGOV, PHUM, ECON, KJUS, LG, RS

SUBJECT: LATVIAN-RUSSIAN RELATIONS: MOSCOW RENEWS
ANTI-LATVIAN ATTACKS

REFS: (A) RIGA 1588; (B) RIGA 1494; (C) MOSCOW 11249;
(D) HELSINKI 2435; (E) USNATO 1134;
(F) MOCOW 10633; (G) STATE 83918;
(H) MOSCOW 1051; (I) RIGA 1152 AND PREVIOUS

(U) CLASSIFIED BY CHARGE D'AFFAIRES JOHN L. WLTHERS
FOR REASONS 1.5 (B) AND (D).

SUMMARY AND INTRODUCTION

1. ~~TO~~ WINSTON CHURCHILL ONCE FAMOUSLY SAID, "I CANNOT FORECAST TO YOU THE ACTION OF RUSSIA. IT IS A RIDDLE WRAPPED IN A MYSTERY INSIDE AN ENIGMA" DESPITE THEIR HIGH REGARD FOR ENGLAND'S WARTIME PRIME MINISTER, MOST LATVIANS WOULD RESPECTFULLY DISAGREE. WESTERN COMMENTATORS MIGHT ECHO SOME OF CHURCHILL'S BEMUSEMENT IN THEIR DESCRIPTIONS OF RUSSIAN PRESIDENT PUTIN AS A "QUESTION MARK" AND HIS POLICIES AS "UNDETERMINED." HOWEVER, RUSSIA'S SUSTAINED HOSTILITY AGAINST LATVIA, NOW INTO ITS THIRD YEAR, DENIES LATVIANS THE LUXURY OF ANY SUCH AMBIVALENCE. NEITHER NEW GOVERNMENTS IN RIGA AND MOSCOW NOR DRAMATIC CHANGES IN LATVIAN SOCIAL INTEGRATION LAW OVER THE PAST TWO YEARS, NEITHER THE FAVORABLE TESTIMONY OF INTERNATIONAL OBSERVERS ON SOCIAL INTEGRATION IN LATVIA NOR LATVIAN OFFERS TO ENGAGE RUSSIA IN DIALOGUE ON THE ISSUE, HAVE DIMINISHED MOSCOW'S FIERCE RHETORICAL ATTACKS NOR LOOSENED THE ECONOMIC STRICTURES AGAINST TRADE WITH LATVIA. COINCIDENT WITH PUTIN'S RISE TO POWER, RUSSIAN CRITICISM OF LATVIA HAS BECOME EVER HARSHER AND MORE STRIDENT. THIS CABLE PROVIDES EMBASSY RIGA'S THOUGHTS ON THE DETERIORATION OF LATVIAN-RUSSIAN RELATIONS AND ON POSSIBLE USG APPROACHES TO HELP EASE THE CURRENT TENSIONS. END SUMMARY AND INTRODUCTION.

HIGH OCTAVE ALLEGATIONS

2. ~~TO~~ IN RECENT WEEKS, THE TONE OF RUSSIAN CRITICISM OF LATVIA AND, TO A DEGREE, ESTONIA IN A WIDE VARIETY OF INTERNATIONAL FORA HAS REACHED EVER HIGHER OCTAVES ON THE SCALE OF SHRILLNESS. SINCE FEBRUARY 2000, FOR EXAMPLE, SENIOR RUSSIAN OFFICIALS HAVE CHARGED THAT:

-- "THE 'BROWN PLAGUE' IS SPREADING AROUND THE CONTINENT" AND "THE SPROUTS OF [NAZI] REVANCHISM ARE

SHOOTING FROM THE BALTIC STATES." (FM IVANOV LETTER TO SECRETARY ALBRIGHT, FEBRUARY 22, 2000).

-- "REMARKS UNPRECEDENTED IN THEIR ANTI-RUSSIAN TONE AND FOLLOWING THE WORST TRADITIONS OF THE COLD WAR HAVE COME FROM RIGA." (RUSSIAN MFA STATEMENT ON LATVIAN PRESIDENT VIKE-FREIBERGA'S APRIL 27 BBC INTERVIEW, MAY 3, 2000.)

-- "REVANCHIST AND FASCIST TRENDS" ARE INCREASING IN LATVIA AND ESTONIA. (FM IVANOV LETTER TO PORTUGUESE FM GAMA AND EU CFSP HIGH REPRESENTATIVE SOLANA, MAY 15, 2000.)

-- "THE DANGER OF THE REBIRTH OF FASCISM AND THE REVERSAL OF THE OUTCOME OF THE SECOND WORLD WAR [IS APPARENT] IN LATVIA." (FM IVANOV NON-PAPER PRESENTED TO SECRETARY ALBRIGHT, APRIL 27, 2000.)

-- "ETHNIC CLEANSING, TRICKED OUT IN PSEUDO-CIVILIZED TRAPPINGS, IS TAKING PLACE IN THE BALTIC COUNTRIES." (FM IVANOV NON-PAPER PRESENTED TO SECRETARY ALBRIGHT, APRIL 27, 2000.)

~~CONFIDENTIAL~~ SECTION 02 OF 05 RIGA 001945

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MOSCOW PLEASE PASS TO DEPSEC TALBOTT

THE WHITE HOUSE FOR NSC NORLAND AND JACOBSON

HELSINKI PLEASE PASS AMCONSUL ST PETERSBURG

E.O. 12958: DECL: 05/21/10

TAGS: PREL,, PGOV, PHUM, ECON, KJUS, LG, RS

SUBJECT: LATVIAN-RUSSIAN RELATIONS: MOSCOW RENEWS ANTI-LATVIAN ATTACKS

-- "LEGAL OUTRAGES COMMITTED BY THE LATVIAN AUTHORITIES AGAINST SICK AND OLD PEOPLE STINK OF NAZI SENTIMENTS." (RUSSIAN MFA PRESS STATEMENT ON THE CONVICTION OF FORMER RED ARMY VETERAN, MIKHAIL FARBTUHS, FOR WAR CRIMES IN WORLD WAR II, MAY 18, 2000.)

3. ~~(S)~~ BEYOND THE VERBAL ASSAULTS ON LATVIA, THERE HAVE BEEN OTHER TROUBLING SIGNS: VANDALS HAVE DEFACED THE LATVIAN EMBASSY IN MOSCOW (LAST WEEK, UNKNOWN ASSAILANTS SET FIRE TO A GOL VEHICLE ON THE EMBASSY GROUNDS) AND ITS CONSULATE IN ST. PETERSBURG; INFORMAL ECONOMIC SANCTIONS ARE STILL IN PLACE DESPITE THE SHELVEING OF AN OFFICIAL SANCTIONS BILL IN THE DUMA; THE RUSSIAN MFA HAS DEMANDED THAT RUSSIAN FIRMS NOT ATTEND LATVIAN-SPONSORED COMMERCIAL EVENTS, NOTABLY THOSE HELD IN CONJUNCTION WITH THE ANNUAL EBRD BOARD OF GOVERNORS MEETING IN RIGA; AND DIPLOMATIC INTERCHANGE AT SENIOR LEVELS REMAINS AT A VIRTUAL STANDSTILL.

THE FACTS

4. ~~(S)~~ FROM THE VIEWPOINT OF THE GOL AND INTERNATIONAL OBSERVERS ON THE GROUND, THE MOST UNSETTLING ASPECT OF RUSSIA'S CURRENT BEHAVIOR IS THAT IT OCCURS AT A TIME OF REMARKABLE ADVANCES IN THE PURPORTED AREAS OF RUSSIA'S PRIMARY CONCERNS. AS DRAWN FROM FM IVANOV'S APRIL 27 NON-PAPER TO THE SECRETARY, THOSE CONCERNS CAN BE SUMMARIZED AS FOLLOWS:

-- SOCIAL INTEGRATION: THE NON-PAPER ALLEGES THAT AT THE CURRENT RATE OF NATURALIZATION (12,000 PER YEAR), THE "ELIMINATION OF MASS STATELESSNESS IN LATVIA WILL TAKE ABOUT 50 YEARS." IN FACT, THE FIGURE OF 12,000 NATURALIZATIONS IN THE FIRST YEAR AFTER THE ENACTMENT OF LATVIA'S CITIZENSHIP LAW AS REVISED IN 1998 EQUALS THE TOTAL NATURALIZED IN ALL PREVIOUS YEARS SINCE LATVIA REGAINED INDEPENDENCE. WITH CONTINUED IMPROVEMENTS IN THE OPERATION OF THE LATVIAN NATURALIZATION BOARD AND ITS SECURING OF ADDITIONAL RESOURCES FROM THE GOL AND WESTERN PARTNERS, THERE IS EVERY REASON TO EXPECT THOSE NUMBERS TO RISE SIGNIFICANTLY IN COMING YEARS. NOR DOES THE NON-PAPER NOTE THAT THE LATVIAN CITIZENSHIP LAW IS AMONG THE MOST LIBERAL IN EUROPE; THAT VIRTUALLY EVERY NON-CITIZEN RESIDENT OF LATVIA IS ELIGIBLE TO NATURALIZE; THAT THE LAW ASKS ONLY FOR THE APPLICANT TO DECLARE HIS DESIRE TO BECOME A CITIZEN, AND TO PASS A HISTORY AND A LANGUAGE EXAMINATION; THAT OVER 95 PERCENT OF APPLICANTS PASS BOTH THESE EXAMS ON THE FIRST TRY; AND THAT UNDER MODIFIED FEE SCHEDULES, LESS THAN 60 PERCENT OF APPLICANTS PAY THE FULL APPLICATION FEE. IN ADDITION, STATELESS CHILDREN BORN IN LATVIA AFTER INDEPENDENCE CAN ACQUIRE CITIZENSHIP VIRTUALLY AUTOMATICALLY ON THE APPLICATION OF THEIR PARENTS. MOREOVER, THE HIGH RATES OF INTER-ETHNIC MARRIAGES IN LATVIA AND THE PROJECTED TRENDS IN MORTALITY RATES MAY ALSO CONTRIBUTE TO INCREASING THE NUMBERS OF LATVIAN CITIZENS IN COMING YEARS.

-- LANGUAGE: THE NON-PAPER ASSERTS THAT THE LATVIAN AUTHORITIES "VIRTUALLY IGNORED" THE RECOMMENDATIONS OF INTERNATIONAL EXPERTS IN DRAFTING THEIR LANGUAGE AND EDUCATION LAWS. NOT TRUE. THE GOL COOPERATED CLOSELY WITH A RANGE OF INTERNATIONAL EXPERTS, INCLUDING FROM THE OSCE AND COE, IN FORMULATING THESE LAWS. CONTRARY TO THE NON-PAPER'S ASSERTION, THE LANGUAGE LAW AS PASSED IN ITS FINAL FORM ON DECEMBER 9, 1999, COMPLIES WITH OSCE STANDARDS PROTECTING PRIVATE SECTOR ACTIVITIES FROM GOVERNMENT INTRUSION AND WAS ENDORSED

~~CONFIDENTIAL~~ SECTION 03 OF 05 RIGA 001945

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ANTI-LATVIAN ATTACKS

BY THE USG, THE EU, THE COE, THE OSCE AND OTHER ORGANIZATIONS. MOREOVER, THE NON-PAPER DOES NOT MENTION THE STEEP RISE IN DEMAND AMONG RUSSIAN-SPEAKERS FOR LATVIAN LANGUAGE TRAINING. NOT ONLY HAVE INCREASED NUMBERS OF ADULTS SOUGHT SUCH TRAINING THROUGH ADULT TRAINING CENTERS AND OTHER EDUCATIONAL INSTITUTIONS, BUT RUSSIAN-SPEAKING PARENTS HAVE ENROLLED THEIR CHILDREN IN LATVIAN-LANGUAGE SCHOOLS TO SUCH AN EXTENT THAT OVER 73 PERCENT OF ALL FIRST GRADERS IN LATVIA NOW STUDY IN LATVIAN. NOT ONLY IS THIS A DE FACTO TESTAMENT TO THE RUSSIAN MINORITY'S DESIRE AND INTENTION TO INTEGRATE, THE INCREASED LATVIAN LANGUAGE CAPABILITY OF TODAY'S FIRST GRADERS WILL HAVE A POSITIVE EFFECT ON NATURALIZATION IN COMING YEARS.

-- WAR CRIMES PROSECUTIONS: THE NON-PAPER ATTACKS LATVIA FOR REFUSING TO BRING SUSPECTED NAZI WAR CRIMINAL, KONRADS KALEJS, TO TRIAL, WHILE CONVICTING FORMER RED ARMY PARTISAN VASILIJIS KONONOV OF WAR CRIMES IN WORLD WAR II. THE USG'S POLICY ADHERES TO THE FUNDAMENTAL PRINCIPLE THAT ALL SUSPECTED WAR CRIMINALS MUST BE BROUGHT TO JUSTICE, REGARDLESS OF THEIR NATIONALITY OR POLITICAL AFFILIATION. NOT ONLY HAVE WE DECLARED THIS PRINCIPLE TO THE RUSSIANS, WE HAVE MADE ESPECIALLY CLEAR TO THE LATVIANS OUR EXPECTATION THAT THEY SHOW EQUAL DILIGENCE AND ZEAL IN PROSECUTING THOSE LATVIANS WHO PARTICIPATED IN NAZI ATROCITIES AS IN PROSECUTING THOSE GUILTY OF CRIMES ON THE SOVIET SIDE. WE ARE, MOREOVER, WORKING CLOSELY WITH THE LATVIAN PROSECUTOR GENERAL'S OFFICE IN THEIR PRE-TRIAL INVESTIGATION OF KALEJS AND OTHERS LATVIANS WHO COLLABORATED WITH THE NAZIS. IN CONTRAST, RUSSIA HAS BEEN MINIMALLY RESPONSIVE TO GOL REQUESTS FOR ASSISTANCE WITH THE KALEJS INVESTIGATION, EVEN THOUGH CRITICAL RECORDS PERTAINING TO THE CASE ARE IN RUSSIA'S POSSESSION. CONCERNING KONONOV, THE LATVIAN SUPREME COURT -- IN A RULING THAT BELLED RUSSIAN ATTACKS ON THE IMPARTIALITY AND INDEPENDENCE OF THE LATVIAN COURTS -- ON APPEAL OVERTURNED HIS CONVICTION IN THE LOWER COURTS AND RELEASED HIM FROM CUSTODY. UNLESS THE PROSECUTORS CAN PRESENT PERSUASIVE EVIDENCE TO THE JUSTICES TO REOPEN THE CASE, THE JUDGMENT WILL STAND. THE SAME RIGHT OF APPEAL IS OPEN TO OTHER CONVICTED WAR CRIMINALS, INCLUDING FORMER KGB AGENT MIKHAIL FARBTUHS.

LATVIAN RESPONSES

5. ~~TO~~ FOR THEIR PART, LATVIAN OFFICIALS HAVE, WITH ONE EXCEPTION, LARGELY REFRAINED FROM COUNTERATTACKS ON RUSSIA. THROUGHOUT THE PERIOD OF TENSION, THEY HAVE HELD FIRM TO A STRATEGY OF AVOIDING STATEMENTS THAT MIGHT BE CONSIDERED PROVOCATIVE, OF ADHERING TO A MANTRA CALLING FOR INTERGOVERNMENTAL DIALOGUE, AND OF SEEKING MEETINGS WITH SENIOR RUSSIAN LEADERS AIMED AT LOWERING THE POLITICAL TEMPERATURE. THE ONE EXCEPTION IS PRESIDENT VAIRA VIKI-FREIBERGA, WHO HAS ON VARIOUS OCCASIONS SPOKEN FORCEFULLY ON RUSSIA, MOST RECENTLY IN AN APRIL 27 INTERVIEW WITH THE BBC.

6. (S) PUBLICLY, THE MFA (WHICH, WE HAVE LEARNED, WAS CAUGHT OFF GUARD BY THE COMMENTS) HAS DOWNPLAYED HER REMARKS, ESPECIALLY HER CLEARLY EXAGGERATED NOTIONS OF RUSSIA'S PRESENT MILITARY THREAT TO THE BALTICS. PRIVATELY, HOWEVER, MFA SOURCES TELL US THAT THE PRESIDENT'S STATEMENTS STRUCK A CHORD WITH MANY OFFICIALS AND THE PUBLIC FOR SAYING OUT LOUD WHAT THEY SUSPECT OTHER HEADS OF GOVERNMENT ONLY MURMUR IN PRIVATE. NOR ARE LATVIANS IMPRESSED BY RUSSIAN PROFESSIONS OF HURT AND SURPRISE AT VIKE-FREIBERGA'S COMMENTS (JUST SO MANY CROCODILE TEARS, IN THEIR VIEW) OR THEIR SUGGESTIONS THAT THE INTERVIEW SOMEHOW UPSET PROMISING PROSPECTS FOR IMPROVING RELATIONS

~~CONFIDENTIAL~~ SECTION 04 OF 05 RIGA 001945

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SUBJECT: LATVIAN-RUSSIAN RELATIONS: MOSCOW RENEWS
ANTI-LATVIAN ATTACKS

(DISINGENUOUS AT BEST).

SO, WHAT'S GOING ON?

7. (S) DESPITE LATVIA'S COMMENDABLE, ALBEIT NOT PERFECT, RECORD SINCE 1998, MOSCOW HAS REFUSED TO CREDIT ANY ADVANCES IN LATVIAN SOCIAL INTEGRATION OVER THE PAST TWO YEARS, NOT EVEN AS THE BASIS FOR FURTHER DIALOGUE ON THE ISSUE. NOR HAS IT TAKEN ANY CONSTRUCTIVE STEP, ISSUED ANY POSITIVE STATEMENT, OR CONTRIBUTED A SINGLE RUBLE TO BACKING MEASURES THAT ADDRESS THE ISSUES IT PROFESSES TO HOLD IMPORTANT. INSTEAD, THE UNRELENTING DRUMBEAT OF ANTI-LATVIAN RHETORIC GOES ON. AT ONE LEVEL, MOSCOW'S CONSTANT "PLAYING OF THE ETHNIC CARD" REFLECTS RUSSIA'S BELIEF THAT SUSTAINING TENSION IN THE BALTICS WILL DELAY, PERHAPS THWART NATO (AND EVEN EU) ENLARGEMENT IN THE REGION. HOWEVER, THE RECENT ATTACKS ALSO SEEMED LINKED TO TWO ADDITIONAL FACTORS:

✓ -- CHECHNYA: IT IS CLEAR THAT RUSSIA IS STRAINING TO DEFLECT THE INTERNATIONAL CRITICISM OVER THEIR CONDUCT OF THE CHECHEN WAR. ALTHOUGH ANY COMPARISON BETWEEN THE SITUATIONS IN CHECHNYA AND IN LATVIA IS, AS SWEDISH FOREIGN MINISTER LINDH RECENTLY PUT IT, "VULGAR," THE FACT IS THAT RUSSIA IS LIKELY TO USE LATVIA AS A WHIPPING BOY AS LONG AS IT IS UNDER PRESSURE OVER CHECHNYA.

✓ -- PUTIN: WHATEVER THE THOUGHTS BEHIND HIS INSCRUTABLE SMILE, THE RUSSIAN LEADER'S APPEAL TO RUSSIAN PRIDE AND TO RESTORED SLAVIC GREATNESS HAS GIVEN RUSSIAN NATIONALISM GREATER CURRENCY THAN

BEFORE. AS A RESULT OF THEIR OWN BITTER EXPERIENCES WITH THE PUTIN GOVERNMENT, LATVIANS ARE IN NO DOUBT THAT THE RUSSIAN PRESIDENT NOT ONLY EXPLOITS, BUT ENCOURAGES THESE SENTIMENTS. THEY ARE SIMPLY UNCONVINCED THAT PUTIN'S UNRELENTING PROSECUTION OF THE CHECHEN WAR WAS ONLY A MACHIAVELLIAN PLOY TO WIN THE PRESIDENCY AND THAT HE IS NOW POISED TO "REVERT" TO A MODERNIZER. VIEWED FROM RIGA, HIS WORDS AND ACTIONS (REVAMPING STALINIST SYMBOLS, EXTOLLING THE KGB, CENTRALIZING EXECUTIVE POWER AT THE EXPENSE OF THE REGIONS) DEMONSTRATE HIS COMMITMENT, BOTH FROM AN IDEOLOGICAL AND A UTILITARIAN POINT OF VIEW, TO A NEW, MILITANT BRAND OF NATIONALISM -- ONE THAT BODES ILL FOR LATVIA AND OTHER FORMER SOVIET STATES.

WHAT IS TO BE DONE?

9. ~~(S)~~ Faced with analogous situations in the past, Western Nations, ourselves included, have sought to temper Russian ire through promises to urge the Latvians to tailor their actions with an eye towards mollifying Russia. This pattern prevailed during Latvia's debate over the citizenship law in June 1998, the subsequent citizenship referendum in October 1998, and the revision of the language law in December 1999. Will it work now? We believe not. In each of these major instances (and in others besides), the Latvians acceded to our urgings without noticeable effect on Russian attitudes. Lacking movement on the Russian side, it is not at all certain that the Latvians will be as receptive to approaches for additional concessions -- particularly, given the fact that (A) with Latvia's legislative framework for social integration now virtually completed, it is difficult to see what additional concessions they could make and (B) that we have repeatedly assured them that once essential social integration legislation was passed, ~~CONFIDENTIAL~~ SECTION 05 OF 05 RIGA 001945

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WE WOULD NOT ESCALATE OUR DEMANDS FOR MORE.

10. ~~(S)~~ IT IS TIME, IN OUR VIEW, FOR THE USG, THE EU, AND LATVIA'S OTHER PARTNERS TO EXERCISE LEADERSHIP AND RESOLVE IN PERSUADING THE RUSSIANS TO ABANDON THEIR CURRENT UNPRODUCTIVE BALTIC POLICY. IT IS IMPORTANT NOT ONLY FOR LATVIA'S SAKE, BUT FOR OUR OWN POLICY OF PROMOTING REGIONAL STABILITY IN THE BALTICS, THAT WE MAKE CLEAR TO RUSSIA THAT ITS CURRENT

CRITICISM IS INIMICAL BOTH TO ITS INTERESTS AND TO OURS. THE MOST EFFECTIVE PATH TO ASSISTING RUSSIAN RESIDENTS IN THE BALTICS IS THROUGH POSITIVE ENGAGEMENT WITH THE LATVIAN AND ESTONIAN GOVERNMENTS, ~~NOT UNSUPPORTED ALLEGATIONS~~. IT IS TO THE MUTUAL BENEFIT OF ALL PARTIES IN THE REGION (A) TO PREVENT THE BALTICS FROM BECOMING A "FAULT LINE" FOR CONFRONTATION BETWEEN MOSCOW AND THE WEST; (B) TO ENHANCE THE ORDERLY LNTEGRATION OF LATVLA'S AND ESTONIA'S RUSSIAN-SPEAKING POPULATIONS, AND TO FOSTER DEMOCRACY-BUILDING, THE RULE OF LAW, AND THE RIGHTS OF THE RUSSIAN-SPEAKERS THEMSELVES; AND (C) TO CARRY OUT THESE MEASURES WITH A FLEXIBLLITY AND TRANSPARENCY THAT WOULD UNDERSCORE THE FACT THAT, HANDLED COOPERATIVELY, BALTIC INTEGRATION INTO EUROPE HAS POLITICAL AND ECONOMIC ADVANTAGES FOR RUSSIA, THE BALTICS AND OURSELVES.

WITHERS

To: Daive Norland

FYI

(this spawned
the question who
does Latvia?!))

MINISTER OF FOREIGN AFFAIRS
REPUBLIC OF LATVIA

April 14, 2000

James B. Steinberg
Deputy Assistant to the President
National Security Council

Dear Mr. Steinberg,

It was a pleasure to meet you during my recent visit to Washington. I value the opportunity to present Latvia's position on the importance of the transatlantic link to the Baltic Sea area.

United States support for Latvia's efforts to integrate with NATO and the European Union is greatly appreciated. We are on the threshold of membership. Latvia also supports as a matter of principle the proactive attitude of the United States in Baltic security affairs.

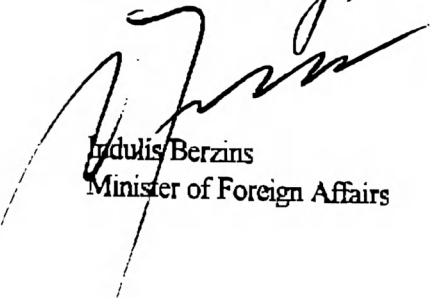
Latvia's preparations are geared to fulfilling all criteria for membership in the military field as well as in the areas of social and economic development. When NATO nations have their next summit meeting to decide the issue, Latvia will be ready.

The US - Baltic Partnership Charter is viewed by the Latvian government as a pragmatic means to shape our bilateral relationship in a way that benefits all four countries.

I would like to take this opportunity to express my appreciation for your personal contribution to the general effort to increase the security and stability of Europe.

I look forward to our future meetings.

Sincerely,


Indulis Berzins
Minister of Foreign Affairs

Norland, Richard B. (EUR)

PLATVIA.

From: WHSR
Sent: Tuesday, May 09, 2000 12:28 PM
To: Bolan, Christopher J. (VP); Cables; Davidson, Leslie K. (VP); Norland, Richard B. (EUR); Yee, Hoyt B. (EUR)
Subject: NEW LATVIAN GOVERNMENT CONFIRMED ----- SUMMARY -----

ActionAddres: RUEHC/SECSTATE WASHDC IMMEDIATE 4935
Classification: UNCLASSIFIED
DateTime: 091455Z MAY 00
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RUEHBS/USEU BRUSSELS
RHEHAAA/THE WHITE HOUSE WASHDC
Line1: OAAUZYUW RUEHRAA1757 1301455-UUUU--RHEHAAA.
Line2: ZNR UUUUU ZZH
Line3: O 091455Z MAY 00
Line4: FM AMEMBASSY RIGA
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UNCLAS SECTION 01 OF 03 RIGA 001757

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SUBJECT: NEW LATVIAN GOVERNMENT CONFIRMED

SUMMARY

1. THE NEW LATVIAN GOVERNMENT LED BY RIGA MAYOR ANDRIS BERZINS ("LATVIA'S WAY" PARTY) RECEIVED SAEIMA CONFIRMATION ON MAY 5 AMID JUBILATION OVER THE LATVIAN HOCKEY TEAM'S SENSATIONAL WIN AGAINST THE RUSSIANS AT THE WORLD ICE HOCKEY CHAMPIONSHIP IN ST. PETERSBURG. ALL MEMBERS OF THE FOUR-PARTY RULING COALITION -- THE "PEOPLE'S PARTY," "LATVIA'S WAY," "FATHERLAND AND FREEDOM," AND THE "NEW PARTY" TOTALING SIXTY-NINE PARLIAMENTARIANS -- VOTED TO APPROVE THE GOVERNMENT DESPITE "FATHERLAND'S" DISSATISFACTION WITH THE DISTRIBUTION OF GOVERNMENT POSTS AND THE "NEW PARTY'S" INTERNAL SQUABBLES. IN HIS ADDRESS TO THE SAEIMA PRIME MINISTER BERZINS PLEDGED TO CONTINUE THE REFORM PROCESS

AND SAID ONE OF HIS GOVERNMENT'S PRIORITIES WOULD BE TO COMPLETE THE PRIVATIZATION OF LARGE STATE ENTERPRISES BY THE END OF THE YEAR. WE EXPECT THE GOVERNMENT TO BE STABLE AS LONG AS THE COALITION PARTNERS ARE ABLE TO AGREE ON HOW TO PRIVATIZE THESE ENTERPRISES. IN FOREIGN AFFAIRS, THE NEW GOVERNMENT IS SET TO CONTINUE A PRO-WESTERN AND PRO-NATO POLICY. END SUMMARY.

RUSSIANS BEATEN, GOVERNMENT CONFIRMED

2. THE VOTE ON THE CABINET OF ANDRIS BERZINS SCHEDULED FOR THE AFTERNOON OF MAY 5 HAD TO BE DELAYED AS MOST PARLIAMENTARIANS WERE WATCHING THE LATVIA-RUSSIA ICE HOCKEY GAME ON TV. WHEN THE GAME ENDED IN A LATVIAN VICTORY, THE SAEIMA SESSION BEGAN IN A JUBILANT MOOD AND THE GOVERNMENT WAS CONFIRMED WITHOUT A GLITCH WITH SIXTY-NINE LAWMAKERS OUT OF A HUNDRED VOTING FOR IT. YET THE ROAD TO THE CONFIDENCE VOTE WAS BUMPY. ONLY A LAST MINUTE COMPROMISE BETWEEN THE TWO LARGEST PARTIES, THE "PEOPLE'S PARTY" AND "LATVIA'S WAY," PAVED THE WAY FOR CONFIRMATION OF BERZINS'S GOVERNMENT. THE "PEOPLE'S PARTY" BACKED AWAY FROM ITS DEMAND TO GET EITHER THE FOREIGN OR TRANSPORTATION MINISTRY (BOTH "LATVIA'S WAY" STRONGHOLDS), AS WELL AS ITS PROPOSAL TO NOMINATE EX-PRIME MINISTER ANDRIS SKELE FOR A CABINET POST. IN RETURN, THE "PEOPLE'S PARTY" RECEIVED FIVE CABINET PORTFOLIOS, MORE THAN ANY OTHER PARTY. "FATHERLAND AND FREEDOM," WHICH WAS LARGELY RESPONSIBLE FOR THE FALL OF THE SKELE GOVERNMENT, REMAINED UNHAPPY WITH THE POSITIONS IT WAS OFFERED. "FATHERLAND'S" CHAIRMAN MARIS GRINBLATS DID NOT EVEN SHOW UP FOR THE SIGNING OF THE COALITION AGREEMENT, SENDING HIS DEPUTY INSTEAD. GRINBLATS ALSO WARNED THAT HIS PARTY WOULD ENTER THE GOVERNMENT AS "TROUBLEMAKERS" AND CONDEMNED THE "PEOPLE'S PARTY'S" DOMINATION OF "THE ECONOMIC SPHERE." AS OF THIS MOMENT, A FOURTH COALITION PARTNER, THE SMALL "NEW PARTY," IS PLAGUED BY INTERNAL CONFLICTS AND COULD POSE ANOTHER SOURCE OF INSTABILITY FOR THE GOVERNMENT.

3. IN HIS ADDRESS TO THE SAEIMA, PRIME MINISTER BERZINS SAID HIS GOVERNMENT WOULD TRY TO BE "SOCIALLY PREDICTABLE" AND DECLARED THAT IT WOULD CONTINUE THE REFORMS PURSUED BY THE PREVIOUS GOVERNMENTS. BERZINS ALSO SAID THAT THE RULING COALITION PARTIES AGREED TO LIFT ALL RESTRICTIONS ON WORKING PENSIONERS TO RECEIVE THEIR PENSIONS IN 2001. (NOTE: THE DECISION BY THE SKELE GOVERNMENT TO CUT PENSIONS FOR WORKING PENSIONERS AROUSED MUCH PUBLIC ANGER AND LED TO A REFERENDUM. END NOTE.) BERZINS UNDERScoreD THAT THE PARTIES HAVE AGREED TO FINISH THE PRIVATIZATION OF LARGE STATE-OWNED ENTERPRISES, SUCH AS THE LATVIAN SHIPPING COMPANY, LATVENERGO AND VENTSPILS NAFTA, BY ATTRACTING "TOP INVESTMENT BANKS" TO MAKE THE PROCESS TRANSPARENT AND FREE FROM THE INFLUENCE OF LOCAL ECONOMIC LOBBIES.

NEW GOVERNMENT COMPOSITION

4. SIX MINISTERS FROM THE PREVIOUS CABINET RETAINED THEIR POSTS; TWO MINISTERS -- FORMER AGRICULTURE MINISTER

KALVITIS AND FORMER ECONOMICS MINISTER MAKAROV -- MOVED ON TO OTHER INDUSTRIES. THERE ARE SEVEN NEW FACES IN THE GOVERNMENT. FOLLOWING IS THE COMPOSITION OF THE NEW LATVIAN GOVERNMENT AS ENDORSED BY THE SAEIMA ON MAY 5 (DETAILED BIOS OF CABINET MINISTERS WILL FOLLOW SEPTTEL): UNCLAS SECTION 02 OF 03 RIGA 001757

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ANDRIS BERZINS ("LATVIA'S WAY"), PRIME MINISTER, (FORMER MAYOR OF RIGA, A HISTORIAN BY TRAINING, HAS WORKED AS MINISTER FOR LABOR AFFAIRS AND AS WELFARE MINISTER IN PREVIOUS GOVERNMENTS);

INDULIS BERZINS ("LATVIA'S WAY"), FOREIGN MINISTER;

GIRTS VALDIS KRISTOVSKIS ("FATHERLAND AND FREEDOM"), DEFENSE MINISTER;

ANATOLIJS GORBUNOV ("LATVIA'S WAY"), TRANSPORTATION MINISTER;

GUNDARS BERZINS ("PEOPLE'S PARTY"), FINANCE MINISTER (NEW FACE IN THE GOVERNMENT, HEAD OF THE "PEOPLE'S PARTY" FACTION IN THE SAEIMA, MECHANICAL ENGINEER BY TRAINING, HAS SERVED ON THE BOARD OF UNIBANKA, ONE OF LATVIA'S LARGEST COMMERCIAL BANKS);

MAREKS SEGLINS ("PEOPLE'S PARTY"), INTERIOR MINISTER;

AIGARS KALVITIS ("PEOPLE'S PARTY"), ECONOMICS MINISTER;

INGRIDA LABUCKA ("NEW PARTY"), JUSTICE MINISTER, (SHE HELD THE SAME POSITION IN THE GOVERNMENT OF VILIS KRISTOPANS FROM 1998 UNTIL 1999, A LAWYER BY TRAINING, WORKED IN A PRIVATE LAW FIRM BEFORE JOINING THE GOVERNMENT);

KARINA PETERSONE ("LATVIA'S WAY"), CULTURE MINISTER;

ANDREJS POZARNOVS ("FATHERLAND AND FREEDOM"), WELFARE MINISTER (NEW FACE IN THE GOVERNMENT, HEAD OF THE "FATHERLAND AND FREEDOM" SAEIMA FACTION, PHYSICIAN BY TRAINING);

KARLIS GREISKALNS ("PEOPLE'S PARTY"), EDUCATION AND SCIENCE MINISTER, (NEW FACE IN THE GOVERNMENT, FORMER MAYOR OF THE TOWN OF VALMIERA, FORMER VOLLEYBALL PLAYER, HAS A DIPLOMA FROM THE INSTITUTE OF PHYSICAL EDUCATION);

ATIS SLAKTERIS ("PEOPLE'S PARTY"), AGRICULTURE MINISTER, (NEW FACE IN THE GOVERNMENT, A MEMBER OF PARLIAMENT SINCE 1998, A FARMER BY OCCUPATION, MECHANICAL ENGINEER BY TRAINING);

VLADIMIRS MAKAROV ("FATHERLAND AND FREEDOM"), ENVIRONMENT AND REGIONAL DEVELOPMENT MINISTER;

ROBERTS ZILE ("FATHERLAND AND FREEDOM"), SPECIAL TASK MINISTER FOR COOPERATION WITH INTERNATIONAL FINANCIAL INSTITUTIONS

JANIS KRUMINS ("NEW PARTY"), SPECIAL TASK MINISTER FOR STATE ADMINISTRATION REFORM AFFAIRS, (A NEW FACE IN THE GOVERNMENT, ONE OF THE FOUNDERS OF "LATVIA'S WAY" AND THE "NEW PARTY," SOUTH KOREAN HONORARY CONSUL IN LATVIA).

COMMENT

5. ALTHOUGH PRIME MINISTER ANDRIS BERZINS EXPRESSED CONFIDENCE THAT HIS GOVERNMENT WILL WORK UNTIL THE NEXT PARLIAMENTARY ELECTIONS IN 2002, THERE ARE A NUMBER OF UNDERWATER REEFS THAT COULD SINK IT. ONE IS PRIVATIZATION; THE OTHER IS INTRA-COALITION BICKERING. ON PRIVATIZATION, IF THE GOVERNMENT MANAGES TO HAMMER OUT A COMPROMISE APPROACH THAT ALL PARTIES CAN ACCEPT THEN IT HAS A GOOD CHANCE OF SURVIVING LONGER THAN ITS PREDECESSORS. IF NOT, IT IS LIKELY TO SUFFER THE FATE OF THE SKELE GOVERNMENT.

6. SQUABBLING BETWEEN THE COALITION PARTIES ALSO THREATENS THE GOVERNMENT'S STABILITY. TAMING "FATHERLAND AND FREEDOM," WHICH WAS RESPONSIBLE FOR TOPPLING THE PREVIOUS TWO GOVERNMENTS, WILL NOT BE AN EASY TASK. GIVEN "FATHERLAND'S" ALREADY-VOICED DISSATISFACTION THAT IT WAS NOT OFFERED THE POST OF ECONOMICS MINISTER, IT IS LIKELY TO MAKE TROUBLE FOR PRIME MINISTER BERZINS IN THE FUTURE. MOREOVER, "LATVIA'S WAY" AND THE "PEOPLE'S PARTY" WILL NOT BE ABLE TO RELY ON THE "NEW PARTY" IF "FATHERLAND" DEFECTS; THE "NEW PARTY" IS NOW IN DISARRAY FOLLOWING THE RESIGNATION OF RAIMONDS PAULS AS PARTY CHAIRMAN AND THE RESIGNATION OF THREE OF ITS EIGHT FACTION MEMBERS FROM THE PARTY.
UNCLAS SECTION 03 OF 03 RIGA 001757

STATE FOR D, EUR/DAS HAMILTON, EUR/RPM ANDRUSYSZYN,
EUR/NB, S/NIS
THE WHITE HOUSE FOR NSC NORLAND AND JACOBSON

E.O. 12958: N/A
TAGS: PGOV, PHUM, PREL, LG
SUBJECT: NEW LATVIAN GOVERNMENT CONFIRMED

7. LATVIA'S NEW GOVERNMENT IS COMMITTED TO CONTINUE POLITICAL AND ECONOMIC REFORMS AND TO FOSTER LATVIA'S INTEGRATION INTO THE EUROPEAN UNION AND NATO. PRIME MINISTER BERZINS STRESSED THAT ONE OF HIS FOREIGN POLICY PRIORITIES WILL BE TO IMPROVE RELATIONS WITH RUSSIA. WHILE THESE BROAD POLICY OBJECTIVES HAVE BEEN ACCEPTED BY THE COALITION PARTNERS, THERE IS EVERY LIKELIHOOD THAT PARTY RIVALRIES AND IDEOLOGICAL DIFFERENCES WILL EMERGE AS POLICY DEBATE GETS DOWN TO THE DETAILS. THAT IS WHEN PRIME MINISTER BERZINS'S SKILLS AS A CONSENSUS-BUILDER AND COALITION DISCIPLINARIAN WILL BE TRULY TESTED. END COMMENT.
HOLMES

UNCLASSIFIED
NSC/RMO PROFILE

RECORD ID: 0003088
RECEIVED: 05 MAY 00 16

TO: BERGER

FROM: NORLAND
BLINKEN

DOC DATE: 05 MAY 00
SOURCE REF:

KEYWORDS: LATVIA

PERSONS:

SUBJECT: POTUS MSG TO NEW LATVIAN PM SKELE

ACTION: NO FURTHER ACTION REQUIRED

DUE DATE: 09 MAY 00 STATUS: C

STAFF OFFICER: NORLAND

LOGREF:

FILES: PA

NSCP:

CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION

FOR CONCURRENCE

FOR INFO
NORLAND
NSC CHRON

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSNHM

CLOSED BY: NSGP

DOC 1 OF 1

UNCLASSIFIED

UNCLASSIFIED
ACTION DATA SUMMARY REPORT

RECORD ID: 0003088

DOC ACTION OFFICER

001 BERGER
001

CAO ASSIGNED ACTION REQUIRED

Z 00050612 FOR DECISION
X 00050811 NO FURTHER ACTION REQUIRED

UNCLASSIFIED

NATIONAL SECURITY COUNCIL

THE WHITE HOUSE

PROOFED BY: _____

LOG # 3088

URGENT NOT PROOFED: ✓

SYSTEM PRS INT ARS

BYPASSED WW DESK: _____

DOCLOG 11 A/O _____

CPW

	SEQUENCE TO	INITIAL/DATE	DISPOSITION
GIRE	_____	_____	_____
JACOBSON	_____	_____	_____
POWELL	_____	_____	_____
BASH	_____	_____	_____
BRADTKE	<u>1</u>	<u>W 5/6</u>	_____
RUDMAN	_____	_____	_____
STEINBERG	<u>2</u>	_____	_____
BERGER	_____	_____	_____
SITUATION ROOM	_____	_____	_____
WEST WING DESK	<u>2</u>	<u>W 5/6</u>	<u>NFAR</u>
RECORDS MGMT.	<u>3</u>	_____	<u>N</u>
_____	_____	_____	_____

A = ACTION I = INFORMATION D = DISPATCH R = RETAIN N = NO FURTHER ACTION

70 MAY 5 PM 8:18

COMMENTS:

Presidential MSG to New
LATVIAN P.M.

EXEC SEC OFFICE HAS DISKETTE

NO

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20504

3088

May 5, 2000

ACTION

MEMORANDUM FOR SAMUEL R. BERGER

THROUGH: ANTONY BLINKEN (A32)
FROM: RICHARD NORLAND /
SUBJECT: Presidential Message to New Latvian Prime Minister

A new Latvian Government was formed today, following the resignation of former Prime Minister Andris Skele on April 12. (The vote in parliament was delayed slightly as deputies watched Latvia beat Russia 3-2 at the world ice hockey championships in St. Petersburg.) This is Latvia's ninth Government since independence was restored 10 years ago. The new Prime Minister, former Mayor of Riga Andris Berzins, will hold to reformist, pro-EU and pro-NATO policies, but without his predecessor's combative personal style. Still, privatization issues that brought down the previous government will remain a potential flashpoint between parties in the new coalition.

It would be appropriate for the President to send a note of congratulations to Prime Minister Berzins along the lines contained in the attached cable.

RECOMMENDATION

That you authorize the transmittal of the message at Tab I.

Approve APR 5/5 Disapprove _____

Attachment

Tab I Message to Prime Minister Berzins

PREC: IMMEDIATE CLASS: UNCLASSIFIED

FROM: THE WHITE HOUSE

TO: AMEMBASSY RIGA

SUBJECT: CONGRATULATORY MESSAGE TO NEW PRIME MINISTER BERZINS

1. AMBASSADOR OR DCM: PLEASE PASS THE FOLLOWING MESSAGE FROM PRESIDENT CLINTON TO PRIME MINISTER ANDRIS BERZINS AT THE EARLIEST OPPORTUNITY. NO SIGNED ORIGINAL TO FOLLOW.

2. BEGIN TEXT.

DEAR MR. PRIME MINISTER:

PLEASE ACCEPT MY CONGRATULATIONS UPON BECOMING PRIME MINISTER. LATVIA HAS MADE ENORMOUS STRIDES SINCE INDEPENDENCE WAS RESTORED TEN YEARS AGO, SUCCESSFULLY MEETING THE DIFFICULT CHALLENGES OF ECONOMIC REFORM AND SOCIAL INTEGRATION. I LOOK FORWARD TO CONTINUING THE CLOSE COOPERATION BETWEEN LATVIA AND THE UNITED STATES IN ADVANCING OUR COMMON GOALS. YOU CAN COUNT ON THE UNITED STATES TO SUPPORT YOUR EFFORTS TO BUILD A STRONG, INDEPENDENT AND PROSPEROUS FUTURE.

AGAIN, YOU HAVE MY BEST WISHES AS YOU ASSUME YOUR DUTIES.

SINCERELY,

WILLIAM J. CLINTON

END TEXT.

Wasserman, Elaine P. (EXSEC)

From: Wasserman, Elaine P. (EXSEC)
Sent: Saturday, May 06, 2000 6:41 PM
To: @WHSR - WH Situation Room; @COMM - WHSR Comm Officers
Cc: @EXECSEC - Executive Secretary; @EUROPE - European Affairs
Subject: Package 3088 Presidential Message to New Latvian PM [UNCLASSIFIED]

Bob Bradtke has approved transmission of attached subject message for SRB.



3088 MESSAGE.doc

Wasserman, Elaine P. (EXSEC)

From: Norland, Richard B. (EUR)
Sent: Saturday, May 06, 2000 3:31 PM
To: Wasserman, Elaine P. (EXSEC)
Cc: @CROSS - Cross Hatches
Subject: RE: Package 3088 Presidential Message to New Latvian PM [UNCLASSIFIED]



3088 MESSAGE.doc

sorry, here you go. thanks.

-----Original Message-----

From: Wasserman, Elaine P. (EXSEC)
Sent: Saturday, May 06, 2000 3:25 PM
To: Norland, Richard B. (EUR)
Cc: @CROSS - Cross Hatches
Subject: Package 3088 Presidential Message to New Latvian PM [UNCLASSIFIED]

Bob has approved sending this out but there is no diskette. Please e-mail so we can send. Thanks!

Norland, Richard B. (EUR)

From: Blackburn, John (WHSR)
Sent: Saturday, May 06, 2000 9:54 PM
To: Wasserman, Elaine P. (EXSEC); @WHSR - WH Situation Room; @COMM - WHSR Comm Officers
Cc: @EXECSEC - Executive Secretary; @EUROPE - European Affairs
Subject: RE: Package 3088 Presidential Message to New Latvian PM [UNCLASSIFIED]

MESSAGE TRANSMITTED TO AMEMB RIGA....WH MSG 070102Z.

-----Original Message-----

From: Wasserman, Elaine P. (EXSEC)
Sent: Saturday, May 06, 2000 6:41 PM
To: @WHSR - WH Situation Room; @COMM - WHSR Comm Officers
Cc: @EXECSEC - Executive Secretary; @EUROPE - European Affairs
Subject: Package 3088 Presidential Message to New Latvian PM [UNCLASSIFIED]

Bob Bradtke has approved transmission of attached subject message for SRB.

<< File: 3088 MESSAGE.doc >>

PREC: IMMEDIATE CLASS: UNCLASSIFIED

FROM: THE WHITE HOUSE

TO: AMEMBASSY RIGA

SUBJECT: CONGRATULATORY MESSAGE TO NEW PRIME MINISTER BERZINS

1. AMBASSADOR OR DCM: PLEASE PASS THE FOLLOWING MESSAGE FROM PRESIDENT CLINTON TO PRIME MINISTER ANDRIS BERZINS AT THE EARLIEST OPPORTUNITY. NO SIGNED ORIGINAL TO FOLLOW.

2. BEGIN TEXT.

DEAR MR. PRIME MINISTER:

PLEASE ACCEPT MY CONGRATULATIONS UPON BECOMING PRIME MINISTER. LATVIA HAS MADE ENORMOUS STRIDES SINCE INDEPENDENCE WAS RESTORED TEN YEARS AGO, SUCCESSFULLY MEETING THE DIFFICULT CHALLENGES OF ECONOMIC REFORM AND SOCIAL INTEGRATION. I LOOK FORWARD TO CONTINUING THE CLOSE COOPERATION BETWEEN LATVIA AND THE UNITED STATES IN ADVANCING OUR COMMON GOALS. YOU CAN COUNT ON THE UNITED STATES TO SUPPORT YOUR EFFORTS TO BUILD A STRONG, INDEPENDENT AND PROSPEROUS FUTURE.

AGAIN, YOU HAVE MY BEST WISHES AS YOU ASSUME YOUR DUTIES.

SINCERELY,

WILLIAM J. CLINTON

END TEXT.

Norland, Richard B. (EUR)

From: WHSR
Sent: Friday, May 05, 2000 2:49 PM
To: Bolan, Christopher J. (VP); Davidson, Leslie K. (VP); Norland, Richard B. (EUR); Yee, Hoyt B. (EUR)
Subject: LATVIA:LatvianParliament

Classification: UNCLASSIFIED
Distribution: SIT: BOLAN DAVIDSON NORLAND YEE
PRT: JACOBSON
Identifier: F1302e10
Originator: FBIS
Precedence: RUSH
TimeOfReceipt: 05/05/2000 13:50:44 ET

F5153
FBIS 153MAY05 UNCLAS
LATVIA: Latvian Parliament Approves New Cabinet Composition
CE0005050181 Riga Latvian Radio 1 in Latvian 1555 GMT 5 May 00

[FBIS Report] The Latvian parliament, meeting in extraordinary session, has expressed a vote of confidence in the government formed by Andris Berzins. As Latvia was in the process of defeating Russia at (ice-hockey in St. Petersburg at the time the session was due to begin, the hall was inquorate and the vote was delayed until after the victory. The vote was 69 in favour, 24 against, no abstentions.

The cabinet is made up as follows:

Prime Minister, Andris Berzins

Minister of Defence, Girts Valdis Kristovskis

→ Foreign Minister, Indulis Berzins

Minister of Economics, Aigars Kalvitis

Minister of Finance, Gundars Berzins

Minister of Internal Affairs, Mareks Seglins

Minister of Education and Science, Karlis Greiskalns

Minister of Culture, Karina Petersone

Minister of Welfare, Andrejs Pozarnovs

Minister of Transport, Anatolijs Gorbunovs

Minister of Justice, Ingrida Labucka

Minister of Environmental Protection and Regional Development,
Vladimirs Makarovs

Minister of Agriculture, Atis Slakteris

Minister with Special Responsibility for Cooperation with
International Financial Institutions, Roberts Zile

*Berzins should last a year.
Letter would be appropriate.
Cognate.
great still
close cooperation*

(Berzins is ok.)

Minister with Special Responsibility for State Reform, Janis

Krumins

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IS PROHIBITED WITHOUT PERMISSION OF THE COPYRIGHT OWNERS.)
(ENDALL)

05 MAY 1717z FBIS

NNNN

FBIS 05/05/00 13:20:33

Norland, Richard B. (EUR)

From: WHSR
Sent: Friday, May 05, 2000 1:51 PM
To: Bolan, Christopher J. (VP); Crowley, Philip J. (PRESS); Davidson, Leslie K. (VP); Hammer, Michael A. (PRESS); Norland, Richard B. (EUR); Rosshirt, Thomas M. (SPCHW); Stockwell, David B. (PRESS); Yee, Hoyt B. (EUR)
Subject: UPDATE 1-LATVIAN GOVT APPROVED, EU, NATO REMAIN TOP GOALS
Classification: UNCLASSIFIED
Distribution: SIT: BOLAN CROWLEY DAVIDSON HAMMER NORLAND ROSSHIRT STOCKWELL YEE
PRT: JACOBSON
Identifier: R12f9d60
Originator: Reuters
Precedence: RUSH
TimeOfReceipt: 05/05/2000 12:52:39 ET

a2199

^BC-LATVIA-GOVERNMENT (UPDATE 1)

^UPDATE 1-Latvian govt approved, EU, NATO remain top goals
(Adds quotes in paras 5,6, background)

By Alan Crosby

RIGA, May 5 (Reuters) - The Latvian parliament approved Prime Minister Andris Berzins's government on Friday, which pledged to maintain a tight fiscal policy as the former Soviet republic heads along the path to EU and NATO membership.

The new four-party centrist government, which holds 69 of the 100 seats in parliament, easily carried the confidence vote which went down party lines with all 69 coalition deputies approving the government.

Twenty-four voted against. Seven abstained or were absent.

Voting went off without a hitch, although it was delayed slightly as deputies watched Latvia beat Russia 3-2 at the world ice hockey championships in St Petersburg.

“(The coalition parties) have agreed to form a government that will work until the next parliamentary election,” the government declaration said.

“The government will continue the work started by the previous administration to achieve faster state development so that the improvement of macroeconomic indicators reflect on the higher living standard for all Latvians,” it added.

Berzins put together the coalition after former Prime Minister Andris Skele resigned on April 12 when his cabinet unravelled over the sacking of Economy Minister Vladimirs Makarovs in a row over privatisation.

The government declaration pledges to keep the lat currency stable and maintain the previous government's tight fiscal policy. Membership in the EU and the NATO military alliance remain key foreign policy goals.

But the thorny issue of privatisation, which has felled two governments since the last general election in October 1998, remains a potential flashpoint, especially between the Peoples' Party, which holds 24 seats, and the nationalist Fatherland Freedom party, which has 16 seats.

Berzins, a member of Latvia's Way with 21 seats, was chosen to lead the government because of his reputation as a team player. He is expected to draw heavily on his diplomatic skills to keep the coalition together.

The final coalition member, the New Party, has just eight seats and is in government for the first time. But it could be a key player in keeping Fatherland from making excessive demands since Latvia's Way, the Peoples' Party and the New Party would still hold a majority if Fatherland left the coalition.

RB-- 05/05/00 12:41:58

Norland, Richard B. (EUR)

From: WHSR
Sent: Friday, May 05, 2000 1:08 PM
To: Bolan, Christopher J. (VP); Davidson, Leslie K. (VP); Norland, Richard B. (EUR); Yee, Hoyt B. (EUR)
Subject: LATVIAN PARLIAMENT APPROVES NEW BERZINS GOVERNMENT

Classification: UNCLASSIFIED
Distribution: SIT: BOLAN DAVIDSON NORLAND YEE
PRT: JACOBSON PRINT{P\SOCKS\WHSR4-TN,C2}
Identifier: R12f1a50
Originator: Reuters
Precedence: RUSH
TimeOfReceipt: 05/05/2000 12:09:38 ET

a2047

^BC-LATVIA-GOVERNMENT-VOTE URGENT

^Latvian parliament approves new Berzins government

RIGA, May 5 (Reuters) - The Latvian parliament approved the government of Prime Minister Andris Berzins on Friday, ending weeks of negotiations and giving the former Soviet republic its ninth government in less than 10 years of independence.

The new four-party centrist government, which holds 69 of the 100 seats in parliament, easily carried the confidence vote which went down party lines with all 69 coalition deputies supporting the government.

Twenty-four deputies voted against and seven abstained or were absent.

Berzins put together the coalition after former Prime Minister Andris Skele resigned on April 12 when his cabinet unravelled over the sacking of Economy Minister Vladimirs Makarovs in a row over privatisation.

The government declaration pledged to keep the lat currency stable and maintain the previous government's tight fiscal policy. Membership in the EU and the North Atlantic Treaty Organisation remain key foreign policy goals.

RB-- 05/05/00 12:07:01

CONFIDENTIAL

12

INR

Latvia: New Coalition Formed (U)

Prime Minister-designate Andris Berzins yesterday announced an agreement to form a four-party centrist coalition, according to press reports. The prior coalition—Berzins' Latvia's Way, former Prime Minister Skele's People's party, and the For the Fatherland and Freedom (FFF) party—remains intact, with the addition of the New party. The coalition will control 69 of the 100 seats in parliament, which is expected to approve the coalition today. (U)

- **COMMENT:** Berzins sought a stable coalition that would last until elections in fall 2002; this is the ninth government since independence. To achieve stability and bolster public trust in the government, Berzins excluded previous prime ministers—notably Skele—from the cabinet. (C)

Foreign policy priorities will remain EU and NATO membership and relations with Moscow. Berzins publicly called for Russia and Latvia to make improved relations a mutual foreign policy priority. Foreign Minister Indulis Berzins (no relation to Andris) and Defense Minister Kristovskis are expected to retain their posts. (C)

The government will work to keep the currency stable, maintain tight fiscal policy, reduce the current account deficit (10.2% of GDP in 1999), and balance the budget (3.5% of GDP deficit in 1999). **The one possible glitch in this scenario is continued FFF insistence on a clear outline for privatization.** (C)
(CONFIDENTIAL)

CONFIDENTIAL

May 5, 2000

Norland, Richard B. (EUR)

From: WHSR
Sent: Friday, May 05, 2000 7:30 AM
To: Bolan, Christopher J. (VP); Davidson, Leslie K. (VP); Norland, Richard B. (EUR); Yee, Hoyt B. (EUR)
Subject: LATVIAN PARLIAMENT SETS CONFIDENCE VOTE IN GOVT
Classification: UNCLASSIFIED
Distribution: SIT: BOLAN DAVIDSON NORLAND YEE
PRT: JACOBSON
Identifier: R12a0a41
Originator: Reuters
Precedence: RUSH
TimeOfReceipt: 05/05/2000 06:31:34 ET

a0748

^BC-LATVIA-GOVERNMENT

^Latvian parliament sets confidence vote in govt

RIGA, May 5 (Reuters) - Latvia's parliament is to hold a confidence vote on the newly formed government of Prime Minister-designate Andris Berzins at 1500 GMT on Friday, politicians said.

On Thursday Berzins' Latvia's Way Party, the nationalist Fatherland and Freedom Party, the Peoples' Party and the New Party signed an agreement to form a majority centrist administration.

The four-party coalition holds 69 of the 100 seats in parliament and is expected to win the vote easily, establishing the Baltic state's ninth government in less than 10 years.

RB-- 05/05/00 06:21:24

Norland, Richard B. (EUR)

From: WHSR
Sent: Thursday, May 04, 2000 12:29 PM
To: Davidson, Leslie K. (VP); Norland, Richard B. (EUR)
Subject: LATVIAN PM-DESIGNATE SAYS COALITION DEAL REACHED

Classification: UNCLASSIFIED
Distribution: SIT: Davidson Norland
Identifier: R1194f20
Originator: Reuters
Precedence: RUSH
TimeOfReceipt: 05/04/2000 11:29:57 ET

a1967

^BC-LATVIA-GOVERNMENT-AGREEMENT URGENT

^Latvian PM-designate says coalition deal reached

RIGA, May 4 (Reuters) - Latvian Prime Minister-designate

Andris Berzins said on Thursday that four leading parliamentary parties had agreed on formation of a centrist cabinet, and a coalition declaration would be signed later in the day.

Berzins, who earlier in the day said talks had reached a critical point and could fail, said the nationalist Fatherland and Freedom Party had signed on with Latvia's Way, the Peoples' Party and the New Party to form a majority government.

The new four-party coalition government will hold 69 of the 100 seats in parliament.

"I can't say that I am convinced of this for sure, but all signs point to a vote in parliament (on this government) being possible tomorrow," Berzins said.

Riga Mayor Berzins has been trying to cobble together a four-party centrist coalition since outgoing Prime Minister Andris Skele resigned on April 12 after his cabinet unravelled over his sacking of Economy Minister Vladimirs Makarovs, in a row over privatisation.

RB-- 05/04/00 11:19:14

Norland, Richard B. (EUR)

From: WHSR
Sent: Thursday, May 04, 2000 5:21 AM
To: Blinken, Antony J. (EUR); Crawford, Bernard T. (RECORDS); Davidson, Leslie K. (VP); Kass, Nicholas S. (EUR); Munter, Cameron P. (EUR); Norland, Richard B. (EUR); vonLipsey, Roderick K. (SEE); Yee, Hoyt B. (EUR)
Subject: LATVIAN PM WARNS GOVT TALKS ON BRINK OF COLLAPSE

Classification: UNCLASSIFIED
Distribution: SIT: BLINKEN CRAWFORD DAVIDSON KASS MUNTER NORLAND VONLIPSEY YEE
Identifier: R1132de0
Originator: Reuters
Precedence: RUSH
TimeOfReceipt: 05/04/2000 04:22:03 ET

a0500

^BC-LATVIA-GOVERNMENT

^Latvian PM warns govt talks on brink of collapse

RIGA, May 4 (Reuters) - Talks on forming a new Latvian government are on the brink of collapse with two coalition parties withholding support over the issue of privatisation, Prime Minister-designate Andris Berzins said on Thursday.

"I would not call this a crisis in the government formation process but a decisive turning point -- we have to decide today which way we are going to go," Berzins told state radio in an interview.

Riga Mayor Berzins has been trying to cobble together a four party centrist coalition government since outgoing Prime Minister Andris Skele resigned on April 12 after his cabinet unraveled over his sacking of Economy Minister Vladimirs Makarovs, with whom he had feuded over privatisation.

The Fatherland Party, which holds 16 seats in the 100-seat parliament, has said it wants a clear outline of the privatisation process in a government declaration before it can support Berzins.

It also wants the four parties in the cabinet -- Fatherland, the Latvia's Way Party of Berzins, the New Party and Skele's Peoples' Party -- to have equal representation on the cabinet council, a body which prepares decisions to be put to cabinet.

"I have received ...documents from Fatherland where they in essence declare that they will not participate in this government, although they add that the doors are still open and talks should go on," Berzins said.

"It (a decision on support for the government) has to be decided in the second half of the day," he added.

Latvia's Way has 21 seats in parliament while the Peoples' Party holds 24 seats and the New Party eight.

Skele came to power last July, replacing Vilis Kristopans, who said divisions over the sell-off of Latvian Shipping contributed to the fall of his government.

Latvia has basically completed privatisation since regaining independence from the Soviet Union in 1991, but several large infrastructure companies remain partially or completely in state hands.

RB-- 05/04/00 04:20:46

Norland, Richard B. (EUR)

From: WHSR
Sent: Tuesday, April 25, 2000 1:29 PM
To: Bolan, Christopher J. (VP); Davidson, Leslie K. (VP); Norland, Richard B. (EUR); Yee, Hoyt B. (EUR)
Subject: LATVIA:LatvianPresidentN

Classification: UNCLASSIFIED
Distribution: SIT: BOLAN DAVIDSON NORLAND YEE
PRT: JACOBSON
Identifier: F05c6ac0
Originator: FBIS
Precedence: RUSH
TimeOfReceipt: 04/25/2000 12:30:38 ET

F5129
FBIS 129APR25 UNCLAS
LATVIA: Latvian President Nominates New Prime Minister
CE0004250141 Riga Latvian Radio 1 in Latvian 1400 GMT 25 Apr 00

[FBIS Translated Text] [Presenter] Any moment now, at a press briefing, State President Vaira Vike-Freiberga is nominating a candidate whose government must gain the approval of the Saeima [parliament], and as soon as the name is known, we will pass it on to you, esteemed Latvian Radio listeners. But I will also remind you that the state president, before actually naming the person, had meetings today with both Andris Berzins and the other Latvian Way candidate, Aija Poca. So it is possible that their answers have convinced the president of her choice. We will listen to those answers, but just now Aidis Tomsons has come into the studio, with the latest news from the state president's office, at the castle.

[Correspondent] Yes, hello; what I now know is not so much the latest news as -

[Presenter] - the latest news -

[Correspondent] - as the name of the new candidate for the prime minister. The next one has been named, so let's listen to what the state president said ten minutes ago:

[Vike-Freiberga] Ladies and gentlemen, on the basis of Article 56 of the Latvian Constitution, I have the honour of entrusting the formation of the Latvian government to Andris Berzins. The choice has been coordinated with four factions represented in the Saeima, who have expressed their support for this candidate, and I have been convinced that this candidate will be able to take on the formation of a new government, making use of the three existing coalition partners and adding the New Party as a fourth.

[Correspondent] The state president acknowledged that she had been delayed for one reason: because all the candidates named by the Latvian Way up to now had been supported by members of (?that party). Support had come from Gorbunovs and (?the others who had said) the Latvian Way is good. She thought this was not a good enough argument; the president had wanted to assure herself about several things before naming the next candidate as prime minister, and what she called the main arguments were these:

[Vike-Freiberga] The important considerations in my choice were as follows: Will this new government be able to overcome the demonstrated contradictions which led to the fall of the previous government? Will the one who forms it be able to work out a new modus operandi, a new plan for action and collaboration between the coalition partners - which is not guaranteed, because that does not lie within human powers - but which will give a better and surer possibility that in future there will at least be hope of

coordinating views and stating one's wishes without threatening the stability of the government and the viability of the government?

[Correspondent] As the state president said, the main thing she took into account, and which may be one of the biggest evils in Latvia, is that the governments keep changing every eight or nine months, and her greatest concern is that the government will work for a long time, at least, she hopes, until the next Saeima elections. She said that after all these meetings with the parties and Andris Berzins she does have such hopes.

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