

FOIA MARKER

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

Folder Title:

Latvia [4]

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
001. email	White House Situation Room to Steven Black, et al., re: [Latvian-Russian Relations] (7 pages)	12/17/1999	P1/b(1) VZ 9/21/2023
002. email	White House Situation Room to Antony Blinken, et al., re: [Latvia Politics] (4 pages)	12/14/1999	P1/b(1) VZ
003. email	White House Situation Room to Antony Blinken, et al., re: Latvian Historical Commission and Yad Vashem (3 pages)	11/23/1999	P1/b(1) VZ
004. email	Stephen Flanagan to Richard Norland and Antony Blinken, re: It's UNGA time again! Call for bilat suggestions! (1 page)	08/27/1999	P1/b(1) VZ
005a. paper	Latvia: Internal Overview (1 page)	ea. 09/1999	P1/b(1) VZ
005b. paper	Latvia: External Overview (1 page)	ea. 09/1999	P1/b(1) VZ
006. report	U.S. Government Report [Released in Part] (2 pages)	07/23/1999	P1/b(1) VZ

COLLECTION:

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

FOLDER TITLE:

Latvia [4]

2011-1037-F
ke2191

RESTRICTION CODES

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

- 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]

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.

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

- 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]

* **Norland, Richard B. (EUR)**

From: WHSR
Sent: Wednesday, January 12, 2000 11:01 AM
To: Bolan, Christopher J. (VP); Cables; Davidson, Leslie K. (VP); Norland, Richard B. (EUR); Yee, Hoyt B. (EUR)
Subject: KONRADS KALEJS: NEXT STEPS

ActionAddres: RUEHC/SECSTATE WASHDC IMMEDIATE 4434
RUEAWJB/DEPT OF JUSTICE WASHDC IMMEDIATE

Classification: UNCLASSIFIED
DateTime: 121549Z JAN 00
Distribution: SIT: BOLAN NSC DAVIDSON NORLAND YEE
PRT: JACOBSON

Identifier: M4241726
InfoAddres: RUEHBY/AMEMBASSY CANBERRA 0026
RUEHRL/AMEMBASSY BERLIN 0049
RUEHLO/AMEMBASSY LONDON 0046
RUEHTC/AMEMBASSY THE HAGUE 0126
RUEHTV/AMEMBASSY TEL AVIV 0191
RUEHOT/AMEMBASSY OTTAWA 0143

Line1: OAAUZYUW RUEHRAA0119 0121549-UUUU--RHEHAAX.
Line2: ZNR UUUUU ZZH
Line3: O 121549Z JAN 00
Line4: FM AMEMBASSY RIGA
Originator: AMEMBASSY RIGA
Precedence: IMMEDIATE
Profiles: BOLANC
CABLES
DAVIDSOL
NORLANDR
YEEH

StationRoutingIndicator: RUEHRA
StationSerialNumber: 0119
TimeOfReceipt: 01/12/2000 11:00:38 ET

UNCLAS RIGA 000119

SENSITIVE

STATE FOR EUR/NB-GRAZE AND S/WCI-WARRICK

JUSTICE FOR OSI ROSENBAUM AND MCQUEEN

FROM AMBASSADOR

E.O. 12958: N/A

TAGS: PHUM, KJUS, KCRM, LG, AS, GM, UK, BE, IS, CA

SUBJECT: KONRADS KALEJS: NEXT STEPS

REF: A) STATE 3172 B) 99 RIGA 4356

C) RIGA 026 D) CANBERRA 0115 AND PREVIOUS

E) WAITE (DOJ/OSI)/WITHERS (DCM) TELCON 1/11/00

SENSITIVE BUT UNCLASSIFIED - PROTECT ACCORDINGLY.

1. (U) ACTION REQUEST AT PARAS 4 AND 5.

2. (SBU) EMBASSY RIGA APPRECIATES OSI'S OFFER OF ASSISTANCE ON THE KONRADS KALEJS CASE (REF A) AND HAS HELD EXTENSIVE DISCUSSIONS ON APPROPRIATE NEXT STEPS WITH STATE SECRETARY RIEKSTINS OF MINISTRY OF FOREIGN AFFAIRS, FOREIGN POLICY ADVISOR RAZANS OF PRESIDENT VIKI-FREIBERGA'S OFFICE, FOREIGN POLICY ADVISOR GROZA OF PRIME MINISTER'S OFFICE AND JANIS OSIS, CHIEF PROSECUTOR FOR WAR CRIMES, PROSECUTOR GENERAL'S OFFICE. AMBASSADOR HAS ALSO DISCUSSED NEXT STEPS IN THE KALEJS

• CASE WITH UK AMBASSADOR STEPHEN NASH, CANADIAN AMBASSADOR PETER MCKELLER, AUSTRALIAN AMBASSADOR STEPHEN BRADY (STOCKHOLM) AND ISRAELI CHARGE RONIT BENDOR.

3. (SBU) EMBASSY RIGA DOES NOT WANT TO BE AT CROSS PURPOSES WITH THE DOJ/OSI WILLINGNESS TO SUPPORT THE EFFORTS OF PROSECUTORS IN ADDRESSEE COUNTRIES BUT BELIEVES THERE IS A PROFESSIONALLY ADVANTAGEOUS AND MORE POLITICALLY EFFECTIVE APPROACH CENTERED ON RIGA RATHER THAN WASHINGTON. FROM OUR PERSPECTIVE, JUSTICE WILL BE SEEN TO BE ADVANCED - AND ALL INTERESTED STATES WILL MORE DIRECTLY ASSIST LATVIA IN STEPPING UP TO ITS HOLOCAUST-ERA PAST - IF PROSECUTORS CONVENE IN RIGA FOR AN ALL-HANDS REVIEW OF THE KALEJS CASE, RATHER THAN IN WASHINGTON. WE BELIEVE THE APPROPRIATELY INVITED STATES FOR THIS REVIEW/ANALYSIS/POSSIBLE RECOMMENDATION BY PROSECUTORS TO BE: AUSTRALIA, U.S., CANADA, UK, GERMANY, ISRAEL AND LATVIA. THE REACTIONS WE HAVE RECEIVED FROM GOL OFFICIALS WITH WHOM WE HAVE DISCUSSED THE WISDOM OF A RIGA-BASED PROSECUTORS MEETING/REVIEW HAVE BEEN GENERALLY POSITIVE, BUT WITHOUT - YET - COMMITMENT: "USEFUL, INTERESTING" PROPOSAL; "GIVE US A COUPLE OF DAYS TO DISCUSS THIS AT GOVERNMENT LEVEL."

4. (SBU) RECOMMENDATION AND ACTION REQUEST: RATHER THAN PROCEED AT THIS TIME WITH THE REFTEL A INVITATION FOR AUSTRALIAN, GERMAN AND LATVIAN PROSECUTORS TO CONVENE IN WASHINGTON, WE RECOMMEND OSI AND STATE SUPPORT A NEAR-TERM (E.G. END OF JANUARY), "GLOBAL" REVIEW OF THE KALEJS CASE BY PROSECUTORS OF THE SEVEN IDENTIFIED STATES, IN RIGA. ALL PARTICIPANTS WOULD BE ASKED TO MAKE AVAILABLE FOR THIS RIGA REVIEW THEIR BEST PROSECUTORIAL TALENT AND EVIDENTIARY MATERIAL ON KALEJS, WITH AN EYE TOWARD PROFESSIONAL ANALYSIS AND RECOMMENDATION ON ISSUES OF JURISDICTION, EXTRADITION AND POSSIBLE TRIAL. PLEASE PROVIDE ASAP STATE'S AND JUSTICE'S CONCURRENCE WITH THIS PROPOSAL FOR COMMUNICATION TO GOL. A REPLY WHICH ASSURES THE GOL OF OUR WILLINGNESS TO WORK WITH THE FOREIGN MINISTRY AND PROSECUTOR'S OFFICE ON PROPER PREPARATION FOR THIS RIGA-BASED MEETING WOULD BE ADDITIONALLY HELPFUL.

5. (SBU) FINALLY, WE UNDERSTAND SIMON WIESENTHAL CENTER DIRECTOR EFRAIM ZUROFF, WHO SURFACED THE PRESENCE OF KALEJS IN THE UK, IS ENROUTE TO WASHINGTON. IF STATE AND DOJ/OSI CAN SUPPORT THIS PROPOSAL FOR A RIGA-BASED REVIEW, IT WOULD BE VERY HELPFUL IF ZUROFF WERE BROUGHT ONBOARD THE PROPOSAL IMMEDIATELY. NOT ONLY DOES THE WIESENTHAL CENTER AND YAD VASHEM HAVE INDEPENDENT EVIDENCE ON KALEJS, BUT ZUROFF'S ENCOURAGEMENT OF LATVIA TO BE PRO-ACTIVE ON THE CASE IN THIS WAY COULD BE LOCALLY DECISIVE.

HOLMES

Norland, Richard B. (EUR)

From: Feldman, Daniel F. (MULTI)
Sent: Friday, January 07, 2000 4:24 PM
To: @PRESS - Public Affairs
Cc: @EUROPE - European Affairs; @MULTILAT - Multilateral and Humanitarian Affairs
Subject: PG for Possible Prosecution of WWII War Criminal Konrads Kalejs [UNCLASSIFIED]

This issue may or may not come up, but in case it does, this guidance has been cleared internally and with State and DOJ:

Background: Konrads Kalejs, an Australian citizen since 1957, fled Britain yesterday bound for Australia. He was deported from the U.S. in 1994 and from Canada in 1997 for the murders and persecution of tens of thousands of Jews, Roma and others in Latvia during World War II. Kalejs was found to be a former company commander in the Arajs Kommando Unit of the security police in German-occupied Latvia. After a recent television news program found him living in Rugby, England, and his subsequent departure from England before deportation proceedings against him were initiated, Jewish leaders in Britain have said there will be protests upon his return to Australia.

Kalejs was previously investigated by the Australian government for war crimes, but was not prosecuted. Australian prosecutors have said they have reviewed evidence in the possession of the USG but have found it insufficient to bring forward a prosecution. Latvian government representatives have recently said that they would seek to extradite him back to Latvia if there was sufficient evidence for a prosecution.

Does the U.S. have a view on whether Konrads Kalejs should be prosecuted for war crimes?

- The U.S. wants to see Konrads Kalejs stand trial for war crimes in a country with criminal jurisdiction over him. Kalejs was found by a U.S. Immigration judge and a Court of Appeals judge to be responsible for the deaths and persecution of Jews, Roma and other civilians as a member of the "Arajs Kommando" Unit of the Security Police in German-occupied Latvia during 1941-1944. He was deported from the U.S. in 1994.
- We understand that Kalejs is returning to Australia. We have seen press reports that the Government of Latvia has indicated its possible willingness to seek extradition, though they have not formally done so at this time.
- The U.S. has already shared evidence with authorities in several countries. DOJ prosecutors are prepared to meet here in Washington with prosecutors from other countries to review the evidence in our possession.
- This evidence was sufficient to convince several U.S. judges to deport Kalejs. Although deportation under U.S. law is a civil proceeding rather than a criminal one, the Government's burden of proof is the same, and we believe the evidence deserves a fresh review by prosecutors. The USG is prepared to assist in this effort.

What was the reason that DOJ did not prosecute Kalejs for war crimes when he was in the U.S.?

- The USG can not bring a prosecution for crimes committed outside the U.S. unless there is a statute specifically authorizing it to do so, and at the time when the alleged war crimes were committed by Kalejs in Latvia, U.S. law had not established jurisdiction over such crimes.
- (If pressed:) Even if Congress were to pass such a law today providing for the prosecution of war crimes committed by foreign nationals outside the U.S., it would be unconstitutional to apply that statute retroactively to crimes committed more than 50 years ago.

Norland, Richard B. (EUR)

From: WHSR
Sent: Friday, January 07, 2000 11:01 AM
To: Blinken, Antony J. (EUR); Crawford, Bernard T. (EUR/INTERN); 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: FOCUS-LATVIA APPEALS FOR KALEJS INFORMATION
Classification: UNCLASSIFIED
Distribution: SIT: BLINKEN CRAWFORD DAVIDSON KASS MUNTER NORLAND VONLIPSEY YEE
Identifier: R760be40
Originator: Reuters
Precedence: RUSH
TimeOfReceipt: 01/07/2000 11:00:48 ET

a1461

^BC-CRIME-KALEJS-LATVIA 1STLD

^FOCUS-Latvia appeals for Kalejs information

(adds Jewish group's doubts)

By Burton Frierson

RIGA, Jan 7 (Reuters) - Latvian prosecutors said they asked

Britain, Israel and Nazi hunters on Friday for help in building a case against war crimes suspect Konrad Kalejs, but a local Jewish leader doubted there was enough evidence to try him.

"Today we sent a request for legal assistance in connection with the Kalejs case to Great Britain, the Simon Wiesenthal Centre in Israel and to a relevant institution in Israel," a press official with the prosecutor general's office said.

"We are asking them to send us the evidence that they have," the official said.

However, the head of Latvia's Jewish community doubted Latvia would receive information proving Kalejs aided in the slaughter of Jews during World War Two in his native Latvia, as Nazi hunters at the Simon Wiesenthal centre claim he did.

"I am not sure this evidence exists because if British, Australian or American law enforcement agencies had this proof, I don't think the British, having let him out, now will produce for Latvia hard proof of him being guilty because this would mean getting mud all over themselves," Grigorijs Krupnikovs, head of the Latvian Jewish community, told Reuters.

Kalejs, 86, left London for Australia on Thursday after Britain ordered his deportation. He had been deported previously from the United States and Canada, but has denied all war crimes accusations.

The Wiesenthal Centre has urged Latvia repeatedly to extradite and try Kalejs, an Australian citizen they say was a member of the Nazi-backed Arajs hit squad during Germany's World War Two occupation of Latvia.

Riga officials say they lack enough evidence to build a case, but Latvian leaders earlier this week publicly appealed for information shedding light on Kalejs's wartime activities.

"It has been very correct of Latvia to call on anyone in the international community who might have new information (on Kalejs), including the Wiesenthal Centre, to come forward, because Latvia itself at this moment has no new evidence," Justice Minister Valdis Birkavs told Reuters.

Latvian prosecutors said last week they were launching a criminal investigation into Kalejs's wartime activities amid media reports in Britain alleging his involvement in war crimes.

RB-- 01/07/00 10:53:08

Norland, Richard B. (EUR)

From: WHSR
Sent: Thursday, January 06, 2000 2:01 PM
To: Babbitt, James F. (VP); Blinken, Antony J. (EUR); Cables; Crawford, Bernard T. (EUR/INTERN); Davidson, Leslie K. (VP); Feldman, Daniel F. (MULTI); Guarnieri, Valerie N. (MULTI); Kass, Nicholas S. (EUR); Mclean, Matthew K. (MULTI); Munter, Cameron P. (EUR); Naplan, Steven J. (MULTI); Norland, Richard B. (EUR); Patten, Wendy L. (MULTI); Schwartz, Eric P. (MULTI); Stromseth, Jane E. (MULTI); Vaccaro, Jonathan M. (Matt) (MULTI); vonLipsey, Roderick K. (SEE); Yee, Hoyt B. (EUR)
Subject: HEAD OF HOLOCAUST EDUCATION TRUST TALKS TO CHARGE RE KALEJS

ActionAddrees: RUEHC/SECSTATE WASHDC PRIORITY 2102
RUEHBN/AMCONSUL MELBOURNE PRIORITY 0008

Classification: UNCLASSIFIED
DateTime: 061846Z JAN 00
Distribution: SIT: BABBITT BLINKEN NSC CRAWFORD DAVIDSON FELDMAN GUARNIERI KASS
MCLEAN
MUNTER NAPLAN NORLAND PATTEN SCHWARTZ STROMSETH VACCARO
VONLIPSEY YEE

Identifier: M4234030
InfoAddrees: RUEHBY/AMEMBASSY CANBERRA PRIORITY 0316
RUEHRA/AMEMBASSY RIGA PRIORITY 0304
RUEHGP/AMEMBASSY SINGAPORE PRIORITY 0062
RHEHNSC/NSC WASHDC PRIORITY
RUEAWJL/DOJ WASHDC PRIORITY
RUEHPT/AMCONSUL PERTH 0004
RUEHDN/AMCONSUL SYDNEY 0022
Line1: PAAUZYUW RUEHLOA0102 0061846-UUUU--RHEHAAX.
Line2: ZNR UUUUU ZZH
Line3: P 061846Z JAN 00
Line4: FM AMEMBASSY LONDON
Originator: AMEMBASSY LONDON
Precedence: PRIORITY
Profiles: BABBITTJ
BLINKENA
CABLES
CRAWFORB
DAVIDSOL
FELDMAND
GUARNIEV
KASSN
MCLEANM
MUNTERC
NAPLANS
NORLANDR
PATTENW
SCHWARTE
STROMSEJ
VACCAROJ
VONLIPSR
YEEH

StationRoutingIndicator: RUEHLO
StationSerialNumber: 0102
TimeOfReceipt: 01/06/2000 14:00:56 ET

UNCLAS LONDON 000102

STATE FOR DRL/BENNETT FREEMAN AND S/WCI; NSC FOR MATT
VACCARO; DOJ FOR OSI - ROSENBAUM

E.O. 12958: N/A
TAGS: PHUM, LG, AS, UK
SUBJECT: HEAD OF HOLOCAUST EDUCATION TRUST TALKS TO CHARGE
RE KALEJS

REF: (A) LONDON 00033; (B) RIGA 00026

1. LORD GREVILLE JANNER, HEAD OF THE HS CAMPAIGN TO HAVE KALEJS PROSECUTED. HE TOLD CHARGE HE THOUGHT AUSTRALIA OR LATVIA WOULD BE THE MOST LIKELY JURISDICTION. HE EXPRESSED SKEPTICISM LATVIA WOULD TAKE ANY ACTION. CHARGE, DRAWING ON REF (B), SAID THE LATVIANS MAY BE GETTING RELIGION ON THE ISSUE.

2. JANNER ASKED IF THE U.S. WOULD COOPERATE IN SUPPLYING EVIDENCE TO CONVICT KALEJS. CHARGE ASSURED JANNER THAT THE U.S. WOULD PROVIDE ALL THE EVIDENCE WE HAVE TO AUSTRALIA OR ANY OTHER COUNTRY INTERESTED IN PROSECUTING KALEJS.

3. COMMENT: JANNER IS CLEARLY TRYING TO WHIP UP SUPPORT FOR PURSUING KALEJS. HE HAS HAD SOME SUCCESS HERE AS THE STORY HAS BEEN ON PAGE ONE FOR SEVERAL DAYS RUNNING. JANNER MET WITH FOREIGN SECRETARY COOK YESTERDAY AND HOME SECRETARY JACK STRAW THE DAY BEFORE. HE WAS GOING ON TO SEE THE AUSTRALIAN HIGH COMMISSIONER IN LONDON AFTER MEETING WITH US, AND HAS BEEN TO SEE THE LATVIAN AMBASSADOR. JANNER'S CRITICISMS OF THE UK POSITION (THAT KALEJS CANNOT BE PROSECUTED HERE FOR LACK OF EVIDENCE) HAVE BEEN QUOTED EXTENSIVELY IN THE NEWS MEDIA OVER THE PAST FEW DAYS. END COMMENT.

4. KALEJS LEFT THE UK THIS MORNING (JANUARY 6) ON A FLIGHT BOUND FOR AUSTRALIA VIA SINGAPORE. JANNER TOLD US THAT HE IS ARRANGING A PROTEST DEMONSTRATION TO GREET KALEJS WHEN HE ARRIVES IN MELBOURNE ON FRIDAY EVENING.

DAVIES

Norland, Richard B. (EUR)

From: WHSR
Sent: Wednesday, January 05, 2000 9:59 AM
To: Babbitt, James F. (VP); Bolan, Christopher J. (VP); Davidson, Leslie K. (VP); Feldman, Daniel F. (MULTI); Guarnieri, Valerie N. (MULTI); Mclean, Matthew K. (MULTI); Naplan, Steven J. (MULTI); Norland, Richard B. (EUR); PATTEN@NSCOEOB.National Security Council.com; Schwartz, Eric P. (MULTI); Stromseth, Jane E. (MULTI); Vaccaro, Jonathan M. (Matt) (MULTI); Yee, Hoyt B. (EUR)
Subject: LATVIAN LEADERS SEEK EVIDENCE AGAINST KALEJS
Classification: UNCLASSIFIED
Distribution: SIT: BABBITT BOLAN DAVIDSON FELDMAN GUARNIERI MCLEAN NAPLAN NORLAND PATTEN SCHWARTZ STROMSETH VACCARO YEE
PRT: JACOBSON
Identifier: R735b230
Originator: Reuters
Precedence: RUSH
TimeOfReceipt: 01/05/2000 09:58:59 ET

a1349

^BC-CRIME-KALEJS-LATVIA

^Latvian leaders seek evidence against Kalejs

RIGA, Jan 5 (Reuters) - Latvian leaders called on Wednesday for anyone with evidence against alleged Nazi-era war criminal Konrad Kalejs to come forward and open the way for possible criminal charges.

Kalejs, 86, is suspected of aiding the slaughter of thousands of Jews in his native Latvia during the World War Two Nazi occupation.

He has been staying in Britain, which on Monday ordered his deportation to Australia. Kalejs, an Australian citizen, had previously been deported from the United States and Canada.

Nazi hunters at the Simon Wiesenthal Centre have repeatedly called on Latvia to seek his extradition so that he could face trial in the former Soviet state. Officials in Riga say there is not enough evidence to bring charges against him.

Latvian President Vaira Vike-Freiberga met Prime Minister Andris Shkule on Wednesday and "discussed the issue of Konrad Kalejs and war crimes in general," a presidential spokesman told Reuters.

"They wished to stress that, in their opinion, any people who might have participated in crimes against humanity should be brought to justice, if at all possible, and harshly punished if found guilty," he said.

"They encouraged any evidence which might be available concerning individuals who might have been involved in crimes against humanity...to be brought forth so that criminal proceedings could take place," the spokesman added.

Latvian prosecutors said last week they would open a criminal investigation after recent allegations in the British press that Kalejs, had been involved in war crimes during the 1940s.

About 95 percent of Latvia's 70,000 pre-war Jews were murdered during the occupation by the Nazis, who swept through the Baltics in 1941 after pushing out the Soviet forces who had annexed the region in 1940.

Since regaining independence from Moscow in 1991, Latvian prosecutors have actively pursued suspects of crimes against humanity committed during the pre- and post-war Soviet occupations.

RB-- 01/05/00 09:54:27

Norland, Richard B. (EUR)

From: WHSR
Sent: Wednesday, December 22, 1999 5:34 PM
To: Blinken, Antony J. (EUR); Cables; Crawford, Bernard T. (EUR/INTERN); Davidson, Leslie K. (VP); Ficklin, John W. (RECORDS); Kass, Nicholas S. (EUR); Millison, Cathy L. (EXSEC); Munter, Cameron P. (EUR); Norland, Richard B. (EUR); vonLipsey, Roderick K. (SEE); Wasserman, Elaine P. (EXSEC); Yee, Hoyt B. (EUR)
Subject: POTUS LETTER FOR PRESIDENT VIKI-FREIBERGA ON EU ACCESSION

ActionAddres: RUEHRA/AMEMBASSY RIGA IMMEDIATE 0775
Classification: UNCLASSIFIED
DateTime: 222231Z DEC 99
Distribution: SIT: BLINKEN NSC CRAWFORD DAVIDSON Ficklin KASS Millison MUNTER NORLAND VONLIPSEY Wasserman YEE
Identifier: M4215933
InfoAddres: RUEHBS/USEU BRUSSELS IMMEDIATE
Line1: OAAUZYUW RUEHCAA1067 3562231-UUUU--RHEHAAX.
Line2: ZNR UUUUU ZZH
Line3: O 222231Z DEC 99
Line4: FM SECSTATE WASHDC
Originator: SECSTATE WASHDC
Precedence: IMMEDIATE
Profiles: BLINKENA
CABLES
CRAWFORB
DAVIDSOL
FICKLINJ
KASSN
MILLISOC
MUNTERC
NORLANDR
VONLIPSR
WASSERME
YEEH
StationRoutingIndicator: RUEHC
StationSerialNumber: 1067
TimeOfReceipt: 12/22/1999 17:33:40 ET

UNCLAS STATE 241067

E.O. 12958: N/A

TAGS: PREL, ECIN, EUN

SUBJECT: POTUS LETTER FOR PRESIDENT VIKI-FREIBERGA ON EU ACCESSION

1. (U) POST IS REQUESTED TO DELIVER THE FOLLOWING LETTER FROM THE PRESIDENT TO PRESIDENT VIKI-FREIBERGA AT THE EARLIEST OPPORTUNITY. THE WHITE HOUSE DOES NOT PLAN TO RELEASE TEXT OF MESSAGE BUT HAS NO OBJECTION IF THE GOVERNMENT OF LATVIA WISHES TO DO SO. NO SIGNED ORIGINAL WILL FOLLOW.

2. (U) BEGIN TEXT:

DEAR MADAM PRESIDENT:

PLEASE ACCEPT MY CONGRATULATIONS ON THE PASSAGE OF THE NEW LANGUAGE LAW AND ON BEING INVITED TO BEGIN ACCESSION NEGOTIATIONS WITH THE EU. THE DECEMBER 9 VOTE WILL ADVANCE THE SOCIAL INTEGRATION OF LATVIA AND IS AN

IMPORTANT STEP TOWARD LATVIA'S INTEGRATION INTO EUROPEAN
AND EURO-ATLANTIC INSTITUTIONS.

THE EU DECISION TO BEGIN ACCESSION NEGOTIATIONS WITH
LATVIA IS A TRIBUTE TO THE PROGRESS YOUR NATION HAS MADE
OVER THE PRECEDING DECADE. LATVIA'S ADMISSION TO THE EU
WILL GO A LONG WAY TO ADVANCE DEMOCRACY, STABILITY AND
GREATER PROSPERITY FOR ALL THE CITIZENS OF EUROPE.

MY WARMEST CONGRATULATIONS ON ACHIEVING THESE TWO
SIGNIFICANT MILESTONES.

SINCERELY,
WILLIAM J. CLINTON

END TEXT.
PICKERING

Norland, Richard B. (EUR)

From: WHSR
Sent: Friday, December 17, 1999 10:32 PM
To: Black, Steven K. (VP); Blinken, Antony J. (EUR); Brody, Richard J. (VP); Brzezinski, Mark F. (RUE); Cables; Davidson, Leslie K. (VP); Dunn, John A. (RUE/INTERN); Elkind, Jonathan H. (RUE); Jacobson, Tracey A. (ADMIN); Kass, Nicholas S. (EUR); Kaufman, Stuart J. (RUE); Norland, Richard B. (EUR); Pascual, Carlos E. (RUE); Tedstrom, John E. (RUE); vonLipsey, Roderick K. (SEE); Weiss, Andrew S. (RUE); Yee, Hoyt B. (EUR)
Subject: LATVIAN-RUSSIAN RELATIONS STILL DIFFICULT

ActionAddrees: RUEHC/SECSTATE WASHDC PRIORITY 4362
Classification: ~~CONFIDENTIAL~~
DateTime: 171551Z DEC 99
Distribution: SIT: BLACK BLINKEN BRODY BRZEZINSKI Nsc DAVIDSON DUNN ELKIND Jacobson KASS KAUFMAN NORLAND PASCUAL TEDSTROM VONLIPSEY WEISS YEE
Identifier: M4208545
InfoAddrees: RUCNNEI/NORTHERN EUROPEAN INITIATIVE COLLECTIVE PRIORITY
RUEHVEN/USMISSION USOSCE VIENNA PRIORITY 0324
RUEHNO/USMISSION USNATO PRIORITY 1600
RUEHBS/USEU BRUSSELS PRIORITY
RUEHGV/USMISSION GENEVA PRIORITY 0232
RHEHAAA/THE WHITE HOUSE WASHDC PRIORITY
RHEBAAA/DEPT OF ENERGY WASHDC PRIORITY
Originator: AMEMBASSY RIGA
Precedence: PRIORITY
StationRoutingIndicator: RUEHRA
StationSerialNumber: 4181

~~CONFIDENTIAL~~ RIGA 004181

DEPARTMENT FOR D, E, EUR DAS ASMUS, EUR/NB, SINIS
THE WHITE HOUSE FOR NSC NORLAND
DEPT OF ENERGY FOR OOE/S:R GAGHEN

E.O. 12958: DECL: 12/16/09
TAGS: PREL, PGOV, PHUM, ETRD, ENRG, EPET, EAGR, RS, LG
SUBJECT: LATVIAN-RUSSIAN RELATIONS STILL DIFFICULT

REFS: A) RIGA 4074, B) RIGA 2362 C) RIGA 0102

(U) CLASSIFIED BY AMBASSADOR JAMES H. HOLMES FOR REASONS
1.5 (B) AND (D).

SUMMARY

1. ~~(S)~~ LATVIAN OFFICIALS TELL US THEY ARE CONCERNED ABOUT CONTINUING TENSIONS IN LATVIAN-RUSSIAN RELATIONS. DESPITE SEVERAL POLITICALLY DIFFICULT AND SIGNIFICANT STEPS TAKEN BY LATVIA TO EASE THESE TENSIONS (FOR EXAMPLE, THE 1998 CITIZENSHIP REFERENDUM, THE 1999 SOCIAL INTEGRATION FRAMEWORK, AND PASSAGE OF AN OSCE-COMPLIANT LANGUAGE LAW IN DECEMBER 1999), RUSSIA HAS MAINTAINED TENSION-ELEVATING MEASURES VIRTUALLY NON-STOP FOR THE PAST TWENTY-ONE MONTHS. MOST RECENTLY, THE ISSUE HAS BEEN RUSSIA'S HARSH CONDEMNATION OF LATVIA'S REVISED LANGUAGE LAW, WHILE LAST MONTH THE ISSUE WAS THE RUSSIAN DUMA'S SANCTIONS BILL AGAINST LATVIA. WHILE OFFICIALS HERE ATTRIBUTE MUCH OF THIS "LATVIA BASHING" TO PRE-ELECTION POSTURING, THEY WORRY THAT CONTINUED HOSTILE RELATIONS WILL UNDERMINE REGIONAL COOPERATION EFFORTS FOR THE FORESEEABLE FUTURE. IN AN EFFORT TO OBTAIN ACCURATE INFORMATION AND DATA, THE EMBASSY ASKED THE FOREIGN MINISTRY TO PROVIDE DETAILS ABOUT ONGOING RUSSIAN ECONOMIC MEASURES AND BARRIERS TO TRADE THAT HAVE

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PER E.O. 13526
2016-03-14-M-1 (2.21)
6/12/2023 VZ

TARGETED LATVIA. A SENIOR OFFICIAL ASSERTED THAT WHILE RUSSIAN ECONOMIC RESTRICTIONS HAVE HURT LATVIAN BUSINESSES, OF GREATER CONCERN TO LATVIA IS THE NEARLY TOTAL LACK OF PROGRESS SINCE MARCH 1998 IN NORMALIZING THE BILATERAL RELATIONSHIP. EMBASSY COMMENT BEGINS AT PARA 22. END SUMMARY.

RUSSIAN IRE WITH LATVIA'S LANGUAGE LAW

2. (S) LONGSTANDING RUSSIAN DISPLEASURE WITH THE DISADVANTAGED STATUS OF LATVIA'S LARGE RUSSIAN-SPEAKING NON-CITIZEN MINORITY (APPROXIMATELY 550,000) HAS FOCUSED FOR THE PAST SIX MONTHS ON THE REVISED LANGUAGE LAW, FINALLY PASSED BY THE LATVIAN PARLIAMENT ON DECEMBER 9 (REF A). THE LATVIAN PRESS HAS REPORTED ON RUSSIAN DEMARCHES TO THE EU, THE OSCE, AND THE U.S., DESCRIBING THE LAW AS "FUNDAMENTALLY DISCRIMINATORY" AND THE REVISIONS AS "INADEQUATE." RUSSIA'S CALL FOR THE EU TO RECONSIDER, IN LIGHT OF THE NEWLY PASSED LANGUAGE LAW, THE INVITATION TO LATVIA TO BEGIN ACCESSION NEGOTIATIONS, DREW A SUMMONS FOR THE RUSSIAN AMBASSADOR FROM THE LATVIAN FOREIGN MINISTRY. SENIOR LATVIAN OFFICIALS ALSO REBUKED THE RUSSIAN GOVERNMENT FOR ITS PROVOCATIVE REFERENCES TO LATVIAN "HUMAN RIGHTS VIOLATIONS" AND ITS PREDICTIONS OF A "HUMANITARIAN CATASTROPHE" FOR THE RUSSIAN-SPEAKING MINORITY. FOREIGN MINISTER BERZINS CHARACTERIZED RUSSIAN STATEMENTS ON THE LANGUAGE LAW AS INTERFERENCE IN LATVIAN INTERNAL AFFAIRS AND AS AN ATTEMPT TO FORESTALL IMPROVEMENT IN LATVIAN-RUSSIAN RELATIONS.

THE DUMA SANCTIONS BILL: ANOTHER "NEGATIVE MOMENT" IN LATVIAN-RUSSIAN RELATIONS

3. (U) IN LATE NOVEMBER, THE FOCUS OF BILATERAL TENSIONS WAS THE RUSSIAN DUMA'S DECISION TO PASS A DRAFT SANCTIONS LAW TARGETED AGAINST LATVIA. THE LATVIAN PRESIDENT, FOREIGN MINISTER AND ECONOMIC MINISTER CRITICIZED THE ACTION AS FOSTERING HOSTILE RELATIONS WITH A NEIGHBORING COUNTRY, AND AS ULTIMATELY SELF-DEFEATING, AS THE SANCTIONS WOULD ALSO HURT RUSSIANS DOING BUSINESS IN LATVIA AND RUSSIAN-SPEAKING NON-CITIZENS IN LATVIA WHO WORK IN THE TRANSIT TRADE SECTOR. THE THREE SENIOR OFFICIALS ATTRIBUTED THE DUMA BILL'S PASSAGE TO PRE-ELECTION POSTURING, AND EXPRESSED CONFIDENCE THAT THE RUSSIAN GOVERNMENT WILL NOT APPROVE THE LAW.

4. (S) IN SUBSEQUENT CONVERSATIONS WITH EMBASSY, HOWEVER, SENIOR FOREIGN MINISTRY OFFICIALS CHARACTERIZED THE DUMA SANCTIONS BILL AS ANOTHER UNWELCOME REMINDER OF RUSSIA'S CONTINUING HOSTILITY TOWARDS LATVIA. THE MFA OFFICIALS COMPLAINED THAT THE RUSSIAN GOVERNMENT HAS REMAINED UNWILLING TO PARTICIPATE IN CONSTRUCTIVE DIALOGUE EVEN AT THE WORKING LEVEL, AS EVIDENCED BY ITS REFUSAL TO RESTART THE INTERGOVERNMENTAL COMMISSION PROCESS (REF B). SIX BILATERAL AGREEMENTS IN THE ECONOMIC AND SOCIAL SPHERES, THEY SAID, HAVE LONG BEEN LANGUISHING, AWAITING REENGAGEMENT FROM THE RUSSIAN SIDE, TO SAY NOTHING OF THE UNSIGNED AND UNRATIFIED BORDER AGREEMENT.

A LAUNDRY LIST OF ECONOMIC "SANCTIONS"

5. (S) IN HOPES OF REPLACING ANECDOTES WITH CASE STUDIES AND RUMOR WITH STATISTICS, EMBASSY ASKED THE FOREIGN MINISTRY TO PREPARE AN OVERVIEW OF LATVIAN-RUSSIAN ECONOMIC RELATIONS. WE RECEIVED A NINE-PAGE PAPER EXPLAINING THE DYNAMICS OF THE TRADE RELATIONSHIP AND HIGHLIGHTING THE "POLITICALLY-MOTIVATED ECONOMIC SANCTIONS" THAT RUSSIA HAS TARGETED AGAINST LATVIA IN THE AREAS OF BANKING, TRANSIT TRADE, AND CUSTOMS. THE PAPER (FAXED TO EUR/NB) SHOWS THAT WHILE LATVIA'S EXPORTS AND IMPORTS HAVE SHIFTED DRAMATICALLY FROM RUSSIA AND THE NIS TO THE EU, RUSSIA STILL OCCUPIES A DOMINANT POSITION IN LATVIA'S TRANSIT TRADE SECTOR, WHICH ACCOUNTS FOR ABOUT 15% OF GDP. WHILE ACKNOWLEDGING THAT THE RUSSIAN ECONOMIC CRISIS IS A MAJOR FACTOR IN THE FALLOFF IN TRANSIT TRADE, THE PAPER ARGUES THAT RUSSIAN "DISCRIMINATORY" TRADE MEASURES HAVE EXACERBATED ECONOMIC LOSSES FOR LATVIAN BUSINESSES IN PARTICULAR.

6. (U) THE FOLLOWING (PARAS 7-21) SUMMARIZES THE MFA'S PRESENTATION OF RUSSIAN "DISCRIMINATORY" REGULATIONS AND OTHER TRADE MEASURES THAT HAVE HURT THE LATVIAN ECONOMY. WHERE RELEVANT, PERSPECTIVES FROM LOCAL COMMERCIAL SOURCES HAVE BEEN ADDED.

BANKING

7. (SBU) UOHTRICT LATVIAN BANKING INSTITUTIONS IN OFFERING CREDITS IN RUSSIA, AND DENY RUSSIAN CREDIT INSTITUTIONS PERMISSION TO OPEN BRANCH OFFICES IN LATVIA. THESE INSTRUCTIONS ALSO PROHIBIT LATVIAN COMPANIES FROM ACQUIRING SHARES IN RUSSIAN CREDIT INSTITUTIONS, AND REQUIRE RUSSIAN BANKS TO COVER ALL TRANSACTIONS WITH LATVIAN RESIDENTS WITH 100% RESERVES.

8. (SBU) MORE RECENTLY, IN THE SPRING OF 1999, THE RUSSIAN CENTRAL BANK ISSUED DIRECTIVES NUMBER 500-Y AND 600-Y, WHICH TIGHTEN CONTROLS OVER CURRENCY TRANSACTIONS AND REQUIRE COMPULSORY RESERVES FOR BANKS HAVING TRANSACTIONS WITH "OFF-SHORE" BANKS (A LIST OF WHICH INCLUDES LATVIAN BANKS). MOREOVER, IN A NUMBER OF CASES, LOCAL AUTHORITIES IN RUSSIA (CASES ARE CITED FROM MOSCOW, KURSK, AND BELGOROD) HAVE REPORTEDLY REFERRED TO THESE REGULATIONS, AS WELL AS TO THE DUMA'S DRAFT SANCTIONS LAW, AS A MEANS TO EVADE CONTRACTUAL OBLIGATIONS OR THE ENFORCEMENT OF RUSSIAN COURT DECISIONS FAVORABLE TO THE LATVIAN BANKS.

9. (SBU) THE ASSOCIATION OF LATVIAN COMMERCIAL BANKS HAS SPECULATED THAT EACH NEW RESTRICTION IMPOSED BY THE CENTRAL BANK OF RUSSIA HAS REDUCED THE LATVIAN BANKS' CLIENT BASE IN RUSSIA BY ABOUT 10%.

TRANSIT TRADE: RAILWAY TRANSPORTATION

LO. (SBU) IN 1998 THE RUSSIAN FEDERATION CANCELLED RAILWAY SHIPMENT DISCOUNTS ON CARGOES TRAVELLING TO AND FROM LATVIA, AN ACTION WHICH MADE TRANSPORT SERVICES OFFERED BY THE LATVIAN RAILWAYS MORE EXPENSIVE AND LESS COMPETITIVE. (THIS IS NOT THE FIRST TIME THE LATVIAN RAILWAYS HAS SUFFERED THIS FATE. IN PREVIOUS YEARS THE RUSSIAN GOVERNMENT HAS TEMPORARILY REMOVED DISCOUNTS FOR CARGO BEING TRANSPORTED THROUGH LATVIA.) IN JULY 1999, RUSSIA ADOPTED THE SAME POLICY TOWARD ESTONIA AND FINLAND, BUT THE LATVIANS SAY THAT IN PRACTICE THE RUSSIANS HAVE CONTINUED TO APPLY DISCOUNTED TARIFFS FOR

THOSE COUNTRIES, UNLIKE FOR LATVIA.

11. (SBU) THE LATVIAN MINISTRY OF TRANSPORTATION PROVIDED EXAMPLES OF HOW RAILWAY TRANSIT COSTS FROM RUSSIA THROUGH LATVIA HAVE RISEN AS A RESULT OF THE LOSS OF DISCOUNTED TARIFFS. THESE INCLUDE: DIESEL FUEL (AN INCREASE OF BETWEEN 22% AND 39%, DEPENDING ON TOTAL KILOMETERS SHIPPED); STEEL (64%); MINERAL FERTILIZER, PHOSPHATE (10%); AND TIMBER/ROUND TREES (A RISE OF BETWEEN 39% AND 74% DEPENDING ON TOTAL KILOMETERS SHIPPED). THE MFA ESTIMATES THAT OVERALL THERE WAS AN 8% DROP IN RAIL CARGO TRANSITING LATVIA IN 1998 AND A FURTHER 15% DROP IN 1999. FOREIGN MINISTRY OFFICIALS ACKNOWLEDGE, HOWEVER, THAT PART OF THIS FALLOFF IS DUE TO THE ECONOMIC CRISIS IN RUSSIA.

TRANSIT TRADE: ROAD TRANSPORTATION

12. (SBU) IN 1999, THE RUSSIAN MINISTRY OF TRANSPORT REDUCED BY MORE THAN 75% THE NUMBER OF PERMITS AVAILABLE FOR LATVIAN CARGO TRANSPORTERS TO ENTER RUSSIA. ACCORDING TO LATVIAN GOVERNMENT DATA, THE RUSSIAN TRANSPORT MINISTRY IN 1998 ISSUED 30,000 UNIVERSAL TRANSPORTATION PERMITS TO LATVIAN TRUCKERS (ALLOWING SHIPMENT OF GOODS TO RUSSIA FROM LATVIA AND FROM THIRD COUNTRIES.) IN ADDITION, LATVIAN TRUCKERS WERE ABLE TO OBTAIN - THROUGH PURCHASE - AN ADDITIONAL 30,000 PERMITS. IN 1999, HOWEVER, THE RUSSIAN MINISTRY ISSUED ONLY 10,000 UNIVERSAL PERMITS, AND 3,500 BILATERAL PERMITS (DESIGNED FOR TRANSPORTATION OF GOODS ONLY FROM LATVIA.) MOREOVER, THE RUSSIAN GOVERNMENT ELIMINATED THE POSSIBILITY FOR LATVIAN TRANSPORTERS TO BUY ADDITIONAL PERMITS. THE RUSSIAN MFA'S EXPLANATION FOR THIS DECISION WAS THAT RUSSIAN TRUCKERS WERE HAVING DIFFICULTY OBTAINING LATVIAN VISAS AND THAT THE RESTRICTIONS WERE NECESSARY TO RESTORE SOME PARITY IN THE NUMBER OF RUSSIAN AND LATVIAN TRUCKERS ENGAGED IN TRANSIT TRADE -- AN EXPLANATION WHICH THE LATVIANS REGARD AS OISCINGENUOUS (SEE PARA 14 BELOW.)

13. (SBU) ACCORDING TO THE LATVIAN STATE ROAD DIRECTORATE, LATVIAN TRUCKERS CURRENTLY NEED SOME 50,000 PERMITS TO ACCOMMODATE ANTICIPATED TRANSIT TRADE VOLUMES TO RUSSIA, FAR ABOVE THE 10,000 NOW OFFICIALLY AVAILABLE TO THEM. THE LATVIANS SAY THE 3,500 BILATERAL PERMITS ARE OF LITTLE USE, SINCE TRANSIT TRADE INVOLVING THIRD COUNTRIES COMPRISES THE VAST BULK OF GOODS SHIPPED BETWEEN LATVIA AND RUSSIA.

14. (SBU) LATVIAN OFFICIALS DISCOUNT THE RUSSIAN ARGUMENT ABOUT LACK OF PARITY IN ROADWAY TRANSIT TRADE, SAYING THAT FAR MORE LATVIANS THAN RUSSIANS ARE ACTIVE IN THE TRUCKING BUSINESS. NEVERTHELESS, LATVIA HAS TAKEN STEPS TO EASE VISA ISSUANCE FOR RUSSIAN TRUCKERS: VISAS CAN NOW BE OBTAINED AT THE BORDER FREE OF CHARGE. NEVERTHELESS, THE RUSSIAN SIDE HAS NOT RECIPROCATED WITH GREATER NUMBERS OF TRANSPORT PERMITS FOR LATVIAN DRIVERS.

TRANSIT TRADE: POULTRY BUSINESS

15. (SBU) IN AUGUST 1999, THE RUSSIAN STATE CUSTOMS COMMITTEE ISSUED INSTRUCTION 531 WHICH STIPULATES THAT IMPORTS OF POULTRY AND POULTRY PRODUCTS FROM COUNTRIES NOT HAVING LAND BORDERS WITH RUSSIA MUST PASS THROUGH SPECIFIED RUSSIAN PORTS. TO DATE, THIS DECREE HAS BEEN SPORADICALLY IMPLEMENTED AND THE RUSSIAN CUSTOMS HAS RECENTLY POSTPONED IMPLEMENTATION OF THE ORDER UNTIL JANUARY 1, 2000. WHILE NOT SPECIFICALLY TARGETED AGAINST

LATVIA, THE IMPACT OF THE CUSTOMS INSTRUCTION, IF IMPLEMENTED, WOULD DISPROPORTIONATELY AFFECT THE U.S., LATVIA AND ESTONIA, AS INCREASINGLY GREATER VOLUMES OF U.S. COMMERCIAL CHICKEN EXPORTS TO RUSSIA HAVE BEEN SHIPPED VIA BALTIC PORTS SINCE THE DEVALUATION OF THE RUBLE IN AUGUST 1998. THE LATVIAN SANITARY BORDER CONTROL INSPECTION ESTIMATES THAT 215,000 TONS OF U.S. POULTRY PRODUCTS TRANSITED LATVIAN PORTS IN THE FIRST EIGHT MONTHS OF 1999. SOME U.S. POULTRY INDUSTRY SOURCES SAY THE TOTAL VOLUME OF U.S. CHICKEN TRANSPORTED THROUGH LATVIAN PORTS IN 1999 IS CLOSE TO 300,000 TONS.

16. (SBU) WHILE IMPLEMENTATION OF THE RUSSIAN CUSTOMS INSTRUCTION HAS BEEN POSTPONED TWICE, THE EFFECT OF THE ORDER HAS BEEN A TEMPORARY DISRUPTION OF TRADE FLOWS. EXPEDITERS IN THE PORT OF RIGA SAY SHIPMENTS OF U.S. POULTRY SLUMPED DRAMATICALLY IN NOVEMBER, AND QUANTITIES OF CHICKEN WERE SHIPPED TO RUSSIA THROUGH "GRAY" CUSTOMS CHECKPOINTS, OR THROUGH NEW TRADE ROUTES, INCLUDING, ACCORDING TO UNOFFICIAL REPORTS, THE PORT OF POTI ON THE BLACK SEA IN GEORGIA. A REPRESENTATIVE OF A MAJOR U.S. SHIPPING COMPANY TOLD US, HOWEVER, THAT SHIPMENTS OF U.S. POULTRY THROUGH RIGA PORT ARE BEGINNING TO PICK UP AGAIN. HE SAYS THE MARKET IS COUNTING ON ANOTHER DELAY IN IMPLEMENTATION OF THE ORDER AND IS RISKING PRODUCT IN THE PIPELINE THROUGH LATVIA IN ORDER TO AVOID THE HIGHER COSTS AND GREATER INCONVENIENCES OF SHIPPING THROUGH THE PORT OF ST. PETERSBURG.

17. (SBU) THE IMPACT OF THE RUSSIAN CUSTOMS INSTRUCTION ON LATVIAN ENTERPRISES HAS BEEN SIGNIFICANT. ONE LARGE FIRM, THE RIGA SHIPPING AGENCY, THAT HAS SERVICED OVER 90% OF THE FLOW OF U.S. POULTRY PRODUCTS (SHIP FREIGHTING, EXPEDITING, LOGISTICS) TEMPORARILY SAW ITS BUSINESS FALL TO NEARLY NOTHING. THE NEW COLD STORAGE WAREHOUSE AT THE RIGA COMMERCIAL PORT THAT WAS CONSTRUCTED ESPECIALLY TO HANDLE THE U.S. POULTRY TRADE HAS RECENTLY BEEN OPERATING AT ONLY 10% OF CAPACITY AND HAD TO LAY OFF WORKERS. OTHER AFFECTED BUSINESSES ARE THE LATVIAN RAILWAY AND INDIVIDUAL TRUCKING COMPANIES THAT REPORTEDLY EARNED PROFITS OF BETWEEN \$10-\$20 PER TON OF POULTRY SHIPPED.

CUSTOMS RESTRICTIONS

18. (SBU) IN DECEMBER 1998, THE RUSSIAN STATE CUSTOMS COMMITTEE ISSUED AN INSTRUCTION (NUMBER 01-15/27126 OF 12/23/98) ESTABLISHING A RESTRICTIVE REGIME OF CUSTOMS PROCEDURES AIMED AT BUSINESS WITH LATVIA. UNDER THIS REGULATION, THE RUSSIAN CUSTOMS IS ORDERED TO UNDERTAKE THOROUGH EXAMINATION OF CARGOES FROM LATVIA, TO REFUSE TO ACCEPT DELAYED TAX PAYMENTS FOR LATVIAN GOODS, AND TO VERIFY THAT THE RECEIVER OF THE LATVIAN GOODS IS REGISTERED BY THE RUSSIAN TAX AUTHORITIES. WHILE NONE OF THESE REQUIREMENTS ARE OBJECTIONABLE IN AND OF THEMSELVES, BUSINESS REPRESENTATIVES IN THE TRANSIT TRADE HERE TELL US THAT THE DISCRIMINATORY APPLICATION OF CUSTOMS REQUIREMENTS AGAINST LATVIA PROVIDES THE RUSSIAN CUSTOMS AUTHORITIES WITH AN OPPORTUNITY TO DELAY LATVIAN SHIPMENTS AND DEMAND BRIBES.

OIL TRANSIT: POLITICS LURKS EVERYWHERE

19. (U) THE ECONOMICS - AND POLITICS - OF TRANSIT TRADE IN RUSSIAN OIL AND OIL PRODUCTS STILL LOOM LARGE IN THE

LATVIAN ECONOMY. OVERALL, RUSSIAN EXPORTS ACCOUNT FOR ABOUT 80% OF TRANSIT TRADE VOLUMES THROUGH LATVIA (FOLLOWED BY BELARUS - 11%; LITHUANIA - 2%; AND KAZAKHSTAN - 2%). OF THE MAJOR GOODS IN TRANSIT FROM RUSSIA IN THE FIRST TEN MONTHS OF 1999, CRUDE OIL AND OIL PRODUCTS PREDOMINATE (24.2 MILLION TONS, OR 57% OF TOTAL TRANSIT), FOLLOWED BY GENERAL CARGOES (INCLUDING CONTAINERS, RO-RO CARGOES, TIMBER, BLACK METALS -- 23% OF TOTAL TRANSIT) AND POTASSIUM (18% OF TOTAL TRANSIT.)

20. (S) THERE IS A GREAT DEAL OF CONFLICTING INFORMATION AND SPECULATION ABOUT THE REASONS FOR FLUCTUATING RUSSIAN OIL EXPORTS THROUGH LATVIA. THE LATVIAN PRESS FREQUENTLY QUOTES RUSSIAN OIL SECTOR SOURCES IN ALLEGING THAT MOSCOW IS REDUCING OIL EXPORTS THROUGH VENTSPILS IN RETALIATION FOR LATVIA'S POLICY TOWARD ITS RUSSIAN-SPEAKING MINORITY. OTHERS SEE POLITICAL MOTIVATIONS (INCLUDING A DELIBERATE EFFORT TO UNDERCUT LATVIA'S ECONOMY) IN RUSSIA'S PREFERENCE FOR BUILDING A NEW OIL EXPORT PIPELINE THROUGH

NORTHWEST RUSSIA RATHER THAN A SECOND BALTIC PIPELINE TO VENTSPILS' ICE-FREE PORT. IN MANY CASES, GENUINE RUSSIAN DOMESTIC ENERGY REQUIREMENTS, ECONOMIC DEVELOPMENT INTERESTS OR CONCERNS ABOUT HIGH LATVIAN PIPELINE TARIFFS ARE UNDERVALUED IN ASSESSMENTS OF RUSSIA'S OIL EXPORT POLICY.

21. (S) IN THE PAST FEW MONTHS, THE ISSUE OF REDUCED RUSSIAN OIL EXPORTS HAS BEEN MUCH IN THE PRESS. RUSSIA'S TRANSNEFT SET REDUCED QUOTA LIMITS ON CRUDE OIL TRANSIT FOR THE THIRD QUARTER AND REPORTEDLY ESTABLISHED A QUOTA FOR THE FOURTH QUARTER THAT WOULD HAVE CUT CRUDE OIL EXPORTS THROUGH VENTSPILS BY ONE THIRD. REDUCTIONS IN EXPORT QUOTAS FOR RUSSIAN OIL PRODUCTS (ACCOUNTING FOR 24% OF ALL TRANSIT TRADE) HAVE BEEN EVEN MORE DRACONIAN. FLOWS OF OIL PRODUCTS THROUGH LATVIA IN OCTOBER 1999 WERE A MERE 50% OF THE VOLUMES TRANSPORTED IN OCTOBER 1998. AMID ACCUSATIONS OF RUSSIAN POLITICAL PRESSURE ON LATVIA, THE VENTSPILS PORT AND THE LATVIAN PIPELINE COMPANY DECIDED IN DECEMBER TO REDUCE THEIR TARIFFS EACH BY U.S. TWENTY CENTS PER TON TO ATTRACT GREATER VOLUMES OF RUSSIAN CRUDE OIL. THERE ARE NOW INDICATIONS THAT FOURTH QUARTER RUSSIAN OIL EXPORTS THROUGH VENTSPILS WILL INDEED EXCEED THE ESTABLISHED QUOTA. WHATEVER THE FINAL TALLY, THE IMPORTANCE OF THIS SECTOR TO THE LATVIAN ECONOMY -- AND THE STATE BUDGET -- MEANS THAT THIS ASPECT OF LATVIAN-RUSSIAN ECONOMIC RELATIONS WILL REMAIN HIGHLY VISIBLE AND PRONE TO POLITICIZATION.

COMMENT

22. (S) OUR LATVIAN INTERLOCUTORS POINT WITH GREAT SATISFACTION TO LATVIA'S GROWING ATTACHMENT TO THE EUROPEAN UNION. THE EU HELSINKI SUMMIT INVITATION TO BEGIN ACCESSION NEGOTIATIONS IN EARLY 2000 WAS MET WITH JOY. SUPPORT FROM THE OSCE, THE COUNCIL OF EUROPE, AND THE USG FOR THE REVISED LATVIAN LANGUAGE LAW (PASSED BY THE PARLIAMENT ON DECEMBER 9) HAS BEEN BROADLY INTERPRETED AS A U.S. AND EUROPEAN-BACKED REPUDIATION OF RUSSIA'S STANCE ON THE LEGISLATION. IN THE AREA OF BILATERAL TRADE AS WELL, RUSSIA HAS DRAMATICALLY LOST ITS SIGNIFICANCE AS LATVIA'S PRIMARY TRADE PARTNER. LATVIAN EXPORTS TO RUSSIA IN THE FIRST HALF OF 1999, FOR EXAMPLE, ACCOUNTED FOR ONLY 6.9% OF ALL EXPORTS, DOWN FROM 15.9% IN THE FIRST HALF OF 1998.

23. (S) LATVIAN OFFICIALS CHARGE THAT RUSSIA HAS SINGLED OUT LATVIA IN THE APPLICATION OF DISCRIMINATORY TRADE

MEASURES IN ORDER TO PUNISH THIS BALTIC NATION FOR ALLEGED POLITICAL "TRANSGRESSIONS." THE DISPROPORTIONATE ECONOMIC EFFECT OF THESE "UNOFFICIAL SANCTIONS" HAS FALLEN ON BUSINESSES IN THE TRANSIT TRADE SECTOR: PORT WORKERS, FREIGHT FORWARDERS, TRUCKERS, THE LATVIAN RAILWAYS, ETC. MFA OFFICIALS TELL US THEY INTEND TO RESPOND TO THIS DISCRIMINATORY TREATMENT IN THE CONTEXT OF RUSSIA'S NEGOTIATIONS TO ENTER THE WTO.

24. ~~(C)~~ THE LATVIANS' CHIEF FRUSTRATION IS THAT RUSSIA IS USING TRADE SANCTIONS AS A POLITICAL LEVER, WHILE REFUSING TO OPEN THE CHANNELS OF POLITICAL DIALOGUE THAT MIGHT LEAD TO A RESOLUTION OF ITS CONCERNS. ACCORDING TO A SENIOR FOREIGN MINISTRY OFFICIAL, THE CONUNDRUM IS THAT RUSSIA'S CONTINUING HOSTILITY PRECLUDES LATVIA'S ATTEMPTS TO MAKE HEADWAY IN NORMALIZING THE BILATERAL RELATIONSHIP AND THEREBY TO RESPOND RATIONALLY TO RUSSIA'S GRIEVANCES. THE LATVIANS HOPE THAT THE ATMOSPHERE MAY IMPROVE AFTER THE RUSSIAN ELECTIONS NEXT WEEK. OTHERWISE, SAID THE MFA OFFICIAL, THE DREAM OF THE EU'S NORTHERN DIMENSION AND THE USG'S NORTHERN EUROPEAN INITIATIVE TO FOSTER COOPERATION AND MUTUALLY BENEFICIAL ECONOMIC RELATIONS ACROSS THE WHOLE REGION COULD BE STALEMATED FOR THE FORESEEABLE FUTURE.

25. ~~(C)~~ FINALLY, OUR POSITION SHOULD BE CLEAR ON TWO POINTS. FIRST, THERE IS NO CREDIBLE EVIDENCE OF "HUMAN RIGHTS VIOLATIONS" OR A "HUMANITARIAN CATASTROPHE" FOR THE RUSSIAN-SPEAKING MINORITY IN LATVIA AS ASSERTED BY THE RUSSIAN GOVERNMENT. INDEED, THE LATVIANS HAVE TAKEN SUBSTANTIAL STEPS OVER THE PAST YEAR TO ADVANCE THE INTEGRATION OF ITS RUSSIAN-SPEAKING MINORITY: THE OCTOBER 1998 CITIZENSHIP REFERENDUM (WHICH ELIMINATED THE SO-CALLED "WINDOWS SYSTEM" THAT DELAYED OPPORTUNITIES FOR NATURALIZATION); THE 1999 SOCIAL INTEGRATION FRAMEWORK (THAT OUTLINES A NATIONAL STRATEGY FOR INCORPORATING NON-CITIZENS INTO THE LATVIAN MAINSTREAM); AND PASSAGE OF AN OSCE-COMPLIANT LANGUAGE LAW IN DECEMBER 1999.

26. ~~(C)~~ SECOND, WE BELIEVE THAT THE DRUMBEAT OF ANTI-LATVIAN RHETORIC AND DISCRIMINATORY TRADE MEASURES COMING OUT OF MOSCOW WILL BECOME INCREASINGLY CORROSIVE TO RUSSIAN-LATVIAN RELATIONS IF NOT CORRECTED IN THE MONTHS AHEAD. IT WOULD BE WELL TO INVEST SOME OF OUR EQUITIES (POSSIBLY THROUGH THE PARTNERSHIP COMMISSION PROCESS) IN GOOD OFFICES WORK ON BEHALF OF LATVIAN-RUSSIAN RELATIONS OVER THE NEXT FIVE TO SIX MONTHS.
HOLMES

Norland, Richard B. (EUR)

From: WHSR
Sent: Tuesday, December 14, 1999 10:45 AM
To: Blinken, Antony J. (EUR); Davidson, Leslie K. (VP); Kass, Nicholas S. (EUR); Norland, Richard B. (EUR); vonLipsey, Roderick K. (SEE); Yee, Hoyt B. (EUR)
Subject: LATVIA'S PEDOPHILIA SCANDAL: ACCUSATIONS AND DENIALS FLY THICK AND FAST AROUND PRIME MINISTER SKELE

CLASS: ~~CONFIDENTIAL~~
DTG: 141447Z DEC 99
MSGTO: RUEHC/SECSTATE WASHDC IMMEDIATE 4340
ORIG: AMEMBASSY RIGA
PREC: IMMEDIATE
SSN: 4129
TOR: 991214100247 M4199707

~~CONFIDENTIAL~~ RIGA 004129

DEPARTMENT FOR D, EUR/DAS ASMUS, EUR/NB, S/NIS

THE WHITE HOUSE FOR NSC NORLAND

HELSINKI PLEASE PASS AMCONSUL ST PETERSBURG

E.O. 12958: DECL: 12/13/09
TAGS: PGOV, PREL, PHUM, NATO, EU, RS, LG
SUBJECT: LATVIA'S PEDOPHILIA SCANDAL: ACCUSATIONS
AND DENIALS FLY THICK AND FAST AROUND PRIME
MINISTER SKELE

REFS: (A) RIGA 3966; (B) RIGA 3407; (C) RIGA 3007

1. (U) CLASSIFIED BY AMBASSADOR JAMES H. HOLMES FOR
REASONS 1.5 (B) AND (D).

2. ~~(S)~~ SUMMARY: SIMMERING ACCUSATIONS OF PEDOPHILIA
AGAINST SENIOR LATVIAN OFFICIALS HAVE SURFACED IN A
PUBLIC ROW BETWEEN SAEIMA DEPUTIES OVER PRIME MINISTER
SKELE'S ALLEGED INVOLVEMENT IN THE SCANDAL. THE NAME-
CALLING INCIDENT TOOK PLACE ON NATIONAL TELEVISION ONE
WEEK PRIOR TO THE PRESENTATION OF A PARLIAMENTARY
COMMISSION REPORT ON THE SCANDAL, WHICH PURPORTEDLY
WILL "NAME NAMES" OF SENIOR OFFICIALS INVOLVED IN
SEXUAL MISCONDUCT. ALTHOUGH COMMISSION MEMBERS DENY
THAT SKELE IS AMONG THOSE IMPLICATED IN THE REPORT,
AIDES CLOSE TO THE PRIME MINISTER (AND TO PRESIDENT
VIKE-FREIBERGA, WHOSE STAFF IS REPORTEDLY ALSO UNDER
INVESTIGATION) HAVE PRIVATELY VOICED CONCERN TO THE
AMBASSADOR THAT THE SCANDAL MIGHT RESULT IN A
GOVERNMENT RESHUFFLE EARLY IN THE NEW YEAR AND
POSSIBLY COST SKELE HIS JOB. NO SOLID EVIDENCE
AGAINST SKELE (OR OTHER OFFICIALS REPORTEDLY UNDER
INVESTIGATION, SUCH AS JUSTICE MINISTER BIRKAVS,
DEFENSE MINISTER KRISTOVSKIS, OR PRESIDENTIAL AIDE
BONDARS) HAS SURFACED. NEVERTHELESS, THE SCANDAL IS
LIKELY TO EMBROIL LATVIA IN NASTY AND PROLONGED
POLITICAL INFIGHTING, WHEN IT SHOULD INSTEAD BE
BUILDING ON THE SUBSTANTIAL SUCCESSES LAST WEEK AT THE
EU SUMMIT, IN APPROVING IMPORTANT SOCIAL INTEGRATION
PROGRAMS, AND IN PASSING THE LANGUAGE LAW. END
SUMMARY.

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PEDOPHILIA SCANDAL GOES PUBLIC

3. (U) IN THE DECEMBER 9 EDITION o.S<
~SD"PEOPLE'S PARTY" FACTION IN THE SAEIMA, TRADED
ACCUSATIONS OVER THE PRIME MINISTER'S ALLEGED
INVOLVEMENT IN LATVIA'S SIMMERING PEDOPHILIA SCANDAL.
WITHOUT NAMING SKELE DIRECTLY, INKENS ASSERTED THAT A
"MALE MONICA LEWINSKY" HAD PROVIDED SEXUAL SERVICES TO
A "HIGH-RANKING STATE OFFICIAL" (READ: SKELE) SIX
YEARS AGO FOR A SUBSTANTIAL AMOUNT OF MONEY. INKENS
ALSO HINTED DARKLY, BUT WITHOUT FURTHER ELABORATION,
THAT OTHER WITNESSES ARE PREPARED TO COME FORWARD WITH
FURTHER TESTIMONY AGAINST THE "HIGH-RANKING OFFICIAL."

4. (U) BERZINS RESPONDED THAT HE HAD EVIDENCE,
INCLUDING TAPED TRANSCRIPTS OF SECRET CONVERSATIONS,
WHICH PROVED THAT LATVIAN INDEPENDENT TELEVISION
(WHICH IS CLOSELY ASSOCIATED WITH INKENS) HAD SUBORNED
YOUNG MEN AND WOMEN TO GIVE FALSE TESTIMONY AGAINST
SKELE AND OTHER SENIOR OFFICIALS IN EXCHANGE FOR MONEY
AND OTHER CONSIDERATIONS. HE ALSO ACCUSED INKENS OF
WORKING WITH JANIS ADAMSONS, THE CHAIRMAN OF THE
SPECIAL PARLIAMENTARY COMMISSION INVESTIGATING THE
PEDOPHILIA AFFAIR, TO PRODUCE A REPORT IN THE DECEMBER
16 SAEIMA SESSION DAMAGING TO SKELE. ADAMSONS
SUBSEQUENTLY DENIED PLOTTING WITH INKENS, AND ADDED
THAT SKELE'S NAME WAS NOT AMONG THOSE IN THE
COMMISSION'S REPORT. UPON HIS RETURN FROM THE EU
SUMMIT IN HELSINKI, SKELE HIMSELF DISMISSED INKENS'
ALLEGATIONS AS POLITICAL SMEAR-MONGERING ON THE PART
OF A LONGTIME OPPONENT.

PRIVATE WORRIES

5. ~~(S)~~ DESPITE THEIR PUBLIC BRAVADO, SKELE AND HIS
SUPPORTERS ARE CLEARLY WORRIED ABOUT THE POTENTIAL
CONSEQUENCES OF THE SCANDAL FOR THE FUTURE OF THE
GOVERNMENT AND FOR THE PRIME MINISTER HIMSELF. ON
SEVERAL OCCASIONS IN RECENT WEEKS, HE AND HIS AIDES
HAVE APPROACHED THE AMBASSADOR TO SIGNAL THEIR
CONCERN. FOLLOWING IS A BRIEF SYNOPSIS OF THE MAJOR
EXCHANGES:

-- ON NOVEMBER 27, AT THE "PEOPLE'S PARTY'S" ANNUAL
CONFERENCE, THE AMBASSADOR FOUND SKELE'S MANNER
DISTINCTLY AND UNCHARACTERISTICALLY SUBDUED. IN
ADDITION, SKELE MADE THE SURPRISING STATEMENT TO THE
AMBASSADOR THAT THE CURRENT GOVERNMENT COALITION "IS
PROBABLY STRONG AND STABLE, BUT I'M NOT SO SURE ABOUT
MY GOVERNMENT." HE ASKED THE AMBASSADOR TO JOIN HIM
IN A PRIVATE LUNCH ON DECEMBER 23 AND SAID THAT THERE
WAS A "TRUCE" ON MUD-SLINGING UNTIL AFTER THE EU
SUMMIT IN HELSINKI. SOON IN THE NEW YEAR, HOWEVER, HE
EXPECTED THAT HIS NAME WOULD BE DRAGGED THROUGH THE
LATVIAN MUD.

-- AT A DECEMBER 6 RECEPTION, SKELE'S FOREIGN POLICY
ADVISOR AIVARS GROZA ASKED THE AMBASSADOR FOR A
PRIVATE WORD. HE REPORTED THAT SKELE HAD DIRECTED HIM
TO FLAG FOR THE AMBASSADOR'S ATTENTION THAT THE MUD-
SLINGING WOULD LIKELY RESUME RIGHT AFTER HELSINKI WITH
THE RELEASE OF A POLITICALLY-MOTIVATED PARLIAMENTARY
COMMISSION REPORT ON PORNOGRAPHY. HE MAINTAINED THAT
THE COMMISSION HAD THE TESTIMONY OF "A YOUNG MAN FROM
DAUGAVPILS" TO THE EFFECT THAT "THE NAME OF ANDRIS
SKELE HAD BEEN HEARD BY HIM IN CONNECTION WITH THIS
PORNOGRAPHY." GROZA SAID THAT THE PRIME MINISTER
MIGHT THEREFORE WANT TO SEE THE AMBASSADOR EARLIER
THAN THE SCHEDULED DECEMBER 23 LUNCHEON TO SEEK

ADVICE.

-- ON TWO OCCASIONS IN PAST WEEKS, PRESIDENT VIKE-FREIBERGA EXPRESSED FRUSTRATION TO THE AMBASSADOR ABOUT THE PEDOPHILIA CASE. IN PARTICULAR, SHE HAD ASKED THE PROSECUTOR GENERAL'S OFFICE TO BRIEF HER ON THE DEVELOPMENT OF THE CASE, INCLUDING THE PROSECUTOR GENERAL'S PUBLIC COMMENT THAT SOME THREADS OF THE CASE LEAD BACK TO THE PRESIDENT'S OFFICE. (NOTE: THE CHIEF SUSPECT IS ALLEGEDLY MARTINS BONDARS, THE PRESIDENT'S CHIEF OF STAFF. END NOTE.) THE PRESIDENT SAID THAT, RATHER THAN COOPERATION, SHE RECEIVED A RESPONSE WHICH SHE CHARACTERIZED AS "ABSOLUTELY TYPICAL OF THE OLD SOVIET SYSTEM. IT WAS PURE SOVIET. AN ATTEMPT TO SIDELINE ME AND MY OFFICE. AN ATTEMPT TO MAKE SURE I ESTABLISH NO BASE OF AUTHORITY INDEPENDENT OF THE GOVERNMENT." VIKE-FREIBERGA NOTED THAT AFTER SEVERAL VERY HARSH EXCHANGES, SHE AND THE PROSECUTOR GENERAL HAD AGREED ON A MORATORIUM ON PUBLIC SNIPING -- BUT ADDED, "WE'LL SEE."

COMMENT

6. ~~TO~~ SO FAR, NONE OF THE PARTIES IN THE DISPUTE HAS PRODUCED A SHRED OF EVIDENCE IN SUPPORT OF ITS ALLEGATIONS. A WHISPERING CAMPAIGN ALLEGING THAT SKELE, JUSTICE MINISTER BIRKAVS, DEFENSE MINISTER KRISTOVSKIS, AND BONDARS HAVE VARIOUSLY ENGAGED IN SEXUAL MISCONDUCT WITH UNDERAGE BOYS AND GIRLS, AND IN BISEXUAL ACTIVITIES, HAS BEEN UNDERWAY FOR NEARLY TWO MONTHS, BUT TO DATE NEITHER THE PROSECUTOR GENERAL'S OFFICE NOR THE SAEIMA COMMISSION HAS REVEALED THE GROUNDS ON WHICH THE ALLEGATIONS ARE BASED NOR HAVE SKELE AND HIS SUPPORTERS PROVEN THEIR CONTENTION THAT THE ACCUSATIONS ARE THE RESULT OF A WIDESPREAD PLOT ON THE PART OF SKELE OPPONENTS LIKE INKENS AND ADAMSONS, ORCHESTRATED BY THE PRIME MINISTER'S ARCH-ENEMY, VENTSPILS MAYOR AIVARS LEMBERGS. UNTIL AND UNLESS HARD EVIDENCE EMERGES, IT IS NO MORE POSSIBLE TO ASSESS THE SUBSTANCE OF THESE ALLEGATIONS THAN A PLAYGROUND SCRAP OF THE "AM-NOT; ARE-TOO" VARIETY. (IT IS NOT LOST ON US, FOR EXAMPLE, THAT THE RUMORS ACCOUNT FOR "ONE EACH" FROM THE THREE-PARTY COALITION: SKELE, FROM "PEOPLE'S PARTY"; BIRKAVS, FROM "LATVIA'S WAY"; AND KRISTOVSKIS, FROM "FATHERLAND AND FREEDOM.")

7. ~~TO~~ EVEN SO, THE PRIME MINISTER AND THE PRESIDENT ARE DEEPLY WORRIED ABOUT THE POTENTIAL REVERBERATIONS OF THE SCANDAL. WHETHER THAT CONCERN STEMS FROM THE KNOWLEDGE OF EVIDENCE THAT IS LIKELY TO EMERGE AS THE INVESTIGATIONS CONTINUE, OR FROM THE FACT THAT SUCH SORDID ALLEGATIONS ARE INEVITABLY DAMAGING, WHETHER OR NOT THEY ARE TRUE, IS STILL UNCLEAR. NONETHELESS, WE HAVE MADE CLEAR TO SKELE (AND THE OTHER OFFICIALS INVOLVED) THAT THE USG WILL CONTINUE TO SUPPORT SKELE AS THE DULY ELECTED LEADER OF LATVIA'S GOVERNMENT UNDER FORESEEABLE CIRCUMSTANCES. WE HAVE ALSO ADVISED HIM TO UNDERSTAND THAT CHARGES OF THIS NATURE, EVEN THOSE BASED ON THE MOST SHALLOW EVIDENCE, WILL BE CORROSIVE TO LATVIA'S NATIONAL REPUTATION AND SKELE'S GOOD NAME, INCLUDING IN THE U.S. FOR THAT REASON, WE HAVE ADDED, IF THE PRIME MINISTER HAS SOLID INFORMATION THAT HIS NAME WILL BE DRAWN INTO THIS QUAGMIRE, AND HIS CONDUCT AND CONSCIENCE ARE CLEAR, HE SHOULD GET OUT IN FRONT OF THE PENDING BAD PRESS.

8. ~~TO~~ WHATEVER THE OUTCOME OF THIS AFFAIR, IT IS SORDID AND MAY WELL PLUNDER THE POSITIVE POLITICAL

MOMENTUM OF THIS PAST WEEK. NOT ONLY ARE CHARGES OF THIS NATURE PARTICULARLY DISTURBING, BUT SO, TOO, ARE THE BLATANT POLITICAL USES TO WHICH THEY ARE BEING PUT. IT IS STILL TOO EARLY TO PREDICT WHETHER PUBLIC DISGUST OVER THE AFFAIR WILL FORCE CHANGES IN THE GOVERNMENT (AS SKELE OBLIQUELY SUGGESTED TO THE AMBASSADOR) OR EVEN THE FALL OF THE COALITION. NEVERTHELESS, THE SCANDAL IS SURE TO ENMESH LATVIA IN NASTY POLITICAL INFIGHTING FOR SOME TIME TO COME. RATHER THAN BUILDING FROM SUCH POLITICAL SUCCESSES AS PASSING THE LANGUAGE LAW, OFFICIALLY APPROVING THE SOCIAL INTEGRATION FRAMEWORK DOCUMENT, AND ACHIEVING FAST TRACK EU NEGOTIATING STATUS AT THE HELSINKI SUMMIT, LATVIANS MAY ENTER THE NEW YEAR FACING A PARTICULARLY UNSAVORY EXAMPLE OF THEIR LEADERS' SELF-DESTRUCTIVE BEHAVIOR. END COMMENT.

HOLMES

THE WHITE HOUSE

Office of the Press Secretary
Washington, D.C.

For Immediate Release

December 10, 1999

STATEMENT BY THE PRESS SECRETARY

Passage of Latvian Language Law/EU Accession Talks

President Clinton welcomed the Latvian Parliament's passage of a new language law on December 9. That law essentially conforms to international standards and is supported by the OSCE, which has played an important role in the Baltic region. The Clinton Administration believes this law will promote and preserve the Latvian language, while respecting the rights of all citizens and residents of Latvia. The integration of all Latvia's residents into Latvian society is key to our common U.S.-Baltic Charter of Partnership goal of fully integrating Latvia into European and transatlantic institutions. The United States looks forward to continuing to work with Latvia to advance this goal, and applauds the important step now taken by the Parliament. In this regard, President Clinton congratulates Latvia and Lithuania upon being invited to begin membership negotiations with the European Union, as announced today in Helsinki.

#

Norland, Richard B. (EUR)

From: WHSR
Sent: Friday, December 10, 1999 7:04 AM
To: Blinken, Antony J. (EUR); Bolan, Christopher J. (VP); Davidson, Leslie K. (VP); Kass, Nicholas S. (EUR); Norland, Richard B. (EUR); vonLipsey, Roderick K. (SEE); Yee, Hoyt B. (EUR)
Subject: BALTICS WELCOME EU NEWS, BLAST RUSSIA CRITICISM
CLASS: INTERNATIONAL
ORIG: Reuters
PREC: RUSH
TOR: 991210065855 R50eaa11

a1002

^BC-EU-BALTICS-RUSSIA

^Baltics welcome EU news, blast Russia criticism

By Burton Frierson

RIGA, Dec 10 (Reuters) - The Baltic states welcomed on Friday news the European Union had agreed to invite Latvia and Lithuania to join entry talks despite a last-minute attempt by Russia to spoil Latvia's bid.

"Of course this is really pleasing, but what is also important to us is that the EU clearly formulates its support for policies that allow each candidate to move along at its own speed, according to its success," Latvian Foreign Minister Indulis Berzinsh told Reuters.

At its Helsinki summit, EU officials said the 15-nation bloc had decided to start membership negotiations with Latvia and Lithuania, along with Slovakia, Romania, Bulgaria, and Malta.

Latvia and Lithuania were stung by the EU's 1997 decision to relegate them to the second-tier group of candidates although neighbour Estonia was invited into entry talks along with the Czech Republic, Poland, Hungary, Slovenia and Cyprus.

Officials from Lithuania also welcomed the news.

"We look forward to completing negotiations during the year 2002. We also hope that as we advance our homework, the appropriate institutional adjustments will be introduced within the EU itself so as not to delay the enlargement process." Deputy Foreign Affairs Minister Vygaudas Ushackas told Reuters.

A spokesman for Estonia's foreign ministry said bringing Latvia and Lithuania into talks would ease its negotiations since the three share a free trade agreement.

"We welcome the invitation to extend talks to Latvia and Lithuania and hope the speed of talks with the countries already in negotiations will be maintained and stress an individual approach to the countries should be taken," he said.

News of the expanded entry talks came within minutes of a Russian foreign ministry statement urging the EU to think again about inviting Latvia to join the bloc.

The statement cited a language law the Baltic state approved on Thursday as the latest in a series of what Moscow sees as official acts of discrimination against the Russian speaking minority that accounts for one-third of its population.

"Latvia's position remains unchanged. We want to work to prepare ourselves for entry and would gladly keep good relations with Russia despite rhetoric of this kind," said Berzinsh.

Berzinsh recently urged NATO and the EU to speed up expansion into the Baltics to show that the three former Soviet countries were no longer in Russia's sphere of influence.

Russia opposes the Baltics' aspirations to join NATO but has never spoken out against their EU ambitions.

"This proves yet again Latvia has no other way but the one it is taking," he said. "I am really surprised that a country that regrettably has huge problems of its own has the nerve to describe (our) situation as a humanitarian catastrophe."

The three Baltic states have had cool relations with Russia

- since regaining independence from the Soviet Union in 1991 -- especially Latvia and Estonia, who have large Russian-speaking minorities that Moscow claims suffer widespread discrimination.
RB-- 12/10/99 06:57:21

Norland, Richard B. (EUR)

From: WHSR
Sent: Friday, December 10, 1999 7:02 AM
To: Black, Steven K. (VP); Blinken, Antony J. (EUR); Brody, Richard J. (VP); Brzezinski, Mark F. (RUE); Davidson, Leslie K. (VP); Dunn, John A. (RUE/INTERN); Elkind, Jonathan H. (RUE); Kass, Nicholas S. (EUR); Kaufman, Stuart J. (RUE); Norland, Richard B. (EUR); Pascual, Carlos E. (RUE); Tedstrom, John E. (RUE); vonLipsey, Roderick K. (SEE); Weiss, Andrew S. (RUE); Yee, Hoyt B. (EUR)
Subject: FOCUS-RUSSIA TAKES SWIPE AT LATVIA AS EU MEETS
CLASS: INTERNATIONAL
ORIG: Reuters
PREC: RUSH
TOR: 991210061610 R50e0b10

a0895

^BC-RUSSIA-LATVIA-EUROPE 1STLD

^FOCUS-Russia takes swipe at Latvia as EU meets

By Patrick Lannin

MOSCOW, Dec 10 (Reuters) - Russia on Friday urged the European Union to reconsider inviting Latvia to start entry talks, making fresh allegations the Baltic state discriminated against its large Russian-speaking minority.

"We call on our European partners, which are currently looking at the question of inviting Latvia to talks on entering the European Union, to think once again about the appropriateness of this step," the Russian Foreign Ministry said in a statement.

The Russian attack was made as EU leaders prepared at a summit in Helsinki, which began on Friday, to invite Latvia and four other eastern European nations to begin entry talks, adding to the five who have already been asked.

The attack on Latvia also coincided with a joint Chinese-Russian communique issued after President Boris Yeltsin's visit to Beijing denouncing the West for using human rights as a "pretext" to destroy the sovereignty of independent states.

Russia has led a campaign of criticism of Latvia and Baltic neighbour Estonia since the collapse of the Soviet Union in 1991, although both strongly deny any discrimination against their large Russian-speaking minorities.

They say citizenship and language laws which Moscow criticises are aimed at boosting their own statehood and native tongues, undermined during the 50 years they were unwilling members of the Soviet Union.

Some 650,000 Russian-speakers live in Latvia, where the total population is around 2.5 million, while there are some 500,000 Russian-speakers in Estonia out of 1.5 million. A minority of these people have citizenship of either state.

Russia made the fresh attack after Latvia's parliament this week passed a new law to promote the use of the Latvian language with terms softer than one originally approved after protests from Moscow and the EU.

But the foreign ministry said the changes in the law were "judicial cunning."

"Now people whose native language is not Latvian, and such people form a third of the population, can communicate in their own tongue almost only in their apartments," the ministry said.

"Neighbouring Estonia is not far from such acts," the ministry added.

As well as language laws, Russia has blasted rules introduced after Latvia and Estonia regained their independence in 1991, which made it very difficult for many Russian-speakers to gain citizenship.

The laws were softened after Western and Russian criticism and as part of the Baltic nations' campaign to get into the EU.

Latvia is expected to be invited to join EU talks with Lithuania, the third Baltic state, Slovakia, Romania and Bulgaria. Estonia, Slovenia, Poland, the Czech Republic and Hungary have already been asked. Malta

and Cyprus are also negotiating entry.
RB-- 12/10/99 06:14:57

Norland, Richard B. (EUR)

From: Norland, Richard B. (EUR)
Sent: Thursday, December 09, 1999 6:17 PM
To: Blinken, Antony J. (EUR)
Cc: @EUROPE - European Affairs
Subject: Latvian language law [UNCLASSIFIED]

Tony, if you agree, I would like to send the following to @RUE and @PRESS for approval:

For Mike Hammer:

As discussed, attached is a proposed "statement by the press secretary" for release on Dec. 10, concerning the new Latvian language law. Our case for raising this at the White House (rather than State Dept.) level is:

- Provide support to President Vike-Freiberga, who is trying to do the right thing in terms of integrating Russian-speakers in Latvia by enticement rather than pressure, and who met with FLOTUS here in September. Vike-Freiberga sent the original bill back to parliament to make it more acceptable, partly at our urging and at no small political risk to herself.
- Signal WH interest in moderate solutions to this issue -- supports OSCE, will resonate with moderate Latvians and Russians.
- At the same time, will signal to hardline Russians that we are following this matter at a high level and think the Latvians are entitled to set their own rules re: language. (The original bill would have required Latvian for all public gatherings; the new law limits this to government-sponsored events, so that private groups and commercial enterprises have the freedom to use Russian or other languages.)



LatvianLanguage.doc

THE WHITE HOUSE

Office of the Press Secretary
Washington, D.C.

For Immediate Release

December 10, 1999

STATEMENT BY THE PRESS SECRETARY

Passage of Latvian Language Law

President Clinton welcomed the Latvian Parliament's passage of a new language law on December 9. That law conforms to essential international standards and is supported by the OSCE. The United States believes this law will promote and preserve the Latvian language, while respecting the rights of private individuals. The integration of all Latvia's residents into Latvian society is key to our common U.S.-Baltic Charter of Partnership goal of bringing Latvia fully into European and transatlantic institutions. The United States looks forward to continuing to work with Latvia to advance this goal, and applauds the important step now taken by the Parliament.

#



December 9, 1999

United States Department of State

Washington, D.C. 20520

*→ Chuck Allen.
69110***FAX**

Page 1 of 1

TO: NSC - Richard Norland**FROM: EUR/NB - Damian Leader****SUBJECT: Suggested Press Guidance on Latvia**

Dick-

As promised, this is what Ron has cleared. Let me know if it will go out from the White House; otherwise we will run it here.

Thanks for your help.

Passage of Latvian Language Law

The United States welcomes the Latvian Parliament's passage of a new language law December 9. It essentially conforms to international standards and is supported by the OSCE. The United States believes this law will promote and preserve the Latvian language, while respecting the privacy of Latvia's private commercial activities and the private lives of all Latvia's residents. We call on the Latvian government to enact implementing regulations that are consistent with the parliament's legislation and Latvia's international obligations and commitments.

The integration of all Latvia's residents into Latvian society is key to our common U.S.-Baltic Charter of Partnership goal of bringing Latvia fully into European and transatlantic institutions. The importance of advancing the social integration of non-Latvian speakers was underscored at the U.S.-Baltic Partnership Commission meeting last July. The United States looks forward to continuing to work with Latvia to advance this key goal, and applauds the important step now taken by the Parliament.

Norland, Richard B. (EUR)

From: Norland, Richard B. (EUR)
Sent: Thursday, December 09, 1999 1:22 PM
To: @PRESS - Public Affairs
Cc: @EUROPE - European Affairs; @RUSSIA - Russia/Ukraine
Subject: Statement on Latvian Language Law? [UNCLASSIFIED]

Latvia's parliament yesterday adopted a revised language law that goes a long way toward addressing concerns we have raised with President Vike-Freiberga and other Latvian leaders with respect to the need to promote social integration in the post-Cold War environment there. State is preparing press guidance. Is it possible for the White House to release this language, perhaps as a statement by the press secretary or in some other format that gets posted (it doesn't have to be read aloud)? Giving some WH attention to what Latvia has done would send a useful policy signal.

If this is doable, I will get you some language later today. Thanks. Dick.

Norland, Richard B. (EUR)

From: WHSR
Sent: Thursday, December 09, 1999 3:16 PM
To: Black, Steven K. (VP); Bolan, Christopher J. (VP); Brody, Richard J. (VP); Brzezinski, Mark F. (RUE); Davidson, Leslie K. (VP); Dunn, John A. (RUE/INTERN); Elkind, Jonathan H. (RUE); Kaufman, Stuart J. (RUE); Norland, Richard B. (EUR); Pascual, Carlos E. (RUE); Tedstrom, John E. (RUE); Weiss, Andrew S. (RUE); Yee, Hoyt B. (EUR)
Subject: RUSSIA CRITICISES LATVIA, ESTONIA ON RIGHTS
CLASS: INTERNATIONAL
ORIG: Reuters
PREC: RUSH
TOR: 991209151443 R500d630

a3253

^BC-RIGHTS-RUSSIA-BALTICS

^Russia criticises Latvia, Estonia on rights

MOSCOW, Dec 9 (Reuters) - Russia criticised the Baltic states of Latvia and Estonia on Thursday for failing to do enough to protect the rights of hundreds of thousands of Russian-speakers living on their territory.

Russia has kept up a war of words with Latvia and Estonia, which regained their independence from the former Soviet Union in 1991, over what it says are infringements of the rights of Russian-speakers. Both Baltic nations deny the accusations.

The Russian Foreign Ministry said in a statement that Deputy Foreign Minister Sergei Ordzhonikidze had met a senior official from the Council of the Baltic Sea States, a regional body.

"Ordzhonikidze drew attention to the absence of serious progress in the policy of Latvia and Estonia with regard to national minorities, primarily the Russian-speaking population," the statement said.

The statement was made after Ordzhonikidze had met the council's commissioner for democratic institutions and human rights, Ole Espersen, to discuss humanitarian issues. Russia, the Baltic states and the Nordic countries are members of the council.

Russia has constantly criticised Latvia and Estonia for post-Soviet laws which made it difficult for most Russian-speakers to become citizens of their small nations, although the laws were later softened.

Latvia passed a new law on Thursday boosting the use of the Latvian language, which was changed after protests from Moscow and European Union nations.

Latvia and Estonia say they need such laws to preserve the local population after 50 years of Soviet rule. Russia has said they are simply discriminating against Russian-speakers, many of whom arrived during the Soviet era.

RB-- 12/09/99 15:13:23

press release?

Norland, Richard B. (EUR)

From: WHSR
Sent: Thursday, December 09, 1999 11:56 AM
To: Babbitt, James F. (VP); Black, Steven K. (VP); Brody, Richard J. (VP); Brzezinski, Mark F. (RUE); Busby, Scott W. (MULTI); Davidson, Leslie K. (VP); Dunn, John A. (RUE/INTERN); Elkind, Jonathan H. (RUE); Feldman, Daniel F. (MULTI); Guarnieri, Valerie N. (MULTI); Kaufman, Stuart J. (RUE); Naplan, Steven J. (MULTI); Norland, Richard B. (EUR); Pascual, Carlos E. (RUE); Schwartz, Eric P. (MULTI); Stromseth, Jane E. (MULTI); Tedstrom, John E. (RUE); Vaccaro, Jonathan M. (Matt) (MULTI); Weiss, Andrew S. (RUE)
Subject: LATVIAN PARLIAMENT PASSES OSCE-COMPLIANT LANGUAGE LAW
CLASS: UNCLASSIFIED
DTG: 091626Z DEC 99
MSGTO: RUEHC/SECSTATE WASHDC IMMEDIATE 4319
ORIG: AMEMBASSY RIGA
PREC: IMMEDIATE
SSN: 4074
TOR: 991209114002 M4191985

UNCLAS SECTION 01 OF 02 RIGA 004074

SENSITIVE

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

THE WHITE HOUSE FOR NSC NORLAND

E.O. 12958: N/A

TAGS: PHUM, PREL, PGOV, RS, LG

SUBJECT: LATVIAN PARLIAMENT PASSES OSCE-COMPLIANT
LANGUAGE LAW

REFS: (A) RIGA 3983; (B) RIGA 1970; (C) RIGA 1959;
(D) RIGA 1927

(U) SENSITIVE BUT UNCLASSIFIED; PROTECT ACCORDINGLY.

1. (U) THIS IS AN ACTION MESSAGE; SEE PARAGRAPH 7.

2. (SBU) SUMMARY: ON A LARGELY PARTY LINE VOTE DECEMBER 9, THE LATVIAN PARLIAMENT PASSED REVISIONS TO THE LANGUAGE LAW THAT MEET VIRTUALLY ALL THE CONCERNS VOICED BY PRESIDENT VIKI-FREIBERGA (IN VETOING THE ORIGINAL LAW IN JULY) AND BY OSCE HIGH COMMISSIONER VAN DER STOEL (IN CALLING FOR STRICT PROTECTIONS OF PRIVATE SECTOR INTERESTS AGAINST GOVERNMENT REGULATION). THE RESIDENT OSCE MISSION IN LATVIA AND THE HIGH COMMISSIONER TO IMPLEMENT THE LEGISLATION. NATIONALIST DEPUTIES HAVE, HOWEVER, DENOUNCED THE SAEIMA'S DECISION AND THREATEN TO INITIATE PROCEDURES TO CALL A REFERENDUM ON THE LEGISLATION. END SUMMARY.

LANGUAGE LAW PASSED

3. (U) IN LARGELY PARTY LINE VOTING, THE LATVIAN PARLIAMENT VOTED TO ADOPT REVISIONS TO THE COUNTRY'S LANGUAGE LAW THAT ADDRESS PRESIDENT VIKI-FREIBERGA'S CONCERNS, IN VETOING THE ORIGINAL LEGISLATION IN JULY, THAT THE MEASURE BE CONSISTENT WITH LATVIA'S INTERNATIONAL OBLIGATIONS. THE VOTE ON THE FINAL BILL WAS 52 IN FAVOR, 26 AGAINST, AND TWO ABSTENTIONS. AS REPORTED REF A, THE TWO LARGE CENTRIST PARTIES,

"PEOPLE'S PARTY" (24 SEATS) AND "LATVIA'S WAY" (21 SEATS), JOINED FORCES WITH THE SMALL CENTER-LEFT "NEW PARTY" (8 SEATS) TO FORM A MAJORITY. THE NATIONALIST "FATHERLAND AND FREEDOM" PARTY (17 SEATS) STRONGLY OPPOSED ANY REVISION OF THE JULY LEGISLATION. OTHER DEPUTIES, INCLUDING THE 16 MEMBERS OF THE PRO-RUSSIAN "FOR HUMAN RIGHTS IN A UNITED LATVIA," OPPOSED VARIOUS OF THE PROPOSED AMENDMENTS AS ALLEGEDLY INADEQUATE IN PROTECTING RUSSIAN AND OTHER FOREIGN LANGUAGES. SOME TWENTY DEPUTIES -- IT IS STILL UNCLEAR WHETHER LARGELY FROM "FATHERLAND" OR "UNITED LATVIA" -- BOYCOTTED THE FINAL VOTE.

4. (U) OF THE SEVEN MAJOR ISSUES PUT FORTH BY THE PRESIDENT IN VETOING THE JULY LEGISLATION (SEE REF A FOR DETAILS), TWO PROVED PARTICULARLY CONTENTIOUS IN TODAY'S DEBATE:

-- ARTICLE 11 (PUBLIC EVENTS): THE VETOED LAW REQUIRED ALL PUBLIC EVENTS TO BE HELD IN LATVIAN OR TO PROVIDE LATVIAN TRANSLATION, IF IN ANY OTHER LANGUAGE. THE NEW VERSION REQUIRES THAT LATVIAN BE USED ONLY IN EVENTS THAT THE GOVERNMENT ORGANIZES OR SUBSTANTIALLY FINANCES. THE GOVERNMENT ALSO RETAINS THE RIGHT TO DETERMINE WHEN LATVIAN TRANSLATION IS REQUIRED AT AN EVENT IN THE LEGITIMATE PUBLIC INTEREST (I.E., WHEN PUBLIC SAFETY, HEALTH, OR OTHER SUCH ISSUES ARE INVOLVED).

-- ARTICLE 21 (PUBLIC INFORMATION): THE VETOED VERSION REQUIRED THAT ALL PUBLIC INFORMATION MUST BE IN LATVIAN. THE NEW VERSION REQUIRES ONLY THAT INFORMATION SUPPLIED BY STATE INSTITUTIONS OR THAT IS IN THE LEGITIMATE PUBLIC INTEREST BE IN LATVIAN.

REACTIONS

5. (SBU) BOTH OSCE HIGH COMMISSIONER VAN DER STOEL'S OFFICE AND THE RESIDENT OSCE MISSION IN RIGA EXPRESSED DELIGHT AT THE OUTCOME. IN A TELEPHONE CONVERSATION WITH THE DCM AFTER THE VOTE, A MEMBER OF VAN DER STOEL'S STAFF REPORTED THAT VAN DER STOEL WILL ISSUE A STATEMENT LATER TODAY "WELCOMING" THE SAEIMA'S VOTE AND DECLARING THAT LATVIA IS NOW "ESSENTIALLY IN UNCLAS SECTION 02 OF 02 RIGA 004074

SENSITIVE

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

THE WHITE HOUSE FOR NSC NORLAND

E.O. 12958: N/A

TAGS: PHUM, PREL, PGOV, RS, LG

SUBJECT: LATVIAN PARLIAMENT PASSES OSCE-COMPLIANT LANGUAGE LAW

CONFORMITY" WITH ITS INTERNATIONAL OBLIGATIONS. THE STATEMENT WILL ALSO VOICE CONFIDENCE THAT THE CABINET OF MINISTERS WILL ENACT REGULATIONS FOR IMPLEMENTING THE LAW THAT ARE CONSISTENT WITH THE SAEIMA BILL. IN A SEPARATE CONVERSATION, THE ACTING HEAD OF THE OSCE MISSION IN RIGA EXPRESSED "GREAT PLEASURE" AT THE OUTCOME AND SAID THAT IT WOULD HAVE BEEN UNREALISTIC TO HAVE ASKED MORE THAN WHAT THE SAEIMA PRODUCED TODAY.

REFERENDUM?

6. (U) IN A PARTING SHOT DURING THE DEBATE, "FATHERLAND" DEPUTY JURIS DOBELIS OPENLY CALLED FOR A NATIONAL REFERENDUM ON THE NEW LEGISLATION. SHOULD THE NATIONALISTS PROCEED ON THIS COURSE, THEY HAVE ONE WEEK TO SECURE THIRTY-FOUR SIGNATURES ON A PETITION TO THE PRESIDENT. WHETHER THEY CAN OBTAIN THOSE SIGNATURES IS UNCLEAR: EVEN WITH THE SUPPORT OF THE EQUALLY NATIONALIST "SOCIAL DEMOCRATS," "FATHERLAND" WILL FIND ITSELF BETWEEN SIX AND TEN SIGNATURES SHORT. THEY WOULD THEN BE DEPENDENT UPON THEIR ARCH-RIVALS, "UNITED LATVIA," FOR THE ADDITIONAL SIGNATURES. "UNITED LATVIA" REPRESENTATIVES TELL US, HOWEVER, THAT SOME OF THEIR MEMBERS MAY BE WILLING TO SIGN.

COMMENT AND SUGGESTED PRESS GUIDANCE

7. (SBU) IN VOTING THROUGH THE OSCE'S PREFERRED VERSION OF THE LANGUAGE LAW, THE LATVIANS HAVE PASSED ANOTHER MILESTONE ON THE ROAD TO SOCIAL INTEGRATION. ALTHOUGH TODAY'S ACTION WILL NOT FINALLY BE COMPLETE UNTIL THE GOVERNMENT ENACTS THE IMPLEMENTING REGULATIONS, THE MAJOR HURDLE IS NOW PAST. SIMPLY PUT, LATVIA HAS, AS IN LAST YEAR'S CITIZENSHIP REFERENDUM, AGAIN CONFIRMED THAT IT REMAINS COMMITTED TO MEETING ITS INTERNATIONAL OBLIGATIONS AND TO RESOLVING INTERNAL ETHNIC TENSIONS THROUGH DEMOCRATIC PROCESSES. IN RESPONDING TO THE SAEIMA'S ACTION ON THE LANGUAGE LAW, WE COMMEND TO DEPARTMENT AND OTHER USG SPOKESMEN LATVIA'S RIGHT TO ESTABLISH LATVIAN AS THE STATE LANGUAGE OF LATVIA AND HAS PROVIDED ASSISTANCE FOR THE TEACHING OF LATVIAN TO ITS NON-CITIZEN RESIDENTS.

-- LAST JULY, WE APPLAUDED PRESIDENT VIKI-FREIBERGA'S DECISION TO RETURN A PREVIOUS BILL TO THE SAEIMA FOR FURTHER DEBATE. THE ADDITIONAL TIME TAKEN TO PRODUCE THIS FINAL LAW HAS RESULTED IN STRONG, BUT TOLERANT LEGISLATION WHICH COMPLIES WITH INTERNATIONAL STANDARDS AND IS SUPPORTED BY THE OSCE.

-- WE COMMEND THE SAEIMA FOR ITS SKILL IN PRODUCING A DEMOCRATIC LANGUAGE LAW THAT WILL PROMOTE AND PRESERVE THE LATVIAN LANGUAGE, WHILE RESPECTING THE PRIVACY OF LATVIA'S PRIVATE COMMERCIAL ACTIVITIES AND THE PRIVATE LIVES OF LATVIA'S RESIDENTS.

-- WE CALL ON THE LATVIAN GOVERNMENT TO ENACT IMPLEMENTING REGULATIONS THAT ARE CONSISTENT WITH THE SAEIMA'S LEGISLATION.

-- WE BELIEVE THAT THIS LAW WILL SERVE AS A SIGNIFICANT STEP IN LATVIA'S ALREADY SUBSTANTIAL PROGRESS IN DEVELOPING A TOLERANT, INCLUSIVE AND INTEGRATED SOCIETY.

HOLMES

Norland, Richard B. (EUR)

From: WHSR
Sent: Tuesday, November 23, 1999 9:21 AM
To: Blinken, Antony J. (EUR); Davidson, Leslie K. (VP); Norland, Richard B. (EUR)
Subject: LATVIAN HISTORICAL COMMISSION AND YAD VASHEM

CLASS: UNCLASSIFIED
DTG: 231415Z NOV 99
MSGTO: RUEHC/SECSTATE WASHDC PRIORITY 4246
ORIG: AMEMBASSY RIGA
PREC: PRIORITY
SSN: 3845
TOR: 991123091445 M4164833

UNCLAS SECTION 01 OF 02 RIGA 003845

SENSITIVE

DEPARTMENT FOR EUR/DAS ASMUS, EUR/NB, EU/OHI, EUR/RHA

TEL AVIV FOR POL ANDERSON

JUSTICE FOR OSI ROSENBAUM AND MACQUEEN

THE WHITE HOUSE FOR NSC NORLAND

E.O. 12958: N/A

TAGS: PREL, PHUM, PGOV, IS, EN, LH, LG

SUBJECT: LATVIAN HISTORICAL COMMISSION AND YAD VASHEM

REFS: (A) STATE 216180; (B) TEL AVIV 14742;
(C) VILNIUS 3242; (D) TALLINN 3516;
(E) RIGA 3733; (F) STATE 156993 (NOTAL)

(U) SENSITIVE BUT UNCLASSIFIED; PROTECT ACCORDINGLY.

1. (SBU) VISITING ISRAELI MFA OFFICIAL ZVI RAV-NER AND ISRAELI CHARGE RONIT BEN-DOR CATEGORICALLY DENIED TO THE DCM NOVEMBER 16 THE ASSERTIONS IN REF A THAT ISRAEL "HAS WITHDRAWN SUPPORT" FROM THE LATVIAN HISTORICAL COMMISSION AND THAT THE GOL "HAS NOT CONSULTED YAD VASHEM" ABOUT WORKING WITH THE COMMISSION. ON THE CONTRARY, THE ISRAELI OFFICIALS MAINTAINED, THE LATVIAN COMMISSION'S EFFORTS TO DIFFERENTIATE THE HOLOCAUST AS UNIQUE AMONG THE ATROCITIES OF WORLD WAR II, HAS, IN RAV-NER'S WORDS, BEEN "NOTED POSITIVELY" IN TEL AVIV AND IS CONSIDERED TO BE "A STEP AHEAD" OF THE TWO OTHER COMMISSIONS IN THIS RESPECT. (SEE ALSO REF F.) RAV-NER SAID THAT HE IS IN CONSTANT CONTACT WITH YAD VASHEM AND THAT ITS WORK WITH THE LATVIANS IS CONTINUING, ALBEIT MORE SLOWLY THAN EITHER PARTY WOULD LIKE. HE ADDED THAT, UPON HIS RETURN TO ISRAEL, HE WOULD CONTACT THE WASHINGTON EMBASSY TO "STRAIGHTEN THIS MATTER UP."

2. (SBU) IN SEPARATE MEETINGS WITH THE DCM, LATVIAN OFFICIALS ALSO EXPRESSED "BEWILDERMENT" AT THE ISRAELI EMBASSY IN WASHINGTON'S CONTENTION THAT THE GOL HAS NOT ASKED YAD VASHEM TO WORK WITH ITS HISTORICAL COMMISSION. FORMER PRESIDENTIAL ADVISOR AND INFORMAL CONSULTANT TO THE HISTORICAL COMMISSION ARMANDS GUTMANIS NOTED, FOR EXAMPLE, THE VIRTUALLY CONTINUOUS STREAM OF CORRESPONDENCE GOING BACK OVER A YEAR AMONG OFFICIALS IN THE PRESIDENT'S OFFICE, THE FOREIGN MINISTRY, THE LATVIAN HISTORICAL COMMISSION, AND YAD

DECLASSIFIED

PER E.O. 13526

2016-03-14-11-1 (2.23)
6/17/03 h

VASHEM. HE ESPECIALLY SINGLED OUT A JULY 12 LETTER FROM YAD VASHEM EXECUTIVE DIRECTOR AVNER SHALEV TO COMMISSION CHAIRMAN ANDRIS CAUNE, WHICH, INTER ALIA, ASSURES CAUNE THAT "YAD VASHEM WILL BE HAPPY TO COOPERATE WITH LATVIA'S COMMISSION OF HISTORIANS AND STANDS AT YOUR DISPOSAL FOR ANY EXPERT ADVICE OR DOCUMENTATION, AS WELL AS PARTICIPATION IN THE [HOLOCAUST] TASK FORCE." GUTMANIS ALSO CONFIRMED THAT ONE SPECIFIC GOL-YAD VASHEM PROJECT -- IN WHICH TWO LATVIAN HISTORY TEACHERS WILL DEPART FOR TRAINING IN HOLOCAUST EDUCATION IN ISRAEL IN DECEMBER -- IS ALREADY SETTLED AND THAT OTHERS, INCLUDING SENDING YAD VASHEM EXPERTS IN HOLOCAUST STUDIES TO RIGA, ARE WELL UNDERWAY.

3. (SBU) AT THE SAME TIME, BOTH THE LATVIANS AND THE ISRAELIS AGREED THAT THE LATVIAN COMMISSION HAS HARD WORK TO DO TO WIN YAD VASHEM'S FULL ENDORSEMENT. DESPITE THE PROGRESS TO DATE, GUTMANIS AND THE ISRAELI OFFICIALS EXPRESSED FRUSTRATION AT THE HISTORICAL COMMISSION'S LACK OF FORWARD MOVEMENT SINCE ITS PROMISING INAUGURAL MEETING IN JULY. IN THE NEARLY FIVE MONTHS SINCE, THE COMMISSION HAS HAD LITTLE OR NO COMMUNICATION WITH ITS FOREIGN MEMBERS, HAS PRODUCED NO ACTION PLAN FOR THE COMING YEAR, AND HAS PROVIDED NO UPDATES ON WORK IN PROGRESS, ALTHOUGH LATVIAN MEMBERS OF THE COMMITTEE INSIST THAT SUBSTANTIVE WORK IS UNDERWAY (SEE REF E FOR DETAILS). RAV-NER SAID THAT HE UNDERSTOOD THAT THE CHANGE OF PRESIDENTS IN THE SUMMER AND BUDGET PROBLEMS NOT DIRECTLY RELATED TO THE HISTORICAL COMMISSION HAD SLOWED THE COMMISSION'S WORK. NEVERTHELESS, HE CAUTIONED THAT ALTHOUGH YAD VASHEM WOULD CONTINUE TO WORK QUIETLY WITH THE LATVIANS, IT WOULD NOT PUBLICLY ENDORSE THE COMMISSION UNTIL IT PRODUCED CONCRETE RESULTS. GUTMANIS AGREED THAT THE COMMISSION MUST GET OFF THE MARK QUICKLY. HE SAID THAT THE PRESIDENT HAS JUST THIS WEEK SELECTED A NEW MEMBER OF HER STAFF TO SERVE AS EXECUTIVE DIRECTOR OF THE COMMISSION'S ACTIVITIES. HE STRESSED THAT IT WILL BE IMPORTANT FOR THE NEW DIRECTOR TO "GET THE COMMISSION OFF THE GROUND" AS EXPEDITIOUSLY AS POSSIBLE, INCLUDING IMMEDIATELY PROVIDING YAD VASHEM AND OTHERS WITH STATUS REPORTS ON THE COMMISSION'S WORK IN PROGRESS.

4. (SBU) COMMENT: CRITICISM OF THE VARIOUS BALTIC HISTORICAL COMMISSIONS FROM ABROAD IS, IN OUR VIEW, BECOMING INCREASINGLY FREQUENT AND DISTURBING. AS WAS UNCLAS SECTION 02 OF 02 RIGA 003845

SENSITIVE

DEPARTMENT FOR EUR/DAS ASMUS, EUR/NB, EUR/OHI, EUR/RHA

TEL VIV FOR POL ANDERSON

JUSTICE FOR OSI ROSENBAUM AND MACQUEEN

THE WHITE HOUSE FOR NSC NORLAND

E.O. 12958: N/A

TAGS: PREL, PHUM, PGOV, IS, EN, LH, LG

SUBJECT: LATVIAN HISTORICAL COMMISSION AND YAD VASHEM

THE CASE WITH ADL DIRECTOR FOXMAN'S EARLIER LETTER OF RESIGNATION FROM THE LATVIAN COMMISSION AND SECOND SECRETARY TAMIR'S STATEMENTS NOW, THE COMMISSIONS ARE BEING CONDEMNED, OFTEN WITHOUT CONSULTATION WITH THE PLAYERS ON THE GROUND AND GENERALLY ON THE BASIS OF FAULTY OR PARTIAL INFORMATION (AS REFS C,D, AND E SHOW). ALTHOUGH THE GOL AND OTHER SUPPORTERS OF THE

COMMISSIONS HAVE USUALLY BEEN ABLE TO SET THE RECORD STRAIGHT EX POST FACTO, THE ALLEGATIONS CONTRIBUTE TO AN ATMOSPHERE OF DISTRUST THAT SEEMS TO SURROUND THESE COMMISSIONS ABROAD -- AND TO THE READINESS OF OTHERS TO PILE FURTHER INACCURATE CRITICISM ON TOP OF THAT THAT HAS GONE BEFORE.

5. (SBU) COMMENT CONTINUED: A PARTICULARLY DISTURBING FEATURE IN THESE CASES IS THE CRITICS' TENDENCY TO ATTRIBUTE WHATEVER WEAKNESS ONE OF THE BALTIC COMMISSIONS MIGHT POSSESS TO THE OTHER TWO, WHETHER MERITED OR NOT. WE ARE NOT IN A POSITION TO EVALUATE THE LITHUANIAN OR ESTONIAN COMMISSIONS, ESPECIALLY ON SUCH SENSITIVE ISSUES AS THE TREATMENT OF THE HOLOCAUST. WE CAN SAY, HOWEVER, THAT THE LATVIANS HAVE PAID PARTICULAR ATTENTION TO ESTABLISHING A COMMISSION THAT DISTINGUISHES THE HOLOCAUST FROM THE OTHER ATROCITIES OF WORLD WAR II -- EFFORTS THAT THE LOCAL LATVIAN JEWISH COMMUNITY, ISRAELI OFFICIALS (INCLUDING EARLIER THIS YEAR THOSE IN THE WASHINGTON EMBASSY; SEE REF F), AND AMERICAN JEWISH ORGANIZATIONS HAVE COMMENDED AS SERIOUS, CREDIBLE AND PROMISING. TO CONDEMN THE LATVIAN COMMISSION IN THIS RESPECT FOR THE ALLEGED FAILINGS OF GENERALIZED "BALTIC COMMISSIONS" (OR CONVERSELY TO CONDEMN THE OTHERS FOR SOME PURPORTED WEAKNESS OF THE LATVIANS) IS NEITHER ACCURATE NOR FAIR. INDEED, APPLYING A "LEAST FAVORED NATION" STANDARD NOT ONLY COMPOUNDS THE MANIFOLD PROBLEMS WITH WHICH THE COMMISSIONS ARE CURRENTLY GRAPPLING, BUT ALSO SERIOUSLY HARMS THESE PROMISING ATTEMPTS AT HISTORICAL RECONCILIATION BEFORE THEY HAVE HAD TIME TO PROVE THEMSELVES.

6. (SBU) COMMENT CONTINUED: IN BRIEF, WE BELIEVE THE LATVIANS HAVE, AT LEAST, GOT THE PROCESS INTO ACCEPTABLE FORM. THOSE WHO ARE PAYING ATTENTION "ON-THE-GROUND" AGREE. OUR EFFORTS WILL NOW FOCUS ON PRACTICAL STEPS OF PLANNING, RESOURCE CREATION, AND IMPLEMENTATION. THAT'S WHAT WE ARE SAYING TO THE GOL, THE COMMISSION'S LEADERSHIP AND THE LOCAL JEWISH COMMUNITY. AND THAT'S THE MESSAGE WE BELIEVE CAN BE MOST FAIR AND HELPFUL IN WASHINGTON. END COMMENT.

HOLMES

Norland, Richard B. (EUR)

From: WHSR
Sent: Friday, November 05, 1999 11:17 AM
To: Babbitt, James F. (VP); Busby, Scott W. (MULTI); Davidson, Leslie K. (VP); Feldman, Daniel F. (MULTI); Guarnieri, Valerie N. (MULTI); Holtzapple, Richard A.; Naplan, Steven J. (MULTI); Norland, Richard B. (EUR); Schwartz, Eric P. (MULTI); Stromseth, Jane E. (MULTI); Vaccaro, Jonathan M. (Matt) (MULTI)
Subject: PROPOSED PRESS GUIDANCE ON ADL WITHDRAWAL FROM THE LATVIAN HISTORICAL COMMISSION (U) SENSITIVE BUT UNCLASSIFIED; PROTECT ACCORDINGLY.

CLASS: UNCLASSIFIED
DTG: 051531Z NOV 99
MSGTO: RUEHC/SECSTATE WASHDC IMMEDIATE 4181
ORIG: AMEMBASSY RIGA
PREC: IMMEDIATE
SSN: 3673
TOR: 991105110938 M4136386

UNCLAS RIGA 003673

SENSITIVE
DEPARTMENT FOR D, EUR/DAS ASMUS; EUR/NB; S/NIS
THE WHITE HOUSE FOR NSC NORLAND

E.O. 12958: N/A
TAGS: PHUM, PREL, PGOV, LG
SUBJECT: PROPOSED PRESS GUIDANCE ON ADL WITHDRAWAL

FROM THE LATVIAN HISTORICAL COMMISSION

(U) SENSITIVE BUT UNCLASSIFIED; PROTECT ACCORDINGLY.

1. (U) THIS IS AN ACTION MESSAGE; SEE PROPOSED PRESS GUIDANCE IN PARAGRAPH 6.

BACKGROUND

2. (SBU) ON NOVEMBER 3, EMBASSY RIGA RECEIVED FROM THE ANTI-DEFAMATION LEAGUE A FAXED COPY OF AN OCTOBER 21 LETTER FROM ADL NATIONAL DIRECTOR ABRAHAM FOXMAN TO LATVIAN PRESIDENT VAIRA VIKI-FREIBERGA, IN WHICH FOXMAN ANNOUNCED HIS RESIGNATION FROM LATVIA'S HISTORICAL COMMISSION. (TEXT FAXED TO EUR/NB ON NOVEMBER 3.) IN EXPLANATION, FOXMAN WROTE THAT HE WAS "DEEPLY OFFENDED" BY "LATVIA'S PROPENSITY TO EQUATE THE HOLOCAUST WITH SOVIET CRIMES" AS EXEMPLIFIED IN THE RECENT CONVICTION OF MIKHAIL FARBTUH, A FORMER NKVD OFFICER CHARGED WITH "GENOCIDE" FOR HIS ROLE IN MASS DEPORTATIONS OF LATVIANS DURING WORLD WAR II. (EMBASSY FACT SHEET ON THE FARBTUH CASE, WHICH SEEMS TO US TO HAVE NO ASSOCIATION WITH ADL'S CONCERNS ABOUT INTERMINGLING THE HOLOCAUST WITH OTHER WARTIME EVENTS, FAXED TO EUR/NB ON NOVEMBER 4.) FOXMAN CONCLUDED THAT "LATVIA IS NOT YET READY TO TRULY EXAMINE AND CONFRONT THE EXPERIENCE OF LATVIAN JEWS DURING THE HOLOCAUST." SIMULTANEOUSLY WITH THE LETTER, ADL RELEASED A PRESS STATEMENT ANNOUNCING FOXMAN'S DECISION AND QUOTING EXTENSIVELY FROM HIS LETTER TO VIKI-FREIBERGA.

3. (SBU) FOXMAN'S LETTER AND THE ADL ANNOUNCEMENT HAVE CAUSED LITTLE PUBLIC REACTION IN LATVIA AS YET. SO FAR, NEITHER THE LATVIAN- NOR THE RUSSIAN-LANGUAGE

* NEWSPAPERS HAVE PICKED UP THE STORY, AND ONLY THE ENGLISH-LANGUAGE WEEKLY, "THE BALTIC TIMES," HAS MADE REFERENCE TO IT. NEVERTHELESS, THE NEWS HAS COME AS A SHOCK TO THE PRESIDENCY, THE FOREIGN MINISTRY AND THE HISTORICAL COMMISSION ITSELF, INCLUDING ITS JEWISH-AMERICAN MEMBERS, AND HAS THE POTENTIAL TO STIR CONTROVERSY. THE PRESIDENT'S OFFICE WAS ESPECIALLY TROUBLED SINCE IT ONLY BECAME AWARE OF THE LETTER THROUGH MEDIA INQUIRIES AND ONLY OBTAINED A COPY THROUGH EMBASSY RIGA. (SIMILARLY, THE LATVIAN EMBASSY IN WASHINGTON WAS UNAWARE OF THE LETTER UNTIL ALERTED BY EMBASSY RIGA.) ACCORDING TO HER STAFF, THE PRESIDENT WILL IN DUE COURSE RESPOND TO THE LETTER IN A LOW-KEY, NON-CONFRONTATION MANNER, VOICING REGRET AT FOXMAN'S DECISION, PROVIDING UPDATED INFORMATION ON THE COMMISSION'S ACTIVITIES, AND EXPRESSING CONFIDENCE THAT THE COMMISSION WILL IN TIME MEET THE STANDARDS OF OBJECTIVE SCHOLARLY RESEARCH ON THE HOLOCAUST THAT SHE AND FOXMAN SHARE.

4. (SBU) THE LETTER ARRIVED AT A TIME WHEN THE LATVIANS AND OTHERS (INCLUDING THE ISRAELIS AND OURSELVES) BELIEVED THAT THEY WERE MAKING PROGRESS IN CONVINCING JEWISH ORGANIZATIONS OF THEIR SERIOUSNESS IN TREATING THE HOLOCAUST AS UNIQUE AMONG THE HORRORS OF THE WAR. VIKE-FREIBERGA MET AND WAS WELL-RECEIVED BY JEWISH ORGANIZATIONS (INCLUDING ADL) DURING HER RECENT VISITS TO NEW YORK AND WASHINGTON. YAD VASHEM, AFTER OVERCOMING ITS OWN INITIAL DOUBTS, HAS ESTABLISHED PROGRAMS TO TRAIN LATVIAN HISTORY TEACHERS IN HOLOCAUST EDUCATION BOTH IN ISRAEL AND IN LATVIA, AND FULLY INTENDS TO PARTICIPATE IN FORTHCOMING HISTORICAL COMMISSION ACTIVITIES. AND THE JEWISH SURVIVORS OF LATVIA ORGANIZATION, WHOSE VICE PRESIDENT, GEORGE SCHWAB, IS A COMMISSION MEMBER, HAS PUBLICLY VOICED ITS SUPPORT FOR THE COMMISSION, AND ITS CONFIDENCE IN THE COMMISSION'S ACTIVITIES, STRUCTURE, AND MANDATE.

COMMENT AND ACTION REQUEST

5. (SBU) FOXMAN'S SUDDEN ANNOUNCEMENT BEFUDDLES US AS MUCH AS THE LATVIANS. WE ARE STRONGLY OF THE VIEW THAT, DESPITE NORMAL START UP PROBLEMS, THE LATVIAN HISTORICAL COMMISSION HAS GREAT POTENTIAL AND IS MAKING CONSIDERABLE PROGRESS IN THE PRECISE AREAS OF ADL'S STATED CONCERNS. OUR OWN INQUIRIES WITH LATVIAN JEWISH LEADERS, GOVERNMENT OFFICIALS, AND AMERICAN JEWISH REPRESENTATIVES -- NONE OF WHOM APPARENTLY WAS CONSULTED BY FOXMAN IN ADVANCE -- CONVINCES US, HOWEVER, THAT ADL DID NOT FOLLOW ITS NORMAL PATTERN OF CONSULTATIONS WITH GROUPS THAT MIGHT HAVE SET THE RECORD STRAIGHT BEFORE REACHING ITS DECISION. WE THUS CANNOT ACCOUNT FOR THE TIMING, THE CONTENT, OR THE
FROM THE LATVIAN HISTORICAL COMMISSION

HARSH TONE OF FOXMAN'S LETTER.

6. (SBU) OUR PRIMARY CONCERN IS NOT THAT ADL WILL NO LONGER PARTICIPATE IN THE COMMISSION, SINCE IT HAS TO DATE REFUSED TO TAKE PART IN ANY COMMISSION ACTIVITIES. RATHER, WE FEEL THAT SO CATEGORICAL A JUDGMENT AS LATVIA "NOT BEING READY" TO ADDRESS THE HOLOCAUST, EMANATING FROM SO INFLUENTIAL AN ORGANIZATION AS ADL, WILL CAUSE POTENTIAL BENEFACTORS FROM ISRAEL, EUROPE AND THE UNITED STATES TO SHY AWAY FROM THE COMMISSION AT THE TIME IT NEEDS SUPPORT THE MOST. THE AMBASSADOR HAS WRITTEN DIRECTLY TO FOXMAN

- TO PROVIDE HIS PERSPECTIVE ON THE COMMISSION AND ITS PROSPECTS (TEXT FAXED TO EUR/NB NOVEMBER 4), AND IS IN CLOSE CONSULTATIONS WITH LATVIAN, AMERICAN AND INTERNATIONAL SUPPORTERS TO ENCOURAGE THEM TO CONTINUE THEIR WORK WITH THE COMMISSION. WE SUGGEST THAT DEPARTMENT OR OTHER USG SPOKESMEN RESPOND, ON AN IF ASKED ONLY BASIS, TO ANY INQUIRIES THAT MIGHT ARISE ON THIS ISSUE ALONG THE FOLLOWING LINES:

-- WE ARE DISAPPOINTED TO LEARN OF ADL NATIONAL DIRECTOR ABRAHAM FOXMAN'S DECISION TO RESIGN FROM THE LATVIAN HISTORICAL COMMISSION.

-- WE BELIEVE THAT A PERSON OF MR. FOXMAN'S PRESTIGE, KNOWLEDGE AND EXPERIENCE WOULD HAVE MADE IMPORTANT CONTRIBUTIONS TO LATVIA'S EFFORTS TO COME TO TERMS WITH THE HOLOCAUST.

-- WE FURTHER BELIEVE THAT LATVIA, THROUGH THE CREATION OF THE HISTORICAL COMMISSION AND OTHER IMPORTANT STEPS, HAS BEGUN TO ADDRESS ITS OWN EXPERIENCE, AND PARTICULARLY THE EXPERIENCE OF LATVIAN JEWS, IN THIS HORROR.

-- WE SHARE THE CONVICTION OF MR. FOXMAN AND OTHER SURVIVORS OF THE HOLOCAUST THAT IT WAS AND MUST BE TREATED AS UNIQUELY TERRIBLE AMONG THE ATROCITIES COMMITTED IN LATVIA AND THROUGHOUT EUROPE DURING WORLD WAR II.

-- THE HISTORICAL COMMISSION HAS ITSELF EMBRACED THIS VIEW WITH ITS DECISION TO ESTABLISH A SPECIAL TASK FORCE FOCUSING EXCLUSIVELY ON THE HOLOCAUST.

-- WE WILL CONTINUE TO WORK CLOSELY WITH THE HISTORICAL COMMISSION MEMBERS, THE PRESIDENCY, AND THE GOVERNMENT TO ENSURE THAT THE DREADFUL CRIMES COMMITTED AGAINST LATVIA'S JEWISH POPULATION DURING WORLD WAR II ARE APPROACHED IN THIS SPIRIT AND THAT THE HOLOCAUST IN LATVIA AT LAST RECEIVES FULL, FAIR AND OPEN TREATMENT.

HOLMES

Norland, Richard B. (EUR)

From: WHSR
Sent: Friday, November 12, 1999 6:20 AM
To: Norland, Richard B. (EUR)
Subject: LATVIA: FORTNIGHT IN POLITICS #28, OCTOBER 25-

CLASS: UNCLASSIFIED
DTG: 120905Z NOV 99
MSGTO: RUEHC/SECSTATE WASHDC 4200
ORIG: AMEMBASSY RIGA
PREC: ROUTINE
SSN: 3737
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UNCLAS RIGA 003737

STATE FOR EUR/DAS ASMUS, EUR/NB, S/NIS
THE WHITE HOUSE FOR NSC NORLAND

E.O. 12958: N/A
TAGS: PGOV, PHUM, PREL, LG
SUBJECT: LATVIA: FORTNIGHT IN POLITICS #28, OCTOBER 25-
NOVEMBER 7, 1999

REF: RIGA 3430

SUMMARY

1. THE VISIT OF CHECHEN "PARLIAMENTARIANS" TO LATVIA PASSED WITHOUT INCIDENT AS GOVERNMENT OFFICIALS REFUSED TO MEET WITH THEM. THE DEADLINE FOR SUBMITTING PROPOSALS FOR THE LANGUAGE LAW EXPIRED; THE FINAL READING OF THE LAW IS SET FOR DECEMBER 9. THE GOVERNMENT SOFTENED THE PROPOSED AMENDMENTS TO THE PENSION LAW AND DECLARED THE NOVEMBER 13 REFERENDUM "MEANINGLESS." THE OPPOSITION REMAINED UNHAPPY WITH THE NEW INITIATIVE AND URGED THE VOTERS TO COME TO THE REFERENDUM ANYWAY. FORMER LEADER OF THE LATVIAN SSR COMMUNIST PARTY ALFREDS RUBIKS BECAME CHAIRMAN OF THE "SOCIALIST PARTY" AND PREDICTED A SOCIALIST REVOLUTION IN LATVIA. THE SAEIMA TOOK STEPS TO MOVE THE LATVIAN SOLDIERS MEMORIAL DAY FROM MARCH 16 -- A DATE ASSOCIATED WITH THE LATVIAN SS LEGION -- TO NOVEMBER 11, ARMISTICE DAY THE LATVIAN ARMY DAY. END SUMMARY

LATVIAN OFFICIALS IGNORE CHECHEN DELEGATES

2. THREE CHECHEN "PARLIAMENTARIANS" WHO VISITED RIGA ON OCTOBER 25 WERE WARMLY WELCOMED BY SOME MEMBERS OF THE NATIONALIST "FATHERLAND AND FREEDOM" PARTY BUT WERE SNUBBED BY OFFICIAL RIGA. (SEE REFTEL FOR A DETAILED REPORT ON THE CONTROVERSY PRECEDING THE CHECHENS' VISIT.) IN AN APPARENT EFFORT TO AVOID ANGERING RUSSIA, NEITHER THE PRESIDENT, THE PRIME MINISTER, FOREIGN MINISTRY OFFICIALS NOR THE SAEIMA SPEAKER (WHO IS A "FATHERLAND AND FREEDOM" MEMBER) MET WITH THE CHECHENS. MOREOVER, NONE OF "FATHERLAND'S" CURRENT OR FORMER CABINET MINISTERS, INCLUDING PARTY CHAIRMAN MARIS GRINBLATS, TOOK PART IN THE CLOSED-DOOR MEETING WITH THE CHECHEN REPRESENTATIVES IN THE SAEIMA. (COMMENT: LATVIA APPEARS TO HAVE HANDLED THE VISIT WELL, WITHOUT SERIOUSLY IRRITATING RUSSIA. MOREOVER, THE SAEIMA'S REFUSAL ON

NOVEMBER 3 TO ISSUE A "FATHERLAND AND FREEDOM" SPONSORED STATEMENT CONDEMNING THE RUSSIAN BOMBARDMENT OF CHECHNYA MAY HAVE WON LATVIA A FEW EXTRA POINTS. HOWEVER, AN INTERVIEW WITH SEVERAL LATVIAN YOUTHS SHOWN ON THE NIGHTLY NEWS PROGRAM PANORAMA ON NOVEMBER 7 IN WHICH THEY VOWED TO GO TO CHECHNYA TO FIGHT AGAINST THE RUSSIANS COULD, ACCORDING TO FOREIGN MINISTER BERZINS, DISCREDIT LATVIA AND GIVE CREDIBILITY TO MOSCOW'S ALLEGATIONS ABOUT "BALTIC SNIPERS" FIGHTING IN THE CAUCASUS. THE LATVIAN LEADERS PROMPTLY DENIED ANY GOVERNMENT INVOLVEMENT IN OR SUPPORT FOR RECRUITING MERCENARIES FOR CHECHNYA. END COMMENT.)

SAEIMA COMMITTEE PREPARES LANGUAGE LAW FOR FINAL READING

3. ON OCTOBER 29, THE DEADLINE FOR SUBMITTING PROPOSALS FOR ALTERATIONS TO THE LANGUAGE LAW EXPIRED, AND THE SAEIMA EDUCATION AND SCIENCE COMMITTEE HAS BEGUN READING THE LAW FOR ITS FINAL PARLIAMETARY READING SCHEDULED FOR DECEMBER 9. THE SAEIMA ORIGINALLY PASSED THE LAW ON JULY 8, BUT AFTER IMMEDIATE CRITICISM FROM THE OSCE AND THE INTERNATIONAL COMMUNITY, THE PRESIDENT VETOED IT ON JULY 14 AND SENT IT BACK TO THE SAEIMA FOR REVISION. THE TWO MOST CONTENTIOUS POINTS OF THE LAW ARE ARTICLES 11 AND 21 REQUIRING THAT ALL PUBLIC EVENTS BE HELD IN LATVIAN AND THAT ALL BILLBOARDS AND SIGNS IN PUBLIC PLACES BE DISPLAYED IN LATVIAN ONLY. IN A NOVEMBER 4 INTERVIEW WITH LATVIA'S GOVERNMENT NEWSPAPER "LATVIJAS VESTNESIS," CHAIRMAN OF THE SAEIMA EDUCATION AND SCIENCE COMMITTEE DZINTARS ABIKIS EXPRESSED OPTIMISM THAT A COMPROMISE WOULD BE REACHED ON ARTICLE 11 SO THAT IT MEETS THE OSCE RECOMMENDATIONS AND INTERNATIONAL STANDARDS. HE WAS LESS CONFIDENT THAT THE MAJORITY OF SAEIMA DEPUTIES WOULD SUPPORT THE PROPOSAL TO ALLOW THE USE OF LANGUAGES OTHER THAN LATVIAN IN PUBLIC INFORMATION.

4. THE VETOED VERSION OF THE ARTICLE 21 STATES THAT "ALL SIGNS, BILLBOARDS, POSTERS AND ANNOUNCEMENTS WHICH ARE MEANT FOR INFORMING THE PUBLIC AND WHICH ARE DISPLAYED IN PUBLIC PLACES MUST BE IN THE STATE LANGUAGE." ECHOING THE OSCE CONCERNS, THE PRESIDENT RECOMMENDED THAT THE LAW ALLOW THE USE OF OTHER LANGUAGES IN ALL THE ABOVE INSTANCES ON CONDITION THAT THE LATVIAN LANGUAGE IS GIVEN PRIORITY (E.G. LARGER PRINT, ETC.). FOREIGN MINISTER INDULIS BERZINS AND HIS "LATVIA'S WAY" PARTY PROPOSED TO DIFFERENTIATE THE USE OF LANGUAGES IN PUBLIC PLACES DEPENDING ON THE TYPE OF INFORMATION. FOR INSTANCE, "LATVIA'S WAY" RECOMMENDED THAT FOREIGN LANGUAGES BE USED ALONGSIDE LATVIAN IN ALL INFORMATIVE ANNOUNCEMENTS, EXCEPT IN WRITTEN SIGNS AND SIGNBOARDS. "LATVIA'S WAY" ALSO SUPPORTED THE PARALLEL USE OF FOREIGN LANGUAGES IN PUBLIC INFORMATION IN MINORITY SCHOOLS, NATIONAL CULTURAL SOCIETIES AND IN ANNOUNCEMENTS FOR TOURISTS.

SAEIMA SOFTENS AMENDMENTS TO THE PENSION LAW

5. ON NOVEMBER 4, THE SAEIMA APPROVED THE SOFTENED, COMPROMISE AMENDMENTS TO THE PENSION LAW DESIGNED TO REPLACE THE PREVIOUS AMENDMENTS WHICH PROVOKED A REFERENDUM DUE ON NOVEMBER 13. AFTER THE VOTE, THE GOVERNMENT DECLARED THAT THE REFERENDUM HAD LOST ITS MEANING AND URGED THE VOTERS TO STAY AT HOME. (NOTE: INDEED, WHATEVER THE OUTCOME OF THE REFERENDUM THE ORIGINAL AMENDMENTS AGAINST WHICH IT WAS CALLED WILL NOW NEVER COME INTO FORCE. END NOTE.) ALL OPPOSITION PARTIES, WHICH DID NOT TAKE PART IN THE VOTING, ANNOUNCED

THAT THE GOVERNMENT'S ACTIONS WERE "UNCONSTITUTIONAL" AND "ANTI-NATIONAL" AND URGED THE VOTERS TO REJECT THE PREVIOUS AMENDMENTS IN THE REFERENDUM EVEN THOUGH THEY WILL NOT TAKE EFFECT. THE NEW AMENDMENTS STIPULATE THAT THE INCREASE OF THE RETIREMENT AGE TO 62 WILL BE MORE GRADUAL THAN ENVISIONED IN THE PREVIOUS AMENDMENTS, WORKING PENSIONERS WILL BE ALLOWED TO RECEIVE PENSIONS UP TO 60 LATS (ABOUT \$100) PER MONTH, BOTH MEN AND WOMEN WILL BE ALLOWED TO RETIRE EARLY AND THE MINIMUM PENSION WILL BE AT LEAST 30 LATS (ABOUT \$50). THE GOVERNMENT PROMISED THAT THESE CHANGES IN THE PENSION LAW WOULD REPLACE THE PREVIOUS, MORE STRINGENT, AMENDMENTS IF THE REFERENDUM FAILS. IF, HOWEVER, THE PREVIOUS AMENDMENTS ARE OVERTURNED IN A REFERENDUM, THE SITUATION WILL BECOME UNCLEAR. FORMALLY, THAT WOULD MEAN THAT THE CURRENT PENSION LAW IS AUTOMATICALLY RETAINED WITHOUT ANY AMENDMENTS. YET THE CONSTITUTION DOES NOT PROHIBIT THE SAEIMA TO CHANGE A LAW THAT HAS BEEN APPROVED IN A REFERENDUM. BOTH THE GOVERNMENT AND THE OPPOSITION AGREE THAT THE CURRENT LAW IS FLAWED AND IS A HEAVY BURDEN ON THE SOCIAL BUDGET, BUT THEIR TACTICS ON HOW TO RESOLVE THE ISSUE DIFFER.

BLAST FROM THE PAST: RUBIKS TO CHAIR SOCIALIST PARTY

6. AT ITS CONGRESS ON OCTOBER 30, THE "SOCIALIST PARTY" DECLARED THAT LATVIA'S INDEPENDENCE RESULTED FROM AN UNCONSTITUTIONAL COUP D'ETAT AND THAT ONLY SOCIALIST REVOLUTION WOULD IMPROVE WORKERS' LIVING CONDITIONS. THE PARTY OVERWHELMINGLY ELECTED FORMER LATVIAN COMMUNIST LEADER ALFREDS RUBIKS AS ITS CHAIRMAN, ONLY DAYS AFTER HE JOINED ITS RANKS. IN HIS ADDRESS, RUBIKS SAID HE HAD JOINED THE "SOCIALIST PARTY" TO FULFILL HIS "COMMUNIST'S DUTY" AND BLASTED THE LATVIAN GOVERNMENT FOR CONDUCTING "PRO-BOURGEOIS" AND "PRO-WESTERN" POLICIES. HE EMPHASIZED, HOWEVER, THAT A RESTORATION OF THE SOVIET UNION WAS AN ILLUSION. A STATEMENT APPROVED BY THE PARTY EXPRESSED CONFIDENCE THAT THE SITUATION IN LATVIA WOULD SOONER OR LATER RIPEN FOR A SOCIALIST REVOLUTION. IN THE MEANTIME THE "SOCIALIST PARTY" WANTS TO INTRODUCE TOUGH PRICE CONTROLS, PRESERVE STATE MONOPOLY ON LARGE ENTERPRISES, DECLARE "MILITARY-POLITICAL NEUTRALITY," CONCLUDE EXTENSIVE LONG-TERM COOPERATION AGREEMENTS WITH RUSSIA, GRANT OFFICIAL STATUS TO THE RUSSIAN LANGUAGE AND "DEMOCRATIZE" THE NATURALIZATION PROCESS. IT PLANS TO WIN AT LEAST A THIRD OF THE VOTES IN THE NEXT PARLIAMENTARY ELECTIONS TO "BLOCK THE DECISIONS OF THE RULING MAJORITY."

7. COMMENT: THE "COMMUNIST PARTY" IS BANNED IN LATVIA -- AT LEAST IN NAME -- AND THE "SOCIALIST PARTY," FOUNDED IN 1994, IS ITS IDEOLOGICAL HEIR. THE OVERWHELMING MAJORITY OF ITS MEMBERS (FROM 500 TO 1200, DEPENDING ON THE SOURCE) ARE ELDERLY RUSSIAN-SPEAKERS WHO ARE NOSTALGIC FOR THE SOVIET ERA. THE SAME HOLDS TRUE FOR ITS SYMPATHIZERS, MOST OF WHOM ARE NOT CITIZENS AND CANNOT VOTE. ALTHOUGH RUBIKS ACKNOWLEDGED THAT LATVIANS AND YOUTHS ARE UNDERREPRESENTED IN THE PARTY, THE SITUATION IS UNLIKELY TO CHANGE. FOR MOST LATVIANS RUBIKS, WHO WAS CONVICTED FOR ATTEMPTS TO OVERTHROW THE LATVIAN GOVERNMENT AND THEREFORE CANNOT RUN FOR PARLIAMENT, SYMBOLIZES THE SOVIET OCCUPATION AND COMMUNIST RULE. END COMMENT.

SAEIMA MOVES TO SCRAP CONTROVERSIAL MEMORIAL DAY

8. ON OCTOBER 27, THE SAEIMA DEFENSE AND INTERIOR COMMITTEE APPROVED A DRAFT LAW WHICH PROVIDES FOR MOVING THE LATVIAN SOLDIERS MEMORIAL DAY FROM MARCH 16 TO NOVEMBER 11, ARMISTICE DAY AND THE LATVIAN ARMY DAY. LATVIAN PRESIDENT VAIRA VIKI-FREIBERGA, PRIME MINISTER ANDRIS SKELE AND FOREIGN MINISTER INDULIS BERZINS EXPRESSED THEIR SUPPORT FOR SHIFTING THE DATE. IT APPEARS THAT THE MAJORITY OF PARLIAMENTARIANS, EXCEPT MEMBERS OF "FATHERLAND AND FREEDOM" AND POSSIBLY A FEW OTHERS, WILL SUPPORT SCRAPPING THE CONTROVERSIAL DATE OF COMMEMORATION FROM THE LATVIAN CALENDAR WHEN THE BILL COMES UP FOR A SAEIMA VOTE. IF THAT HAPPENS, LATVIA WILL HAVE REMOVED OFFICIAL STATUS FROM A DATE THAT HAS A CLEAR ASSOCIATION WITH THE LATVIAN SS LEGION.

9. COMMENT: ON MARCH 16, 1944 THE TWO LATVIAN SS LEGION DIVISIONS FOUGHT THEIR FIRST BATTLE AGAINST THE RED ARMY. SINCE THEN THE DAY BECAME KNOWN AS THE "LATVIAN LEGION DAY." WHEN LATVIA REGAINED INDEPENDENCE IN 1991 WAR VETERANS WHO FOUGHT IN THE GERMAN ARMY WERE ALLOWED TO ASSEMBLE FREELY AND COMMEMORATE THEIR FELLOW SOLDIERS. ALTHOUGH MOST "LEGION DAYS" PASSED QUIETLY, THE ONE IN 1998 AROUSED MUCH CONTROVERSY BECAUSE IT TOOK PLACE IN THE WAKE OF THE UNFORTUNATE BREAKUP OF THE "PENSIONERS' DEMONSTRATION" AT THE RIGA CITY COUNCIL, WHICH MARRED LATVIAN-RUSSIAN RELATIONS. MOREOVER, THE GOVERNMENT'S AMBIGUOUS POSITION TOWARDS THE LATVIAN SS LEGION MADE IT VULNERABLE TO CRITICISM FROM ABROAD. ANOTHER EMBARRASSMENT FOR THE GOL WAS THE PARTICIPATION -- IN UNIFORM -- OF THEN ARMY COMMANDER JURIS DALBINS AND SOME OTHER SENIOR OFFICERS IN THE MARCH OF THE LEGION'S VETERANS THROUGH CENTRAL RIGA. IN JUNE 1998, THE PREVIOUS SAEIMA, IN AN ATTEMPT TO DILUTE THE ASSOCIATION BETWEEN MARCH 16 AND THE LEGION, PASSED A LAW DECLARING MARCH 16 THE OFFICIAL MEMORIAL DAY OF ALL LATVIAN SOLDIERS. END COMMENT.

QUOTE OF THE FORTNIGHT

10. "I AND MY COLLEAGUE OSKARS GRIGS, WHO IS A FORMER PARATROOPER, COULD PUT ON MASKS AND BREAK INTO THE PARLIAMENT BUILDING AND MOW EVERYBODY DOWN IN THREE MINUTES," SAID "SOCIAL DEMOCRAT" AND FORMER SOVIET COAST GUARD CAPTAIN JANIS ADAMSONS IN RESPONSE TO A QUESTION BY THE RUSSIAN-LANGUAGE DAILY "VESTI SEGODNYA" ABOUT WHETHER A SHOOTING INCIDENT SIMILAR TO THE ONE IN ARMENIAN PARLIAMENT COULD HAPPEN IN THE SAEIMA.

HOLMES

Norland, Richard B. (EUR)

From: WHSR
Sent: Friday, November 12, 1999 9:52 AM
To: Norland, Richard B. (EUR)
Subject: LATVIAN ECONOMIC POTPOURRI, OCTOBER 25- NOVEMBER 10, 1999

CLASS: UNCLASSIFIED
DTG: 121442Z NOV 99
MSGTO: RUEHC/SECSTATE WASHDC 4209
ORIG: AMEMBASSY RIGA
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SSN: 3746
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UNCLAS SECTION 01 OF 04 RIGA 003746

STATE FOR EUR/NB, EB/OMA, EB/ESC
USDOC FOR 4232/IEP/EUR/OEESA AND 4233/IEP/CEEBIC/AZONA
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E.O. 12958: N/A
TAGS: ECON, EFIN, ETRD, EINV, KCRM, LG
SUBJECT: LATVIAN ECONOMIC POTPOURRI, OCTOBER 25-
NOVEMBER 10, 1999

REF: RIGA 03236

1. SUMMARY: THE LATVIAN ECONOMY IS SHOWING SIGNS OF MODEST BUT REAL RECOVERY FROM THE 1998 RUSSIAN CRISIS. THE ECONOMIC PICTURE, HOWEVER, IS STILL DIFFICULT, WITH GDP GROWTH THIS YEAR PREDICTED TO BE FLAT OR SLIGHTLY NEGATIVE, AND WITH EXPORTS AND INDUSTRIAL OUTPUT CONTINUING TO FALL. IN ADDITION, THE LATVIAN TRANSIT SECTOR IS STILL SUFFERING AND THE BUDGET DEFICIT WILL PROBABLY REACH 4.5% OF GDP THIS YEAR. ON DECEMBER 2, THE PARLIAMENT WILL HAVE ITS FINAL VOTE ON THE 2000 BUDGET, WHICH HAS A DEFICIT TARGET OF 2% OF GDP. CONCERN ABOUT CORRUPTION IS STILL VERY MUCH IN THE NEWS AS THE LATEST TRANSPARENCY INTERNATIONAL REPORT RANKED LATVIA 58TH OUT OF 99 COUNTRIES SURVEYED. U.S. COMPANIES CME AND CATEPILLAR HAVE SIGNED AN AGREEMENT WITH THE LATVIAN GOVERNMENT TO UPGRADE THE CITY OF LIEPAJA'S HEATING PLANT. THE PROJECTED INVESTMENT WILL BE AROUND \$70 MILLION TO CONSTRUCT A NEW 50-70 MEGAWATT PLANT. END SUMMARY.

A YEAR SINCE THE RUSSIAN CRISIS

2. MOST EXPERTS BELIEVE THAT LATVIA IS RECOVERING, ALBEIT SLOWLY, FROM ITS YEAR-LONG RECESSION. THEY POINT TO A SLIGHT DROP IN THE UNEMPLOYMENT RATE (9.3% IN OCTOBER), A 4% INCREASE IN RETAIL TRADE VOLUME IN AUGUST, GROWING EXPORTS TO RUSSIA, REVIVAL OF THE FISH PROCESSING INDUSTRY - THE SECTOR HIT THE HARDEST BY THE CRISIS - AND DIVERSIFICATION OF EXPORT MARKETS. HOWEVER, THE LATVIAN ECONOMY STILL HAS A WAY TO GO TO RECOVER ITS FORMER HEALTH. THE COLLAPSE OF THE RUSSIAN FINANCIAL SYSTEM LAST AUGUST, A COINCIDENT SLOWDOWN OF SOME EU ECONOMIES AND THE SUBSEQUENT DROP IN THE VOLUME OF LATVIAN EXPORTS AND TRANSIT ALL TOGETHER LED TO A 2% DECREASE IN LATVIA'S GDP IN THE FIRST HALF OF 1999.

(FOR CURRENT MACROECONOMIC STATISTICS, SEE TABLE AT THE END OF SECTION).

3. ASSESSING THE MIXED PICTURE, AN INTERNATIONAL CREDIT RATING AGENCY, FITCH IBCA, UNDERScoreD THE POSITIVE TENDENCIES IN THE LATVIAN ECONOMY BY RECONFIRMING LATVIA'S INVESTMENT GRADE RATING. FITCH IBCA REASSIGNED LATVIA A LONG TERM FOREIGN CURRENCY RATING OF BBB, WHICH PUTS LATVIA IN THE SAME GROUP WITH ESTONIA AND KOREA. ACCORDING TO ITS PRESS RELEASE, FITCH IBCA BASED ITS RATING ON THE SWIFT RE-ORIENTATION OF LATVIAN EXPORTS TO WESTERN MARKETS, LOW LEVEL OF INTERNAL AND EXTERNAL DEBT, AND THE STABILITY OF THE LATVIAN CURRENCY.

4. AT THE SAME TIME, FITCH IBCA NOTED THAT THE RELATIVELY HIGH RUSSIA AND THE CONTINUED HIGH PROPORTION OF RUSSIAN CAPITAL (64%) IN LATVIAN BANKS WERE IDENTIFIED AS ADDITIONAL RISK FACTORS FOR LATVIA.

5. OTHER INTERNATIONAL INSTITUTIONS HAVE ALSO ASSESSED THE LATVIAN ECONOMIC SITUATION WITH CERTAIN OPTIMISM. THE IMF IS FORECASTING NO GDP GROWTH IN 1999 AND 4% GROWTH IN 2000. VARIOUS REPORTS IN THE LATVIAN BUSINESS PRESS PREDICT ZERO OR SLIGHTLY NEGATIVE GROWTH THIS YEAR AND 2-4% GROWTH NEXT YEAR.

6. ON A MICROECONOMIC LEVEL, WE SEE MANY EXAMPLES OF IMPROVEMENTS. TWO REGIONALLY WELL-KNOWN COMPANIES, CHOCOLATE PRODUCER LAIMA AND COSMETICS MANUFACTURER DZINTARS, ARE GOOD EXAMPLES OF HOW BUSINESSES ARE ADJUSTING TO THE FALLOUT FROM THE RUSSIAN CRISIS. BEFORE AUGUST 1998, BOTH COMPANIES RELIED HEAVILY ON THE RUSSIAN MARKET; SINCE THEN, BOTH HAVE MADE A SERIOUS EFFORT TO ENTER WESTERN MARKETS. IN ORDER TO BE COMPETITIVE ON THE GERMAN MARKET, DZINTARS HAS RECEIVED THE ISO 9001 QUALITY CERTIFICATE, AS WELL AS SEVERAL GERMAN QUALITY AND HEALTH CERTIFICATES. IN ADDITION, THE COMPANY CREATED A WEB SITE THAT HAS ALREADY GENERATED NUMEROUS BUSINESS PROPOSALS. AT PRESENT, DZINTARS IS NEGOTIATING A LONG-TERM CONTRACT WITH A LARGE GERMAN SUPERMARKET CHAIN. LAIMA'S SUBSTANTIAL INVESTMENT IN MARKETING EFFORTS HAS LEAD TO SALES CONTRACTS IN GERMANY, DENMARK AND THE CZECH REPUBLIC.

UNCLAS SECTION 02 OF 04 RIGA 003746

STATE FOR EUR/NB, EB/OMA, EB/ESC
USDOC FOR 4232/IEP/EUR/OEESA AND 4233/IEP/CEEBC/AZONA
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STOCKHOLM FOR FCS AND FAS

E.O. 12958: N/A
TAGS: ECON, EFIN, ETRD, EINV, KCRM, LG
SUBJECT: LATVIAN ECONOMIC POTPOURRI, OCTOBER 25-
NOVEMBER 10, 1999

7. LATEST STATISTICS:

GDP DROP, FIRST HALF OF 1999 COMPARED TO FIRST HALF OF 1998	-2%
EXPORTS, FIRST 8 MONTHS, & CHANGE, Y-O-Y	-10.1%
EXPORTS TO THE EU, & OF TOTAL TO RUSSIA, & OF TOTAL	63% 6.9%
IMPORTS, FIRST 8 MONTHS, & CHANGE, Y-O-Y	-12.4%
INDUSTRIAL OUTPUT, SEPTEMBER,	

& CHANGE Y-O-Y

-9.4&

UNEMPLOYMENT, END OF OCTOBER 9.3&

INFLATION, OCTOBER, YEAR-ON-YEAR 2.9&

BUDGET 1999-----

8. ON OCTOBER 28, THE SAEIMA APPROVED AMENDMENTS TO THE 1999 BUDGET LAW, BRINGING THIS YEAR'S BUDGET DEFICIT TO 4.6&. THE AMENDMENTS REDUCE THE BUDGET REVENUE PROJECTION BY LVL 34 MILLION, AND INCREASE EXPENSES BY LVL 4.5 MILLION. THE PENSION REFERENDUM ACCOUNTS FOR CLOSE TO A MILLION LATS IN ADDITIONAL SPENDING.

BUDGET 2000

9. THE SAEIMA IS SCHEDULED TO REVIEW NEXT YEAR'S BUDGET IN THE SECOND AND FINAL READING ON DECEMBER 2. THE CURRENT VERSION OF THE DRAFT BUDGET SETS THE FISCAL DEFICIT AT 2& OF GDP, IN LINE WITH THE IMF'S REQUIREMENTS, AND IT APPEARS THAT THE SAEIMA WILL NOT INTRODUCE ANY MAJOR ADDITIONAL EXPENSES. THE 2000 BUDGET DRAFT IS BASED ON A 3.5& ECONOMIC GROWTH PROJECTION, WHICH AT THIS MOMENT APPEARS TO BE A REALISTIC ASSUMPTION.

10. ACCORDING TO THE MINISTRY OF FINANCE, THE MAIN GOAL OF THE 2000 BUDGET IS TO PROMOTE LATVIA'S ECONOMIC DEVELOPMENT. TO THAT END, THE PROPERTY TAX RATE WILL DROP FROM THE CURRENT 4& TO 1.5&, AND THE PORTION OF THE SOCIAL SECURITY TAX PAYABLE BY EMPLOYERS WILL GO DOWN BY 1 PERCENTAGE POINT.

11. AT THE SAME TIME, THE GOVERNMENT CONTINUES TO LOOK FOR WAYS TO INCREASE BUDGET REVENUES. SOME OF THE MONEY-RAISING SUGGESTIONS INCLUDE: THE CONTROVERSIAL PENSION LAW AMENDMENTS (SEE REFTTEL); ANOTHER ISSUE OF EUROBONDS; TAXATION OF BANK INTEREST PAYMENTS AND DIVIDENDS; REDUCTION OF UNEMPLOYMENT BENEFITS; AND REHIRING OF BRITISH CONSULTING, CROWN AGENTS, TO CONTINUE IMPROVING CUSTOMS TAX COLLECTION.

12. THE PROPOSED INTRODUCTION OF AN EXCISE TAX ON SOFT DRINKS AND COFFEE -- YET ANOTHER MONEY-MAKING INITIATIVE -- HAS UNITED BOTH LOCAL AND FOREIGN PRODUCERS AND DISTRIBUTORS IN AN AMERICAN-STYLE PROTEST LOBBYING EFFORT. ACCORDING TO A REPRESENTATIVE OF ONE U.S. COMPANY, THE TAX WILL INCREASE THE PRICE OF SOFT DRINKS BY ABOUT 10&, AND SERIOUSLY AFFECT THE COMPANY'S MARKET SHARE OF NON-ALCOHOLIC DRINKS. AS THE DEMAND FOR THIS CATEGORY OF GOODS IS HIGHLY ELASTIC, CONSUMERS ARE EXPECTED TO SWITCH TO OTHER TYPES OF BEVERAGES, THUS REDUCING THE REVENUE OF SOFT DRINKS COMPANIES AND, CONSEQUENTLY, THE AMOUNT OF TAXES PAID TO THE LATVIAN GOVERNMENT. THE COMPANY ESTIMATES THAT THE LOSS OF INCOME TAX REVENUE TO THE STATE AND HIGH ENFORCEMENT COSTS WILL WIPE OUT A LARGE PORTION OF THE EXPECTED INCREASE IN EXCISE TAX REVENUE.

HARD TIMES FOR THE OIL TRANSIT SECTOR

13. ACCORDING TO THE LATVIAN STATISTICS DEPARTMENT REPORTS, IN THE FIRST NINE MONTHS OF 1999, 38.3 MILLION TONS OF CARGO PASSED THROUGH LATVIAN PORTS, 1& LESS THAN IN THE SAME PERIOD LAST YEAR. HOWEVER, IN AUGUST AND SEPTEMBER, CARGO TURNOVER DROPPED BY MORE THAN 10&.

OIL TRANSIT THROUGH LATVIA, AFTER INCREASING IN THE SECOND QUARTER, DROPPED CONSIDERABLY IN THE THIRD QUARTER OF THIS YEAR.

UNCLAS SECTION 03 OF 04 RIGA 003746

STATE FOR EUR/NB, EB/OMA, EB/ESC
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STOCKHOLM FOR FCS AND FAS

E.O. 12958: N/A

TAGS: ECON, EFIN, ETRD, EINV, KCRM, LG
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NOVEMBER 10, 1999

14. A LARGE CLIENT OF VENTSPILS PORT, RUSSIAN LUKOIL, REPORTS THAT IT HAS NOT EXPORTED ANY OIL THROUGH LATVIA IN OCTOBER. ACCORDING TO LATVIAN PRESS REPORTS, ALTHOUGH THE COMPANY EXPECTS TO USE VENTSPILS SERVICES IN THE LAST TWO MONTHS OF THIS YEAR, ITS PROJECTED VOLUME IS APPROXIMATELY 50% OF ITS MONTHLY AVERAGE FOR THE FIRST SIX MONTHS OF 1999. THE LATVIAN PRESS ATTRIBUTES THE REDUCTION OF OIL TRANSIT TO THE INCREASED CAPACITY OF NOVOROSIYSK PORT, INCREASED DOMESTIC CONSUMPTION IN RUSSIA, AND TO SOME EXTENT, LOWER TARIFFS IN GDANSK PORT.

15. FUTURE PROJECTIONS FOR THE LATVIAN TRANSIT SECTOR RANGE FROM PESSIMISTIC TO SOMEWHAT HOPEFUL. SOME INDUSTRY EXPERTS BELIEVE THAT RUSSIA WILL EVENTUALLY HAVE TO INCREASE ITS OIL EXPORTS, INCLUDING THROUGH LATVIAN PORTS, TO REPLENISH HARD CURRENCY RESERVES DRAINED BY THE WAR IN CHECHNYA. OTHER TRANSIT BUSINESS REPRESENTATIVES ARE LESS OPTIMISTIC - THEY POINT TO THE STRAINED POLITICAL RELATIONS BETWEEN RUSSIA AND LATVIA AS ONE OF THE MAJOR REASONS FOR THE CURRENT PROBLEMS.

AIR BALTIC CARRIES MORE PASSENGERS

16. ON A MORE POSITIVE NOTE, THE LATVIAN NATIONAL AIRLINE, AIR BALTIC, HAS REPORTED A 12% INCREASE IN THE NUMBER OF PASSENGERS OVER THE FIRST TEN MONTHS OF THIS YEAR. ON AVERAGE, AIR BALTIC FLIGHTS SOLD 44% OF AVAILABLE SEATS. AFTER ADDING TWO NEW FLIGHTS -- TO BUDAPEST AND PRAGUE -- AND SUSPENDING FLIGHTS TO MOSCOW, AIR BALTIC NOW PROVIDES DIRECT SERVICE TO 13 EUROPEAN CITIES.

LATVIA RATED 58TH IN A CORRUPTION SURVEY

17. ACCORDING TO TRANSPARENCY INTERNATIONAL'S (TI) PUBLIC PERCEPTION OF CORRUPTION RATING, LATVIA CAME IN 58TH OF 99 COUNTRIES SURVEYED THIS YEAR. THE RATING PLACES LATVIA IN THE SAME GROUP WITH BELARUS, CHINA, MEXICO AND SENEGAL IN THE AMOUNT OF PERCEIVED CORRUPTION. RELEASE OF THE TI RANKINGS HAS CREATED A MAJOR PUBLIC RELATIONS SPLASH IN EACH OF THE PAST TWO YEARS, ALTHOUGH ITS EFFECT ON PUBLIC POLICY IS UNEVEN. LATVIANS ARE DISAPPOINTED TO FIND LATVIA RANKED LOWER THAN ESTONIA (27TH) AND LITHUANIA (50TH), EVEN THOUGH IT SHOWS A CERTAIN IMPROVEMENT COMPARED TO LAST YEAR'S RANKING OF 71 OUT OF 85 COUNTRIES SURVEYED.

18. INESE VOIKA, HEAD OF THE LATVIAN ANTI-CORRUPTION

NGO DELNA, COMMENTED THAT THE MAIN REASON FOR THE IMPROVEMENT WAS NOT SO MUCH POSITIVE DEVELOPMENTS IN THE FIGHT AGAINST CORRUPTION IN LATVIA, BUT ADDITIONAL SURVEYS THAT GAVE MORE PRECISE INFORMATION ON PERCEPTIONS OF CORRUPTION. SHE STRESSED THAT THE TI'S FINDINGS REF8/@THE RATING, PRIME MINISTER ANDRIS SKELE NOTED THAT THE TI FINDINGS ARE NOT ENCOURAGING AND, THEREFORE, THE GOVERNMENT HAS TO WORK HARD ON THE ACTUAL IMPLEMENTATION OF ITS ANTI-CORRUPTION STRATEGY. LATER AT A CONFERENCE ON CORRUPTION ISSUES, SKELE SAID: "THERE IS NO VACCINE AGAINST CORRUPTION, BUT WE CAN LET FRESH AIR IN OUR OFFICES MORE OFTEN, AND NOT SHAKE HANDS WITH PEOPLE WHO DON'T KEEP THEM CLEAN".

U.S. BUSINESS NEWS

20. IN SEPTEMBER, U.S. COMPANIES CME AND CATEPILLAR CONCLUDED AN AGREEMENT WITH THE LATVIAN GOVERNMENT TO OPERATE AND UPGRADE THE LIEPAJA MUNICIPAL HEATING PLANT. CME/CATEPILLAR PUT UP A LVL 4 MILLION LETTER OF CREDIT TO COVER THE OUTSTANDING DEBT OF THE BANKRUPT HEATING PLANT, AND OVER THE NEXT ONE TO TWO YEARS, THE AMERICAN OPERATORS PLAN TO CONSTRUCT A NEW 50-70 MEGAWATT PLANT, AT AN ESTIMATED COST OF \$70 MILLION. CME/CATEPILLAR IS CURRENTLY WORKING ON FINANCING AND OTHER ISSUES AND HOPES TO BEGIN CONSTRUCTION IN THE UNCLAS SECTION 04 OF 04 RIGA 003746

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NOVEMBER 10, 1999

SPRING. THIS PROJECT STILL LEAVES UNRESOLVED THE ISSUE OF HOW TO COVER LATVIA'S PROJECTED DEFICIT OF APPROXIMATELY 300 MEGAWATTS OF POWER IN THE WESTERN PART OF THE COUNTRY DURING THE FIRST HALF OF THE NEXT DECADE.

HOLMES

Washfax Receipt

Department Of State

4

'99 NOV 12 AM 11:10

Message No. **023430**

Classification

UNCLASSIFIEDNo. Pages **2**From: **Karl Hofmann**
(Officer Name)S/S
(Office symbol)**202-647-5301**
(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
	Blinker		
	Norland		

MUST GO ☐NON-MUST GO ☒Remarks: Please Clear by: **COB 11/15. Thanks.**

National Day is November 18.

NSC POC: _____

S/S Officer: **Karl****Karl Hofmann****DRF****CROSSHATCH**

ORIGINAL

11/12

INITIALS

APPR:	RDA	..
DRAFT:	MAS	..
CLR 1:	DL/DG	..
CLR 2:	KT	..
CLR 3:	NLC	..
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11/04/99 7-8154
EUR:RDASMUS

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S/S: S/S-O: NSC:

ALSO S/S-C

PRIORITY 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 people of the United States, let me express my congratulations to you and the people of Latvia on the 81st anniversary of your country's independence on November 18. Latvia and the United States both share a common vision of a free, prosperous and integrated Europe, and Latvia has pursued this vision with focus and determination.

As we jointly celebrate the second anniversary of the signing of the Baltic Charter, we can point with pride to Latvia's accomplishments.

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2

Those who love freedom and democracy respect the courage and determination Latvia has shown in regaining its place in the European community. I commend you on your role in this transformation, and I wish you every success and happiness in the years ahead.

Sincerely,

William J. Clinton

END TEXT

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UNCLASSIFIED

LATVIA TODAY

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November 1999

Latvia to Start EU Accession Negotiations

Last month the European Commission (the executive branch of the European Union) released its Regular Report on European Union (EU) candidate countries, including Latvia. The report noted Latvia's significant progress towards the fulfillment of the Copenhagen economic criteria, and recommended to start accession negotiations with Latvia. Lithuania, Malta, Slovakia, and with certain qualifications, Bulgaria and Romania, were also invited to begin the negotiations.

Among the six countries, Latvia is the only one regarded by the Commission to have "a functioning market economy."

The Commission stressed that significant progress has been made in the area of the integration of society. According to the report, Latvia now fulfils all recommendations expressed by the OSCE in the area of citizenship and naturalization. The Commission also emphasized the progress made in areas of judicial reform, boarder control, and legislation on refugees and asylum.

To view the full text of the report, visit http://europa.eu.int/comm/enlargement/latvia/rep_10_99/.

Bank Returns with New Name

Several months after being declared insolvent, Latvia's Riga's Komerbanka recently resumed its operations under a new name -- Pirma Latvijas Komerbanka (PLK).

The European Bank for Reconstruction and Development (EBRD), PLK's largest shareholder, believes its rescue may set a precedent for successful bank restructuring elsewhere in Eastern Europe, particularly in Russia.

"The reopening of PLK is the result of an amicable settlement among shareholders, lenders and depositors — also the first settlement of such significance in the region," said Charles Frank, the EBRD's first vice president. "There are significant possibilities for voluntary restructuring of this kind in Russia."

Russia was the source of PLK's problems. The bank heavily invested in Russian Treasury bills known as GKO's. It became insolvent after the Russian government defaulted on GKO's in the August of 1998.

U.S. Companies Invest in a Power Plant in Latvia

U.S. based CME International, an energy project development firm, and Caterpillar Power Ventures, a subsidiary of the US tractor manufacturer, recently announced a \$70 million investment to build a natural gas, heat and power generation plant in Liepaja, a city located in the Western part of Latvia.

The power plant will produce energy equivalent to 50 megawatts per hour and will sell it to Latvenergo, a state owned power company. Latvenergo then will sell the energy to its customers.

"Our key interest is to build a power plant that creates a social value in the country, in this case, reduced energy costs for the people of Liepaja," stated William Martin, president of CME International. "We will be able to supply Latvenergo with reliable energy in a region where they do not have a reliable supplier."

Construction of the plant will begin in the spring of 2000 and will be completed for the heating season of 2001/2002. Martin also added that CME is currently looking at other regional projects with a total worth of \$200 million.

CME and Caterpillar will initially hold about a three-quarters stake in the company, but hope to recover their investments through revenue flows and selling their stakes within three to five years.

Investors also hope that the combined heat-power station will help attract more industry to Liepaja, whose deep-water port is now underutilized. "We hope to create projects that are associated not only with cities but with industry," said Martin. "One of the benefits of inexpensive heat is that the industry can create a product at a lower cost."

To find out more about the special economic zone in Liepaja, visit www.liepaja-sez.lv.

Did you know that....

According to the World Association of Newspapers, Latvia has the highest percentage of newspaper readers. Close to 96 % of Latvians read newspapers daily. The European average is 61%. (www.fiej.org)

Latvju Dainas (Latvian Folk Songs) is the world's largest oral-folklore collection. Back in the 1800s, scholars compiled 1.5 million dainas. (folklor.lv)

A Delegation from Latvia to Participate in WTO Ministerial

For the first time a delegation from Latvia will attend the World Trade Organization's (WTO) ministerial in Seattle, WA, November 29-December 5, 1999. Latvia was the first of former Soviet-ruled countries to join the organization in February of 1999.

American Latvians Donate Money to Restore the Freedom Monument

By the end of August, 1999, the American Latvian Association's (ALA) organized fundraising campaign to help restore the Freedom Monument in downtown Riga hit the \$100,000 mark.

Over 800 individuals and organizations across the United States contributed anywhere between \$5 and \$5,000. So far the fund in Latvia has collected about one thirds of the estimated \$1.2 million needed to complete the project.

Funded by the individual donations of thousands of Latvians, the Freedom Monument was built in the early 1930s during Latvia's first period of independence. Composed of historic and mythical images, the monument symbolizes and reflects the fate of the Latvian nation. During the Soviet occupation the authorities did not do much to keep it up. Therefore the restoration is urgently needed. Today, the Freedom Monument Restoration Fund is attempting to replicate the popular fundraising campaign of the 1930s and gather the estimated \$1.2 million to completely renovate the monument and the surrounding area.

To find out more about ALA, visit www.alausa.org.

Calendar

Saturday, November 6

The Annual meeting of the "Latvian Foundation"

The program will focus on the issue of preserving and on passing of the history of Latvia.
7 p.m., the Latvian Ev.-Lutheran Church of Washington, D.C., 400 Hurley Avenue, Rockville. Tickets: \$12.

Wednesday, November 17

The Lessons of Interwar Independence for Contemporary

Latvia by **Aldis Purs**, lecturer, Vidzemes Augstskola, Latvia, and Research Scholar, East European Studies, WWC
Historian Purs examines Latvia's short-lived experience of independence in the period between the two world wars. What lessons did that period hold for today's independent Latvia?
Noon, Woodrow Wilson International Center for Scholars
The Ronald Reagan Building, Washington, D.C.

Friday, November 19

Celebration of Latvia's Independence Day

Riga Technical University's men's chorus "Gaudeamaus," will perform as part of the celebration.
7:30 p.m., the Latvian Ev.-Lutheran Church of Washington, D.C., 400 Hurley Avenue, Rockville.
Tickets: \$15 general public.

Thursday -Sunday, November 25-28

47th Annual Congress of the American Latvian Youth Association

Wyndham City Center Hotel
For further information, contact Mara Bole at mbpukite@yahoo.com or Dina Skulte at dskulte@yahoo.com

Latvia Today is published by the Embassy of Latvia, Washington, D.C. Telephone: 202-726-8213; fax: 202-726-6785.
Comments and request to receive the newsletter via e-mail or not to receive it at all may be sent to newsletter@latvia-usa.org.
Visit the Embassy of Latvia on the web: www.latvia-usa.org.

Norland, Richard B. (EUR)

From: WHSR
Sent: Friday, October 22, 1999 1:45 AM
To: Babbitt, James F. (VP); Busby, Scott W. (MULTI); Davidson, Leslie K. (VP); Feldman, Daniel F. (MULTI); Guarnieri, Valerie N. (MULTI); Holtzapple, Richard A.; Naplan, Steven J. (MULTI); Norland, Richard B. (EUR); Schwartz, Eric P. (MULTI); Stromseth, Jane E. (MULTI); Vaccaro, Jonathan M. (Matt) (MULTI)
Subject: LATVIA IN POLITICS #26, SEPTEMBER 25 - OCTOBER 17, 1999
CLASS: UNCLASSIFIED
DTG: 220440Z OCT 99
MSGTO: RUEHC/SECSTATE WASHDC 4057
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UNCLAS SECTION 01 OF 03 RIGA 003407

STATE FOR EUR/DAS ASMUS, EUR/NB, S/NIS
THE WHITE HOUSE FOR NSC NORLAND

E.O. 12958: N/A
TAGS: PGOV, PHUM, PREL, LG
SUBJECT: LATVIA IN POLITICS #26, SEPTEMBER 25 - OCTOBER 17, 1999

REFS: A) RIGA 3007; B) RIGA 3236 (NOTAL)

SUMMARY

1. LATVIAN LEADERS BASKED IN THE SUCCESS OF THE EUROPEAN COMMISSION PROGRESS REPORT WHICH SINGLED OUT LATVIA AS ONE OF THE MOST SUCCESSFUL EU CANDIDATES AMONG THE SECOND GROUP OF APPLICANTS, WHILE RECOMMENDING THAT FULL ENTRY TALKS BE INITIATED WITH ALL SIX COUNTRIES. THE SAEIMA PASSED THE MUCH-CRITICIZED SEA BORDER TREATY WITH LITHUANIA IN THE FIRST READING, ALTHOUGH FINAL RATIFICATION OF THE DOCUMENT MAY BE POSTPONED. THE CENTRAL ELECTION COMMISSION CHOSE NOVEMBER 13 AS THE DATE FOR THE REFERENDUM ON THE PENSION LAW (REF B). A COURT IN RIGA SENTENCED A FORMER SOVIET KGB OFFICER TO SEVEN YEARS IN PRISON FOR HIS ROLE IN ORGANIZING THE DEPORTATIONS OF LATVIAN FAMILIES TO SIBERIA IN 1941. RUSSIA CONDEMNED THE RULING. THE SAEIMA SET UP A SPECIAL COMMISSION TO INVESTIGATE THE PEDOPHILIA AND CHILD PORNOGRAPHY SCANDAL, WHICH ERUPTED IN SEPTEMBER. THE POPULAR FRONT, THE MOVEMENT THAT LED LATVIA TO INDEPENDENCE IN 1991, DISBANDED ITSELF. LATEST NATURALIZATION FIGURES SHOW THAT THE NUMBER OF CITIZENSHIP APPLICANTS HAS MORE THAN TRIPLED SINCE THE REMOVAL OF AGE RESTRICTIONS IN LATE 1998. END SUMMARY.

LATVIAN OFFICIALS UPBEAT ABOUT EC PROGRESS REPORT

2. LATVIA WELCOMED THE EUROPEAN COMMISSION'S PROGRESS REPORT PUBLISHED OCTOBER 13 WHICH RECOMMENDED THE EU TO BEGIN FULL MEMBERSHIP TALKS WITH ALL SIX COUNTRIES OF THE SECOND GROUP OF EU HOPEFULS: LATVIA, LITHUANIA, SLOVAK REPUBLIC, MALTA, ROMANIA AND BULGARIA. LATVIAN OFFICIALS NOTED WITH SATISFACTION THAT THE REPORT PRAISED LATVIA

AND MALTA AS THE MOST SUCCESSFUL CANDIDATES OF THAT GROUP. FOREIGN MINISTER INDULIS BERZINS PLAYED UP THE FACT THAT EACH CANDIDATE WOULD BE ALLOWED TO MOVE AHEAD IN THE NEGOTIATING PROCESS AT ITS OWN PACE. HE STRESSED THAT SUCH AN APPROACH COULD EVEN ALLOW LATVIA TO CATCH UP WITH SOME OF THE LAGGARDS OF THE FIRST GROUP. THE MINISTER WAS OPTIMISTIC ABOUT LATVIA'S CHANCES OF JOINING THE EU AS EARLY AS 2005 "IF ALL GOES WELL." OTHER LATVIAN OFFICIALS ALSO WERE IN AN UPBEAT MOOD. PRESIDENT VAIRA VIKI-FREIBERGA DESCRIBED THE REPORT AS "FAIR" AND SAID IT GAVE ADDITIONAL IMPETUS FOR THE REFORM PROCESS IN LATVIA. PRIME MINISTER ANDRIS SKELE SAID THE EC REPORT SHOWED THAT THE "WORK OF THE GOVERNMENT WHICH BEGAN IN 1995 BEARS FRUIT TODAY." (NOTE: SKELE'S FIRST STINT AS PRIME MINISTER LASTED FROM DECEMBER 1995 TO JULY 1997. END NOTE.) ALTHOUGH THE EU COUNCIL OF MINISTERS HAS YET TO ENDORSE THE COMMISSION'S RECOMMENDATIONS AT THE HELSINKI SUMMIT IN DECEMBER, THE LATVIANS ARE CONVINCED THAT IT WILL BE A MERE FORMALITY.

SEA BORDER TREATY PASSED ON FIRST READING

3. ON OCTOBER 4, THE SAEIMA APPROVED ON FIRST READING THE CONTROVERSIAL LATVIAN-LITHUANIAN MARITIME BORDER TREATY, WHICH MANY EXPERTS AND POLITICIANS HAVE BRANDED AS UNFAVORABLE FOR LATVIA. THERE WAS NO UNANIMITY ON THE ISSUE AMONG THE GOVERNMENT PARTIES. "LATVIA'S WAY," THE "PEOPLE'S PARTY" AND THE OPPOSITION "FOR EQUAL RIGHTS IN A UNITED LATVIA" VOTED FOR RATIFYING THE TREATY WHILE MEMBERS OF "FATHERLAND AND FREEDOM," A GOVERNMENT COALITION PARTY, EITHER VOTED AGAINST OR ABSTAINED, EXCEPT SPEAKER JANIS STRAUME WHO SUPPORTED THE DOCUMENT. THE "PEOPLE'S PARTY" ANNOUNCED THAT IT ENDORSED THE TREATY IN THE FIRST READING ONLY ON CONDITION THAT IT WOULD BE CONSIDERED JOINTLY WITH A PACKAGE OF LATVIAN-LITHUANIAN ECONOMIC AGREEMENTS IN THE SECOND PARLIAMENTARY READING. AS REPORTED REF A, THE CRITICS OF THE TREATY BLAMED THE LATVIAN FOREIGN MINISTRY FOR HANDING OVER TO LITHUANIA THE MOST LUCRATIVE FISHING AREAS AND POTENTIAL OIL DEPOSITS. THE FOREIGN MINISTRY ARGUED THAT THE TREATY WAS DRAFTED IN ACCORDANCE WITH THE UN CONVENTION ON MARITIME RIGHTS AND INTERNATIONAL PRACTICE WHICH PUT GEOGRAPHIC CONSIDERATIONS BEFORE ECONOMIC ONES. (COMMENT: WE EXPECT THAT FURTHER RATIFICATION PROCEDURE OF THE SEA BORDER TREATY IN THE SAEIMA MAY BE DELAYED UNTIL LATVIA AND LITHUANIA SIGN SEPARATE AGREEMENTS ON FISHING RIGHTS AND EXPLORATION OF UNCLAS SECTION 02 OF 03 RIGA 003407

STATE FOR EUR/DAS ASMUS, EUR/NB, S/NIS
THE WHITE HOUSE FOR NSC NORLAND

E.O. 12958: N/A
TAGS: PGOV, PHUM, PREL, LG
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OIL DEPOSITS IN THE BALTIC. END COMMENT.)

ELECTION COMMISSION SETS REFERENDUM DATE

4. THE CENTRAL ELECTION COMMISSION HAS ANNOUNCED THAT A REFERENDUM ON THE AMENDMENTS TO THE PENSION LAW WILL BE HELD ON NOVEMBER 13. (FYI: AS EXPLAINED MORE FULLY IN REF B, THE AMENDMENTS WOULD HAVE GRADUALLY INCREASED THE RETIREMENT AGE TO 62 YEARS FOR BOTH MEN AND WOMEN AND

REQUIRED WORKING PENSIONERS TO EITHER GIVE UP THEIR PENSIONS OR RETIRE. END FYI.) THE COMMISSION PHRASED THE QUESTION TO APPEAR ON THE REFERENDUM BALLOTS AS FOLLOWS: "DO YOU SUPPORT REVOKING THE AUGUST 5, 1999 AMENDMENTS TO THE PENSION LAW?" THIS IS SOMEWHAT CONFUSING BECAUSE THOSE WHO ARE AGAINST THE AMENDMENTS WILL HAVE TO VOTE "YES" WHEREAS THOSE WHO SUPPORT THE AMENDMENTS WILL HAVE TO VOTE "NO." UNDER THE CONSTITUTION, THE AMENDMENTS SHALL BE CONSIDERED NULLIFIED IF AT LEAST HALF OF THE VOTERS IN THE PREVIOUS ELECTION (482,334) TURN UP AND THE MAJORITY OF THEM VOTE "YES." ON OCTOBER 11, THE CENTRAL ELECTION COMMISSION ANNOUNCED THE OFFICIAL TALLY OF SIGNATURES COLLECTED DURING THE SEPTEMBER 6 - OCTOBER 5 CAMPAIGN: 184,383 OR 13.7% OF THE ELECTORATE. ONLY 134,195 SIGNATURES, OR 10% OF THE ELECTORATE, WERE NEEDED TO FORCE A REFERENDUM. (COMMENT: GIVEN THE FAIRLY LARGE NUMBER OF SIGNATURES COLLECTED, THE OUTCOME OF THE REFERENDUM WILL BE A TOSS-UP. HOWEVER, THE VOTING WILL TAKE PLACE ONE DAY ONLY -- IN CONTRAST TO THE ONE-MONTH-LONG SIGNATURE CAMPAIGN -- AND INSUFFICIENT TURNOUT IS HIGHLY POSSIBLE. PRIME MINISTER ANDRIS KELEKESIS URGED THE VOTERS TO STAY AT HOME ON THE REFERENDUM DAY AND "SPEND THE WEEKEND WITH THEIR FAMILIES." ON OCTOBER 14, THE GOVERNMENT PUSHED A SOFTER COMPROMISE VARIANT OF THE CHANGES IN THE PENSION LAW THROUGH PARLIAMENT ON THE FIRST READING, PROMISING TO ENACT THEM REGARDLESS OF THE REFERENDUM OUTCOME. THE OPPOSITION CALLED THE GOVERNMENT'S INITIATIVE A PLOY TO UNDERMINE THE REFERENDUM. END COMMENT.)

ORGANIZER OF SOVIET ERA DEPORTATIONS CONVICTED

5. ON SEPTEMBER 27, A RIGA DISTRICT COURT SENTENCED MIKHAIL FARBTUKH, A FORMER OFFICER OF THE SOVIET SECRET POLICE (NKVD) IN DAUGAVPILS, TO SEVEN YEARS IN PRISON FOR HIS ROLE IN THE 1941 DEPORTATIONS OF LATVIANS. THE 83-YEAR-OLD FARBTUKH WAS FOUND GUILTY OF GATHERING INCRIMINATING INFORMATION ON DAUGAVPILS RESIDENTS AND AUTHORIZING THE DEPORTATION OF 31 FAMILIES TO SIBERIA. THE COURT DECIDED NOT TO ARREST FARBTUKH UNTIL THE VERDICT COMES INTO FORCE. HIS LAWYER APPEALED AGAINST THE RULING. FARBTUKH IS THE SECOND PERSON IN POST-SOVIET LATVIA CONVICTED OF CRIMES AGAINST HUMANITY. FORMER HEAD OF THE LATVIAN SSR KGB ALFONS NOVICKS RECEIVED A LIFE SENTENCE FOR MASTERMINDING THE 1949 DEPORTATIONS. HE DIED IN PRISON A FEW YEARS AGO. FOUR OTHER FORMER SOVIET SECRET POLICE OFFICERS AND ONE RED PARTISAN ARE AWAITING TRIAL ON SIMILAR CHARGES.

6. RUSSIA REACTED ANGRILY TO THE COURT RULING ON MIKHAIL FARBTUKH. ALTHOUGH HE IS A LATVIAN CITIZEN THE RUSSIAN FOREIGN MINISTRY ANNOUNCED THAT THE VERDICT "CREATES OBSTACLES FOR RUSSIAN-LATVIAN RELATIONS AND CONTRADICTS THE GOAL DECLARED BY THE LATVIAN GOVERNMENT TO PROMOTE MUTUAL UNDERSTANDING AND SOCIAL INTEGRATION." THE SUBSEQUENT ARREST AND INDICTMENT OF TWO OTHER FORMER SOVIET SECURITY OFFICERS, ONE OF WHOM IS A RUSSIAN CITIZEN, PROVOKED AN IMMEDIATE BACKLASH FROM THE RUSSIAN EMBASSY IN RIGA. RUSSIAN AMBASSADOR ALEKSANDR UDALTSOV CALLED THE ARRESTS A "WITCH-HUNT," DECLARING THAT "REVENGE, NOT COMMON SENSE, WAS PREVAILING IN LATVIA AT THE MOMENT." THIS DANGEROUS TREND WILL DEFINITELY AFFECT LATVIAN-RUSSIAN BILATERAL RELATIONS, WARNED THE AMBASSADOR.

SAEIMA COMMISSION TO INVESTIGATE PEDOPHILIA SCANDAL

7. ON SEPTEMBER 30, THE SAEIMA SET UP A SPECIAL COMMISSION TO INVESTIGATE THE SO-CALLED PEDOPHILIA SCANDAL (REF A). THE PURPOSE OF THE COMMISSION IS TO DETERMINE WHETHER THE ALLEGATIONS ABOUT SENIOR GOVERNMENT OFFICIALS' INVOLVEMENT IN THE SCANDAL ARE GROUNDED. EACH UNCLAS SECTION 03 OF 03 RIGA 003407

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TAGS: PGOV, PHUM, PREL, LG
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SAEIMA FACTION -- EXCEPT THE "PEOPLE'S PARTY" -- AGREED TO DELEGATE TWO MEMBERS TO THE COMMISSION. THE INITIATIVE CAME FROM "LATVIA'S WAY" DEPUTY LINARDS MUCINS, CHAIRMAN OF THE SAEIMA LEGAL AFFAIRS COMMITTEE, ALTHOUGH "LATVIA'S WAY" PARLIAMENTARY FACTION HEAD KRISTIANA LIBANE QUESTIONED THE USEFULNESS OF THE COMMISSION. THE "PEOPLE'S PARTY" SAID THE CREATION OF THE PARLIAMENTARY COMMISSION WAS A BLOW TO LATVIA'S INTERNATIONAL REPUTATION BECAUSE IT MAY BE VIEWED AS INDIRECT EVIDENCE OF HIGH-RANKING OFFICIALS' INVOLVEMENT IN THE SCANDAL. THE PROSECUTOR'S OFFICE WAS ALSO SKEPTICAL ABOUT THE COMMISSION SAYING ITS ACTIVITIES COULD HAMPER THE CRIMINAL INVESTIGATION INTO THE PEDOPHILIA SCANDAL. (COMMENT: IT IS DIFFICULT TO PREDICT HOW EFFICIENT THE COMMISSION WILL BE. A SIMILAR COMMISSION IN 1998 INVESTIGATING THE "LATVENERGO" THREE MILLION LAT SCANDAL WAS BLAMED FOR LACKLUSTER PERFORMANCE AND PRODUCED NO TANGIBLE RESULTS. MANY OBSERVERS FEAR THAT A SIMILAR FATE MAY BEFALL THE COMMISSION INVESTIGATING THE PEDOPHILIA CASE. END COMMENT.)

POPULAR FRONT CALLS IT A DAY

8. THE POPULAR FRONT, THE GRASSROOTS MOVEMENT THAT LED LATVIA TO INDEPENDENCE IN 1991, WAS OFFICIALLY DISBANDED ON OCTOBER 9. ITS LEADERS SAID THE MOVEMENT THAT ONCE HAD SOME 200,000 MEMBERS WAS BANKRUPT AND NO LONGER HAD ANY POLITICAL INFLUENCE. THE POPULAR FRONT WAS ESTABLISHED IN 1988 TO SUPPORT GORBACHEV'S "PERESTROIKA" PROCESS, BUT A YEAR LATER IT CHANGED ITS GOAL TO REINSTATING LATVIA'S STATEHOOD. MANY WIDELY-KNOWN POLITICIANS BEGAN THEIR POLITICAL ACTIVITIES IN THE POPULAR FRONT. SEVERAL POLITICAL PARTIES WERE FORMED ON THE BASIS OF THE FRONT. AFTER INDEPENDENCE, THE POPULAR FRONT'S MEMBERSHIP BEGAN TO SHRINK AND IT GRADUALLY SANK INTO OBLIVION. IT FAILED TO WIN ANY PARLIAMENTARY SEATS IN THE LAST TWO SAEIMA ELECTIONS.

NATURALIZATION APPLICATIONS ON THE RISE

9. SINCE THE REMOVAL OF THE SO-CALLED NATURALIZATION WINDOWS IN 1998, THE NUMBER OF CITIZENSHIP APPLICANTS DURING THE PAST YEAR HAS SOARED. NEARLY AS MANY PEOPLE APPLIED FOR LATVIAN CITIZENSHIP FROM LATE 1998 TO OCTOBER 1999 AS IN THE PREVIOUS THREE YEARS COMBINED. ACCORDING TO THE NATURALIZATION BOARD, 13,031 NON-CITIZENS SUBMITTED NATURALIZATION APPLICATIONS IN THE PAST ELEVEN MONTHS. IN CONTRAST, 13,814 PEOPLE APPLIED FOR LATVIAN CITIZENSHIP FROM JANUARY 1995 TO NOVEMBER 1998. OVERALL, 19,728 OF LATVIA'S 640,000 NON-CITIZENS HAVE NATURALIZED

SINCE THE PROCESS BEGAN IN 1995. THE NATURALIZATION BOARD IS STILL PROCESSING ANOTHER 7,000 APPLICATIONS. MORE THAN 66% OF CITIZENSHIP APPLICANTS ARE WOMEN; 21% OF ALL APPLICANTS ARE IN THEIR FORTIES.

QUOTE

10. "IN ENGLAND THEY ONLY RECOGNIZE TOADSTOOLS AND KNOW NOTHING ABOUT MUSHROOMING. NO WONDER THEY THINK THAT [LATVIANS] ARE SAVAGES WHO CRAWL IN THE FORESTS AND GNAW AT THE BARK," SAID PRESIDENT VAIRA-VIKE FREIBERGA IN A TV INTERVIEW COMMENTING ON A RECENT REPORT PUBLISHED IN THE SUNDAY TIMES NEWSPAPER WHICH LIKENED LATVIA TO A "CESSPOOL" WHERE PEOPLE ARE SO POOR THAT THEY HAVE TO GO INTO THE WOODS TO SEARCH FOR FOOD.
HOLMES

EMBASSY OF LATVIA

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PRESS RELEASE

10/15/99

Latvia Receives a Recommendation to Start EU Accession Negotiations

On October 13, 1999, the European Commission released its Regular Report on European Union (EU) candidate countries, including Latvia. The report noted Latvia's significant progress towards the fulfillment of the Copenhagen economic criteria and recommended to start accession negotiations with Latvia. Lithuania, Malta, Slovakia, and with certain qualifications, also Bulgaria and Romania, were also recommended for negotiations.

In the report the Commission states that "as a result of its consistent implementation of economic policy and reform Latvia should now also be regarded as a functioning market economy. It should be able to cope with competitive pressures within the Union in the medium term."

The Commission stressed that significant progress has been made in the area of integration of society. According to the report, Latvia now fulfils all recommendations expressed by the OSCE in the area of citizenship and naturalization. The Commission also emphasized the progress made in areas of judicial reform, legislation on refugees and asylum, as well the improvement of border control.

Latvia would welcome an EU Council decision that establishes a unified framework for the accession negotiations, allowing each candidate to proceed in accordance with its own merits, thus activating the "fast track" approach.

The Commission's Report has provided an objective and accurate assessment of Latvia's state of preparations for accession negotiations. Latvia is committed to continuing its reform process in order to be among the first of the present candidates to conclude the EU accession process.

To see the full text of the report, please visit

http://europa.eu.int/comm/enlargement/latvia/rep_10_99/index.htm

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Norland, Richard B. (EUR)

From: Norland, Richard B. (EUR)
Sent: Wednesday, September 22, 1999 3:45 PM
To: Maxfield, Nancy H. (EUR)
Subject: Msg to Katie Button [UNCLASSIFIED]

Nancy, could you please send the following message to Katie from me via unclass e-mail? thanks.

For Ms. Katie Button, Office of the First Lady from Dick Norland, NSC European Directorate

I've spoken with Melanne Verveer over the past couple of days about the First Lady's meeting Thursday at 5 p.m. with Latvian President Vike-Freiberga, and just wanted to be clear on whether you'd like me to attend the meeting. I'd be delighted if this would be useful and if there's room. I cover Nordic/Baltic issues here, in addition to Northern Ireland, and drafted the backgrounder delivered to FLOTUS office earlier today.

I'm also inquiring about the FLOTUS trip to Reykjavik on October 8-10. Larry Butler had indicated I should "plan" to go along, but I don't want to presume. Again, I'd be delighted to go, and would plan to assist with briefings and interaction involving the Nordic and Baltic participants as well as the Russians (I speak Russian). If you would find it useful to have an NSC rep along, please let me know whether I should plan to meet the party in Reykjavik (given what I understand may be some other stops in Europe along the way). Many thanks. Dick Norland x 6-9157.

- FLOTUS - Freiberga -

9/23/99 5 p.m.

Flora's office

FLOTUS: Brenda Costello - 6-2131
Evan Ryan - 6-6751
Melanne Verveer - 6-6226

Damien Leader: 647-8908 } background + t.p.r.
Conrad Tribble: 647-6582 } Tues.



Katharine Button
09/22/99 06:57:13 PM

Record Type: Record

To: Nancy H. Maxfield/NSC/EOP@EOP
cc: Evan Ryan/WHO/EOP@EOP, Wendy Arends/WHO/EOP@EOP
bcc:
Subject: Re: Message from Dick Norland

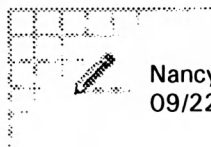
Katy, here is a message from Dick.



Nancy - we definitely need Dick for the Latvia meeting tomorrow.

And we're still working on the manifest for Iceland, but I am assuming we will also need him there. He should probably plan to meet the First Lady there and then hopefully return with the First Lady on the 10th.

Thanks - Katy
Nancy H. Maxfield



Nancy H. Maxfield
09/22/99 04:03:14 PM

Record Type: Record

To: Katharine Button/WHO/EOP@EOP
cc:
Subject: Message from Dick Norland

Katy, here is a message from Dick.



Msg for Katy Butto

FIRST LADY'S MEETING WITH LATVIAN PRESIDENT VIKE-FREIBERGA

Background

Latvia, a parliamentary democracy, continues to grapple with issues relating to the significant numbers of ethnic Russians and other minorities who make up the population. Ethnic Russians still predominate in commerce, and ethnic Latvians (who comprise 56% of the population) do not constitute a majority in seven of Latvia's eight largest cities. Latvia has worked closely with OSCE to bring its controversial citizenship and language laws into conformity with international norms.

Last year's elections were deemed free and fair and resulted in (another) fragile, center-right three-party minority coalition. The government has adopted a pragmatic, incremental approach to reform that has helped Latvia continue Western integration. Membership in NATO is a top priority, but Latvia has yet to demonstrate the commitment to reform or defense spending needed to boost its candidacy. Per capita GDP is over \$2,550, a steady increase since 1996; unemployment is at 10% -- up from 7% in 1997. Private enterprise in trade and services is thriving, and almost 95% of agricultural land is farmed privately, but privatization of the transit and energy sectors remains stalled over charges of corruption and conflict of interest.

A refugee during the war, President Vike-Freiberga grew up in Canada and became a distinguished social scientist before being elected President of Latvia on June 17, 1999. She is eager to tap the potential of Vital Voices.

Points to Make

- Delighted you will be attending Vital Voices conference in Reykjavik. Will be arriving too late to hear your remarks to plenary on October 8, but hope you will be staying for more of the conference.
- Conference is remarkable partnership between Government of Iceland and Vital Voices Initiative. Iceland is celebrating its millennium of democratic government, and prides itself on having first democratically elected woman president.

- Conference is an occasion to promote regional cooperation and stable democratic societies in Northern Europe by strengthening the ability of women to play a full role in those processes. Hope it will weave people-to-people ties between Latvia, the Nordic countries, and Russia.
- Especially hope you can take advantage of business and NGO participation. They are leaders in developing innovative programs to reach out to women and create opportunities to fully utilize leadership and entrepreneurial skills.
- How do you assess the situation for women in Latvia, politically and economically? Are the problems the same for women of Latvian as opposed to Russian ethnic origin?

[If asked about NATO membership]

- The door to NATO remains open, and we want to help Latvia develop into the strongest possible candidate for membership.

Vaira Vike-Freiberga, President of the Republic of Latvia



CV

Born in Riga, Latvia, on December 1, 1937, grew up in refugee camps in Germany, went to school in French Morocco, University studies in Canada (B.A. and M.A., Univ. of Toronto, Ph.D., McGill Univ.). Retired as professor emerita from the Universite de Montreal in 1998, after being a professor of psychology there since 1965. Appointed Director of the newly created Latvian Institute in Riga by the Prime Minister of Latvia in Fall 1998. Elected President of the Republic of Latvia on June 17, 1999. Assumed a four year term as Head of State on July 8, 1999.

Administrative experience: Past president of the Canadian Psychological Association, the Social Science Federation of Canada and the Association for the Advancement of Baltic Studies (USA). Served as Vice-chairman of the Science Council of Canada (a Governor-General-in-council appointment) and chaired the Human Factors Panel of the NATO Science programme as its Canadian representative. Currently the President of the Academie des lettres et des sciences humaines of the Royal Society of Canada (Canada's National Academy).

Honours and distinctions: Elected Full Member of the Latvian Academy of Science (1999), Grand Medal (1997) of the Latvian Academy of Science, the Pierre Chauveau medal for distinguished work in the humanities (1995) from the Royal Society of Canada, the Marcel-Vincent prize and medal (1992) for distinguished work in the Social Sciences from ACFAS (Association canadienne française pour l'avancement des sciences), an LL.D. (1991) from Queen's University (Canada), the Social Science Prize from the World Association of Free Latvians (Washington, D.C.) (1989), the Anna Abele prize in Latvian philology (1979); a Killam Research Fellowship (The Canada Council) 1993-1995.

Publications: seven books including *Linguistics and Poetics of Latvian Folk Songs* (McGill-Queen's University Press, 1989), *Latvian Sun-songs* (with Imants Freibergs, 1988). *La fréquence lexicale des mots au Quebec* (1974). In Latvian: *The Chronological Sun* (1999), *The Cosmological Sun* (1997), *Against the Current* (1995; 1993), *On the Amber Mountain* (1993; 1989). Co-author of several data bases of Latvian folk songs. Over 160 book chapters and articles in English, French and Latvian, some translated into Swedish, Polish, Russian and Lithuanian. Over 250 scholarly papers, speeches and allocutions in English, French and Latvian in Europe, Australia and the Americas.

Community service: regular lecturer, director and president of the Board of directors of the Latvian Cultural Heritage Seminars "Divreizdivi" for university level participants (1965-1985) held in Canada, the USA, Venezuela and Brazil. Lecturer and workshop co-leader at Latvian Cultural Heritage Seminars "Trīsreiztrīs" (continuing education for families) since 1989, in Latvia and in the USA.

Married in 1960 to Imants Freibergs, professor of computer science at the University of Quebec in Montreal (UQAM). Two grown children: a son Karlis, who has been living in Latvia since 1989, and a daughter Indra, living in Montreal.

[Back to main page](#)

Chancery of the President of Latvia © 1997-1999

LATVIA

• Flanagan, Stephen J. (CEE)

From: Flanagan, Stephen J. (CEE)
Sent: Friday, August 27, 1999 10:38 AM
To: Norland, Richard B. (EUR); Blinken, Antony J. (EUR)
Subject: FW: It's UNGA time again! Call for bilat suggestions ~~[CONFIDENTIAL]~~

FYI. President Frieberga of Latvia will now attend UNGA in place of the PM. Still feel a pull-aside with her, re the language law, is a good idea. Pull-asides with the Estonian and Lithuanian PMs also good to do. but could defend not seeing them on protocol grounds. POTUS has not met with other Baltic PMs.

POTUS met with Lithuanian President in November, and at the NATO Summit -- where he also saw President Meri.

Freiburga is also pushing for a meeting with FLOTUS, either here or in NYC to tout Vital Voices, which she will also attend. I'll pass Dick the background.

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

From: Flanagan, Stephen J. (CEE)
Sent: Wednesday, July 28, 1999 4:19 PM
To: Sargeant, Stephen T. (EXSEC)
Cc: Stromseth, Jane E. (MULTI); @SENIORS - Senior Directors; @MULTILAT - Multilateral and Humanitarian Affairs; @EUROPE - European Affairs
Subject: FW: It's UNGA time again! Call for bilat suggestions ~~[CONFIDENTIAL]~~

CEE suggests pull-asides/photo ops with either the Latvian or all three of the new Baltic Prime Ministers -- all new since March. The next generation of Baltic leaders. In priority order: Andris Skele, Latvia; Mart Laar, Estonia; and Rolandas Paksas, Lithuania. Skele is the most important meeting -- we want to urge him to defuse a problem with Russia over the new Latvian language law.

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

From: Sargeant, Stephen T. (EXSEC)
Sent: Tuesday, July 27, 1999 5:21 PM
To: Stromseth, Jane E. (MULTI); @SENIORS - Senior Directors
Cc: @MULTILAT - Multilateral and Humanitarian Affairs
Subject: RE: It's UNGA time again! Call for bilat suggestions ~~[CONFIDENTIAL]~~

Spoke with Eric and Jane, and in the interest of keeping on more meeting off the scope -- suggest that you all forward your suggestions for bilats to me by COB tomorrow. Will consolidate suggestions into a decision memo for SRB and get his guidance.

We'll save the meeting until we need to discuss the details. Thanks
Steve

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

From: Stromseth, Jane E. (MULTI)
Sent: Tuesday, July 27, 1999 3:29 PM
To: @SENIORS - Senior Directors
Cc: @MULTILAT - Multilateral and Humanitarian Affairs
Subject: It's UNGA time again! Call for bilat suggestions ~~[CONFIDENTIAL]~~

The President will attend the UN General Assembly in New York on Tuesday, September 21. Traditionally, he has had an average of three bilats during his UNGA visit. Eric will chair a meeting this Friday at 2:00 p.m. in Room 472 to discuss possible bilats with the aim of compiling a prioritized list of suggestions for SRB. We welcome your attendance and your suggestions on this. Please send them to @MULTI at your earliest convenience. Thanks. Call me if you have any questions (69141).

DECLASSIFIED
PER E.O. 13526
2016-0314-M-1 (224)
6/12/2023 v2



Stephen J. Flanagan
08/23/99 03:49:46 PM

Record Type: Record

To: Katharine Button/WHO/EOP@EOP, Eric W. Woodard/WHO/EOP@EOP
cc: Antony J. Blinken/NSC/EOP@EOP, Nancy H. Maxfield/NSC/EOP@EOP
Subject: FLOTUS Meeting with Latvian President Freiburga

State (EUR -- Nordic/Baltics, Mike Hornblow and Judy Mandel 647-9980) called to ask the status of a proposed FLOTUS meeting/event, in New York or DC in mid-September, with the newly-elected President of Latvia, Varis Vike-Freiburga.

The Latvian Ambassador in Washington, Ojars Kalnins, recently approached me and Sally Painter about this, casting it as a way to "promote Vital Voices." As you know, President Freiburga is planning to attend the October Vital Voices conference in Iceland. I referred Kalnins to Melanne. Has the Latvian Embassy made such a request to your office?

FYI We have still pending a request for a POTUS pull-aside with President Freiburga on the margins of the UN General Assembly, September 21. We are fully supportive of meetings with Freiburga, who has just made a tough call (which we supported) by sending back a problematic new language law to parliament for further action.

EMBASSY OF LATVIA

4325 17th St. NW
Washington, D.C. 20011
TEL: 202-726-8213
FAX: 202-726-6785

FAX MEMORANDUM

TO: Ron Asmus, State Department
Steve Flanagan, NSC
FROM: Ojars Kalnins
DATE: August 4, 1999

Although it's still the middle of the long hot summer, I'd like to share a thought about the fall before I leave next week for Stockholm and Riga. (I'll be back August 16). I think we have a golden opportunity to showcase Latvia's new president Vaira Vike-Freiberga in Washington and New York, and get Latvia off to running start in the fall.

President Freiberga will be in NY for the UNGA opening Sept. 18 thru 23. She is scheduled to address the UN on Sept. 22, although I'm told this date is adjustable.

Can she get a working meeting with President Clinton in Washington around this time?

If she has a White House appointment, we can build two days of high profile public meetings in Washington around it: The Hill, think tanks, dinner parties. It would give all of Washington a chance to see and hear the new Latvian president on NATO, integration, relations with Russia, the Holocaust, you name it. Given her charm, eloquence and quiet determination I think she can really wow them here. This is the shot in the arm Latvia could use to rebuild confidence here.

I understand that in Sarajevo, President Freiberga was introduced to President Clinton by Canadian Prime Minister Chretien. Nice little neighborly touch there. I think President Clinton would enjoy an opportunity to meet Freiberga and get to know, if only briefly, the person who is taking over after Ulmanis. It would show that the US Baltic Partnership transcends personalities – Clinton greets his new Latvian partner and the spirit of the Charter is fulfilled. Apart from the political significance of the meeting, it would be quite a boost for her personally as she launches her first term as president.

It is also important that she be impressed with the commitment, seriousness and good offices of the United States. (After all, she has spent most of her life in Canada.) This would be her first working visit to Washington, and she will be very receptive to what she sees and hears here.

In addition, Pres. Freiberga will be joining Mrs. Clinton at the Vital Voices conference in Reykjavik in October. Why not use President Freiberga's visit to the US to create a promotional event for Vital Voices?

I spoke to Sally Painter about this and she agrees. Couldn't we organize an event for Mrs. Clinton and Pres. Freiberga in Washington (or before a large New York crowd) in which the two meet with leading women and US companies participating in the Vital Voices conference? It would be a plug for the conference and great press for both of them.

Of course, we still need the White House first. Is this is a possibility?

This will no doubt be my last Latvian presidential visit as ambassador. I'd like to do it up good.

A handwritten signature in black ink, appearing to be 'J. K. J.', written in a cursive style.

EMBASSY OF LATVIA4325 17th Street, NW

Washington, DC 20011

Tel. 202-726-8213 FAX: 202-726-6785

e-mail: latvia@ambergateway.com www.latvia-usa.org

PRESS ADVISORY

September 20, 1999

LATVIA'S PRESIDENT VISITS THE U.S.

Latvia's President Vaira Vike-Freiberga will be in the U.S. the week of September 20, 1999 to address the 54th United Nations General Assembly and meet U.S. leaders.

During her New York visit individual meetings have also been scheduled with UN Secretary General Kofi Annan and U.S. Secretary of State Madeleine Albright. The President will speak at Columbia University and meet with representatives of the American Jewish Committee, as well as with NY business leaders.

In Washington, DC the President is scheduled to have a meeting with First Lady Hillary Rodham Clinton. The President will also have meetings on Capitol Hill with Senators and Representatives and at the Pentagon with Department of Defense officials.

This will be President Vaira-Vike Freiberga's first visit to the U.S. in her capacity as head of state.

Public Events: PLEASE CONTACT DIRECTLY IF YOU WOULD LIKE TO ATTEND

Monday, September 20, 6:30-8:30 p.m. NEW YORK

Address by the President on "The Baltic States (Latvia) in the New Millennium"
at:

Columbia University
Dag Hammarskjold Lounge
420 West 118th Street
New York, NY
Contact: Kevin Hallinen, tel. 212-854-4008

Thurs. Sept. 23
5 p.m.

- continued -

Friday, September 24 WASHINGTON, DC

9:00-10:30 a.m.

Breakfast address: "A New Latvia in a New Europe"
co-hosted by the Carnegie Endowment for International Peace; the Council on Foreign Relations; and the Women's Foreign Policy Group

Carnegie Endowment - Choate Room
1779 Massachusetts Ave., NW
Washington, DC
RSVP Contact: Anne Stecker, 939-2292

Friday, September 24 WASHINGTON, DC

1:00-2:30 p.m.

Luncheon press briefing
Radio Free Europe/Radio Liberty
1201 Connecticut Ave NW
4th Floor Conference Room
RSVP: (202) 457-6949, by fax to (202) 457-6992, or
by email to dc-response@rferl.org.

The President will meet with Latvian-American communities in New York and in Washington (any speeches will take place in the Latvian language)

- on Wednesday, September 22 at 7:30 p.m. at the Latvian Lutheran Church, 254 Valentine Lane, Yonkers, NY (tel. 914-476-4787)

- on Friday, September 24 at 7:30 p.m. at the Latvian Lutheran Church, 400 Hurley Avenue, Rockville, Maryland (organized by the Latvian Organizations of Washington, tel. 301-251-4151).

#



DEPARTMENT OF STATE

UNCLASSIFIED
FAX TRANSMISSION

**Senior Coordinator for Women's
Conference, European Bureau
Room 5229NS**

Fax Number: 202-736-4170

Telephone: 202-647-9980

DATE: *September 21, 1999*

PAGE 1 of 3 including cover sheet

TO: *DICK NORLAND*

FAX: *(202) 456-9150*

FROM: *Judyt Mandel*

SUBJECT: *Conference on Women and Democracy*

PER THERESA LOAR

Points for First Lady's Meeting with Latvian President

Conference on Women and Democracy in Conjunction with Vital Voices Democracy Initiative

- Delighted you will be attending Conference in Reykjavik. Unfortunately, I will be arriving too late to hear your remarks to the Plenary on October 8. Hope you will be staying for more of Conference. I will be concluding speaker.
- This Conference is a remarkable partnership between the Government of Iceland, which offered to host, and the Nordic Council and US Vital Voices Global Initiative as co-sponsors. We were pleased that the Government of Iceland, which is celebrating its millennium of democratic government, and prides itself on having the first democratically elected women President was an ideal location for this Conference.
- The Nordic Council has long promoted regional cooperation and programs to benefit women in Northern Europe, and will play an active role in implementing the initiatives to be developed at the Conference.
- The Conference is an occasion to promote regional cooperation, and stable democratic societies throughout Northern Europe by strengthening the ability of women to play a full role in those processes. It will weave people to people ties between the Scandinavian and Baltic countries and Russia and the US in ways that will benefit all.
- This Conference shares the goals of the U.S. Northern Europe Initiative: to promote regional cooperation and contacts that will benefit all people in the region.
- Goals are to develop concrete projects for cooperation, implement them with active participation of private sector - a model for new diplomacy.
- This is a unique opportunity to develop initiatives that will benefit women -- an men -- throughout the region, and to draw the Baltic countries and Russia into partnerships with the U.S. and Nordic countries that will have a real impact on women's lives.
- We are looking toward the business and NGO communities to play a strong role in the Conference, as they have

done in previous Vital Voices Conferences. The business community and NGOs are coming up with innovative programs to reach out to women and create opportunities for them to fully utilize their leadership and entrepreneurial skills, develop networking and media skills, and discuss the changing role of men and women.

- Conference is designed to encourage investment, internships, educational and vocational opportunities, credits for small business, sharing experience and expertise to energize entrepreneurship and participation in politics and economics.



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

TO: Dick Norland NSC
(name) (agency)

456-9150
(fax number)

456-9151
(phone number)

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

SUBJECT: Latvia briefers

COMMENTS:

number of pages to follow:

7

SENSITIVE BUT UNCLASSIFIED**Latvia: Internal Overview**

Political: Latvia is a parliamentary democracy. Parliament itself has been fragmented into numerous parties and alliances for several years, making passage of reform legislation cumbersome and time-consuming. International observers again deemed the October 1998 elections for the 100-seat Parliament (Saeima) free and fair. The current government is another fragile right-center three party minority coalition. President Guntis Ulmanis' pragmatic, incremental approach toward reform has helped Latvia to continue Western integration; FM Valdis Birkavs is supportive but ineffective. The judiciary is independent but not well trained, efficient, or free from corruption. Parliament will elect a new president June 17. Unlike in Estonia, ethnic Russians and resident noncitizens (who comprised 20% of Latvia's pre-war populace) are somewhat "empowered," since they strongly predominate in commerce and are scattered throughout urban areas nationwide. Ethnic Latvians do not constitute a majority in seven of Latvia's eight largest cities.

Economic

The Latvian economy is moving in the right direction, but privatization of the transit and energy sectors remains stalled over charges and countercharges of corruption and conflict of interest. Private enterprise in trade and services is thriving. Almost 95% of agricultural land is farmed privately, and 60% of all land is in private hands. The currency is strong and freely traded. GDP per capita is over \$2,556--a steady increase since 1996. Unemployment appears to have peaked at a post-independence high of 10%, up from 7% in 1997. Annual inflation was less than 3%, down from 8% percent in 1997. Hit hard by the Russian economic crisis, the Latvian economy still managed 4% GDP growth in 1998 but is expected to increase by 2% in 1999.

Other

Latvian-Russian relations appear to have bottomed out over the past year owing to Russia's allegations of human rights abuses of ethnic Russians in Latvia and to subsequent trade boycotts by several Russian regions. In grudging response to the OSCE HCNM's recommendations for the integration of Latvia's Russian community, the government amended the citizenship law by removing the cumbersome "windows" system (where tranches of non-citizens become eligible for naturalization over a six-year period). After forcing a public referendum, it also finally enacted the more controversial issue of the immediate naturalization of children born in Latvia after August 21, 1991. On March 19 the parliament approved on the second of three readings amendments to the language and education laws, for promoting the study and use of the Latvian language. The OSCE has objected that the current bill's provisions regulating the use of language in the private sector beyond the fields of public security and health and consumer protection violate the freedoms of speech and assembly, the right to privacy, and the freedom of choice provisions of the labor code. Parliament has agreed to work with OSCE experts to conform the language to international norms.

SENSITIVE BUT UNCLASSIFIED

SENSITIVE BUT UNCLASSIFIED**Latvia: External Overview**

Political: Latvia's foreign policy aims to achieve eventual integration with Estonia and Lithuania into European institutions through close collaboration with the Nordics, Germany, and U.S. and cooperation with Russia. Latvia now claims it is the only true "Baltic" state, since Estonia seeks Nordic identity and Lithuania Central European. Latvia also relies most on political ties with its neighbors, who in turn fear Latvia's poor performance will drag them down.

Like its Baltic neighbors, Latvia is realistic about its chances for NATO membership but has not yet demonstrated a commitment to reform or provided sufficient funding for attaining NATO interoperability. According to the Pentagon's recent study, Latvia also lags far behind Lithuania and Estonia in such basics as quality of life and procurement practices. The National Defense Forces do not get along with the Home Guard, which actually is far more efficient and better organized and equipped.

A PFP participant, Latvia contributes troops to the NATO Stabilization Force in the former Yugoslavia and police to the United Nations International Police Task Force in Brcko. It also dispatched an 8-member medical unit to assist Kosovar refugees in Albania, and sent \$100,000 in aid to Kosovo. The Baltic Peacekeeping Battalion (Baltbat) headquarters are near Riga.

Economic: Latvia acceded the WTO in February. Latvia also would be further along in EU accession talks were it not for its currently strained relations with Russia and for the perception of pervasive, endemic judicial corruption and ongoing conflict of interest scandals in Latvia's industrial privatization. .

Long-term trade with Russia will remain important because of bilateral reliance on transit trade, oil/gas pipelines, and Riga's prominence in regional banking. However, almost 50% of Latvia's trade already lies with EU-member states. Since the departure of Kellogg's (for market reasons), the U.S. has diminished in importance as a trading/investment partner, and despite submitting lowest bids, several U.S. firms (including Lockheed-Martin) have failed to obtain contracts and complained about the lack of transparency in tenders. Intellectual property protection also is a serious problem.

Other: Together with his other Baltic colleagues, President Ulmanis has endorsed establishment of a historical commission to review crimes against its citizens during the Nazi/Soviet occupation.

Latvia will graduate from SEED at the end of FY1999 but will remain eligible for regional USAID assistance programs.

SENSITIVE BUT UNCLASSIFIED

Latvia and its Russian-speaking Population

The UN, OSCE, COE and Western countries agree that Latvian laws basically accord with the letter of Western standards and that no systematic pattern of discrimination exists, even if there remain areas for major improvement in implementing existing legislation. Established in 1993, an OSCE resident mission addresses citizenship issues and other related matters and promotes stability, dialogue, and understanding between the communities. While it renewed the mission mandate through June 1999, Latvia has urged that the mission close or reduce its size and change its name to reflect what it perceives as progress made on issues within the mandate. We believe the mission remains an extremely useful tool for fostering integration as Latvia addresses key citizenship and integration issues.

Latvian officials have worked closely with experts from the OSCE, the UN, and COE in shaping many Latvian laws, regulations, and policies. These include naturalization, the status of former Soviet citizens, development of a national Latvian language teaching program and of a national program for the protection of human rights, and establishment of an independent National Human Rights Office. International observers have found the naturalization law and the law on former Soviet citizens to be generally consistent with international standards.

Latvian citizens of non-Latvian ethnicity comprise 16% of the total population and 22% of the citizenry, while ethnic Latvians constitute 56% of the population but are not a majority in seven of Latvia's eight largest cities. Non-Latvian citizens comprise 28% of the total population, and they continue to be naturalized at an extremely slow rate, indicating problems in the system. However, passage rates for citizenship and language exams exceed 90%, and the resident OSCE mission has found the exam process to be fair. Latvian authorities already are issuing passports recognized by most OSCE countries, including Russia, to non-citizens with permanent residence.

Noncitizens can establish and change residences; travel abroad (visa-free to Russia) and return to the country; and own commercial real estate under complicated restrictions. The 1991 Constitutional Law, which supplements the Constitution, states that "all persons in Latvia" are equal under the law regardless of race, sex, religion, language, social status, political preference, or other grounds and grants equal rights to work and wages to "persons of all nationalities." Noncitizens currently cannot do military service; vote in elections; work as private detectives, armed guards, certified attorneys, hold pharmaceutical licenses; be granted amnesty; hold posts in religious congregations or political parties; or own real estate as individuals. Noncitizens are accorded fewer privatization certificates, which can be used to purchase shares of stock and to privatize apartments and land, than citizens receive.

- 2 -

In April 1997 the Citizenship and Immigration Department (CID) began issuing a new, more secure aliens passport to noncitizens. The Government also has phased out gradually the use of former Soviet external passports but has accepted them on an emergency, case-by-case basis. The CID has increased its passport-issuing capacity because of the large backlog of unissued non-citizen passports, but there also is a shortage of qualified language teachers to address the potential demand.

The current language law requires employees of the State and of all "institutions, enterprises, and institutes" to know sufficient Latvian to carry out their profession. The law also requires such employees to be conversationally proficient in Latvian in order to be able to deal with the public. However, there have been no reports of widespread dismissals, even in eastern Latvia, where only 15% of the population are ethnically Latvian. Russian is the prevailing language in state-owned industrial enterprises, but many non-ethnic Latvians allege that the language law discriminates against them.

In response to longstanding OSCE recommendations, the government amended the citizenship law by removing the cumbersome "windows" system (under which tranches of non-citizens become eligible for naturalization over a six-year period). After forcing a public referendum, it finally enacted the more controversial issue of the immediate naturalization of children born in Latvia after August 21, 1991. Bans remain on non-citizen employment as armed guards, firefighters, airline crewmembers, private detectives, attorneys, and licensed pharmacists. On March 19 the parliament approved on the second of three readings amendments to the language and education laws, for promoting the study and use of Latvian. The OSCE objects that the current bill's provisions regulating the use of language in the private sector beyond the fields of public security and health and consumer protection violate the freedoms of speech and assembly, the right to privacy, and the freedom of choice provisions of the labor code. Parliament's drafting committee is working with OSCE experts to conform the language to international standards.

The Latvian government responded flexibly to Russian military personnel demobilized after January 28, 1992 and who remained illegally in Latvia after the withdrawal of Russian troops on August 31, 1994. At Russia's request, Latvia has granted and repeatedly extended temporary permission for such persons to remain in Latvia while awaiting housing in Russia.

Daily Russian-language newspapers and magazines display a broad range of opinion, including harsh criticism of government policies. Films, theater performances and other cultural programs in Russian are abundant throughout Latvia. There are numerous state and privately funded Russian-language radio and television broadcasts. Latvian state television broadcasts news in Russian, and independent Russian NTV news broadcasts can be seen on a private national television network twice nightly. Access to other Russian language broadcasts is available via cable and satellite.

- 3 -

The Latvian Government operates a large state-funded school system with classes in Russian (and several other languages) at hundreds of schools through the secondary level and in some fields in higher education. The number of students studying in Russian is declining somewhat, mostly because parents choose to send their children to Latvian-language schools. This support is to be phased out in elementary schools by 2004. A very large percentage of the police force has very limited ability to speak Latvian. Latvia has adopted a national program for teaching Latvian to those who wish to learn the state language and is working with the UNDP to accelerate implementation of this program. The United States also is providing \$200,000 to facilitate repatriation to Russia of interested resident aliens.

In May 1998, President Ulmanis and the other Baltic presidents announced their intent to establish a historical commission in each country to study the persecution, deportation, and extermination of their respective Baltic citizens as a consequence of the Nazi and Soviet occupation.

Latvia: Economic Overview

The Latvian economy is increasingly oriented toward the private sector. About 95 percent of agricultural land is farmed privately, and 60% of all land is in private hands. The privatization of state monopolies is virtually complete. Privatization of the three largest remaining enterprises--shipping, telecommunications and energy--has stagnated over political in-fighting. The currency remained stable and freely traded; unemployment appears to have peaked at a post-independence high of 10%, up from 7% in 1997. Annual inflation was less than 3%, down from 8% percent in 1997. Per capita gross domestic product (GDP) was approximately \$2,556, continuing the rise begun in 1996. Hit hard by the Russian economic crisis, the Latvian economy still managed 4% GDP growth in 1998 but is expected to increase by 2% in 1999.

Market-oriented reforms are progressing. Latvia's currency, the lat, is freely convertible and has held steady, or appreciated, against major world currencies. Inflation is less than 3%, down from 8% in 1997. Despite a steep decline in trade with Russia, GDP grew over 4% in 1998, and the economy has recovered from the 1994-1995 banking crisis. The government adopted a balanced budget for 1997 and 1998. The private sector accounts for 60% of GDP; trade and services account for more than half of economic activity. Official unemployment 10% has increased over the past year but appears to have leveled off. Government price controls in trade have been eliminated. The government still controls utility rates and prices in the state owned housing sector, but private housing is slowly emerging and more widely available. Latvia's mixed economy is increasingly oriented towards finance and commerce. Property is being returned to former owners, but the legal mechanisms for title registration, sale and mortgaging of real property are not fully developed. Per capita GDP is \$2,556.

On February 10 Latvia formally acceded to the WTO and has pursued policies that favor a free flow of trade, capital, and investment. There are no limits to repatriation of profits. The EU is Latvia's largest trade partner, accounting for 45% of exports and 50% of imports. Latvia signed an Association agreement with the EU in June 1995, with eventual EU accession as the goal. Latvia remains heavily dependent upon Russia for its energy needs and transit trade. Direct total foreign investment grew from \$140 million in 1994 to almost \$1.5 billion in 1998.

The government is saddled with unproductive, unprofitable Soviet-era factories. Privatization still lags for the largest firms: energy, shipping, and oil transit. Organized crime and corruption remain major impediments to economic growth and reform. Small and medium-sized enterprises find it difficult to obtain credit and develop viable business plans. Soviet-era commercial and criminal codes have yet to be replaced, and NGOs remain weak, poorly organized, and under-funded. Latvia's social safety net is not able to keep many of the most vulnerable people in society from sinking into poverty. Soviet occupation left a legacy of gross environmental degradation, which Latvia cannot yet afford to overcome. The lack of a regional development strategy and of consensus on local government reorganization has hampered development of environmental policy.

- 2 -

Latvian law and practice recognize and protect all types of property. Only Latvian citizens may own and purchase land, but many non-citizens form partnerships with Latvian citizens to acquire land. Both citizens and non-citizens may own and operate businesses. About 60,000 private farms have been established and most remaining collective farms have been transformed into private joint stock companies. Some 95% of agricultural lands are farmed privately, and 60% of all land now is in private hands. However, many of Latvia's new farmers are operating at subsistence levels stemming from a lack of financial resources and credit. Latvia has enacted fundamental IPR legislation, but enforcement remains weak. The U.S. and Latvia have signed investment and tax treaties that provide a firm legal base for protection of property and income. Authorities have not refused to provide just and effective compensation in cases where private property is taken for public use.

There are no impediments to contacts between consumers and suppliers in Latvia's domestic market. Latvian-Russian trade has been hampered by boycotts in several Russian regions, organized in response to alleged human rights abuses of the Russian-speaking minority in Latvia. While encouraging Latvia to make progress in addressing non-citizen issues in accordance with OSCE recommendations, we see no evidence of systematic abuse and have urged Russia not to resort to unjustified measures designed to damage the Latvian economy.

Withdrawal/Redaction Marker

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
006. report	U.S. Government Report [Released in Part] (2 pages)	07/23/1999	P1/b(1)

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Latvia [4]

2011-1037-F
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- 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]

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.

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

- 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]

Vaira VIKE-FREIBERGA

(Phonetic: VEETSya-FRAYbaighuh)

*President (since 8 July 1999)**Addressed as: Madam President* 3.5c

Clinical psychologist Vaira Vike-Freiberga, the second repatriate to lead a Baltic state and the first female president in Central and Eastern Europe, has a reputation as pragmatic and fair and has already demonstrated a willingness to make tough political decisions. The day she was inaugurated as President, the Saeima (Parliament) overwhelmingly passed a controversial language law that contained provisions running counter to OSCE recommendations and, in some cases, possibly violating Latvia's Constitution. Vike-Freiberga made a politically risky move in rejecting the measure and returning it to the Saeima for reconsideration. EO 13526 3.5(c)

Inexperienced in Politics but Politically Savvy

EO 13526 3.5(c)

Vike-Freiberga, a nonpartisan who has never held public office, became a candidate for president in an unusual manner. A group of Latvian intellectuals issued an open letter in late 1998 calling for her candidacy. Three political parties that span Latvia's political spectrum—including one in the then-ruling coalition—reached an agreement just before the June 1999 election to support her candidacy if no one was elected during the first round of Saeima voting. Vike-Freiberga became a candidate late in the evening on election day, after six rounds of rancorous voting in which even the color of ink used to mark ballots was a subject of contention. She was elected in the seventh round and, after the election, even her children expressed surprise that she had won. EO 13526 3.5(c)

Even before taking office, Vike-Freiberga demonstrated political savvy. As President-elect, she appeared on a live Moscow television show in

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A Harbinger of Greater Openness? 3.5c

Although her positions on Latvian foreign policy mirror the country's longstanding priorities—achieving EU and NATO accession while building solid working relations with Moscow—Vike-Freiberga's election appears to mark a sea change in Latvian politics and may presage an acceleration of political and economic reform. Prominent Latvian political observer Aivars Ozolins commented in late June that the election of Vike-Freiberga constitutes a radical change and that politics will become more open and transparent. Moreover, scholars who analyze the role of women in leadership positions have noted that women who are outsiders and beat the electoral odds create higher expectations of reform. 3.5c

which she skillfully handled tough questions from the interviewer regarding the treatment of ethnic Russians in Latvia. Vike-Freiberga's television appearance reflects her interest in improving relations with Moscow. It also deflects criticism from domestic detractors that her lack of a Russian-language capability could reflect negatively on relations with Moscow. EO 13526 3.5(c)

Taking the Moral High Road 3.5c

Vike-Freiberga has stated that she plans to press for Latvian membership in the EU and NATO, but her biggest priority as president, she says, is to instill in Latvians a sense of trust and pride in their government. As she tapped former Prime Minister and staunch economic reformer Andris Skele to form a new government just days after her inauguration, Vike-Freiberga issued a stern warning to both him and his cabinet to avoid even the appearance of a conflict of interest between government and business—a problem that had plagued the previous administration.

EO 13526 3.5(c)

The integration of noncitizens—largely ethnic Russians—into Latvian society poses the most difficult problem for the country, Vike-Freiberga told reporters. Noting that she had been a refugee for several years until settling in Canada, she professed understanding for the feelings of ethnic minorities. Vike-Freiberga also claimed to reporters that Latvia seemed calm compared to Canada, where some Quebecois have sought to separate from the rest of the country, and that she expects Latvia's permanent residents to be loyal to their home.

A Repatriated Cultural Activist 3.5c

After World War II, Vike-Freiberga, then age 7, fled Latvia with her family; she settled in Canada in her early 20s but retained a strong interest in Latvia. She taught her children Latvian and authored seven books on Latvian folklore:

- Vike-Freiberga was a longtime leader in Canada's tiny ethnic Latvian community—for example, she coordinated the first Latvian song festival in 1959 and directed the Latvian Youth Ethnic Heritage Seminars in 1979.
- Together with her computer-scientist husband Imants Freibergs, Vike-Freiberga became renowned in Latvia for her extensive research and analysis of *dainas*, folk songs that play a central role in Latvian culture. In an unparalleled effort that earned them several major awards, she and Freibergs compiled and

stored nearly 1 million *dainas*. In a separate effort, Vike-Freiberga published extensively on the psycholinguistics of *dainas*.

Vike-Freiberga returned to Latvia in October 1998 to lead the government-funded Latvian Institute, a newly formed organization whose mission is to promote a positive image of Latvia abroad, but apparently did not expect to relocate permanently. She did not relinquish her Canadian citizenship until the day before the election and even then expressed remorse for moving away from a country that had been good to her and for which she had great affection.

Career and Personal Data 3.5c

Vike-Freiberga was born on 1 December 1937 in Riga. She attended school at a Latvian refugee camp in Lubeck, Germany, and at a French school in Casablanca, Morocco. Vike-Freiberga earned a B.A. in liberal arts and an M.A. in psychology from the University of Toronto in 1958 and 1960, respectively; a Ph.D. in clinical psychology from McGill University in 1965; and an LLD from Queen's University in 1991. She taught and translated Spanish during 1958-60 and then worked as a clinical psychologist at the Toronto Psychiatric Hospital from 1960 to 1961. In 1965 she joined the clinical psychology faculty of the University of Montreal, where she remained until 1998. Vike-Freiberga's academic interests, on which she has published extensively, include psycho-pharmacology, psycholinguistics, and memory. She is a member of the Royal Society of Canada and a recipient of the Big Medal of the Latvian Academy of Science. From 1979 until 1981, Vike-Freiberga served on the Human Factors committee for NATO.

In addition to her native Latvian, Vike-Freiberga speaks fluent English, French, German, and Spanish, as well as some Italian and Portuguese. She and her husband have two adult children—Indra Karoline, who resides in Canada, and Karlis Roberts Freibergs, a newspaper editor who moved to Latvia in 1990 and played an active role in the independence movement.