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001. note	Handwritten notes (1 page)	n.d.	P1/b(1) VZ 9/21/2023
002a. paper	Latvia WTO Accession Background (2 pages)	ea. 1998	P1/b(1) VZ 9/21/2023
002b. talking points	Re: Latvia WTO Accession (1 page)	ea. 1998	P1/b(1) VZ 9/21/2023
003. memo	Charlene Barshefsky to the President, re: EU Summit - Latvia's Accession to the World Trade Organization (3 pages)	ea. 05/1998	P1/b(1) VZ 9/21/2023

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RESTRICTION CODES

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

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**DEPARTMENT OF STATE**

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FAX TRANSMISSION

OFFICE OF NORDIC & BALTIC AFFAIRS**EUR/NB Room 5229****Fax Number: 202-736-4170****Telephone: 202-647-6071****DATE: March 16, 1999****PAGE 1 of 6 including cover sheet**

TO: Jack Spilsbury
Steve Flanagan
Jay Burgess
Amy Zona
Juhan Jaakson
Liz Mayhew
Cathleen Trail
Wendy Grieder
Karin Berry
Robert Iochord
Denise Lee

FROM: Jayson P. Roehl (TEL. 647-6071)**SUBJECT:**

Attached are the "Agreed Minutes" from the U.S. - Latvian Economic Bilateral talks for your clearance. Please contact me with your clearance or requested changes.

Thank you for your time and assistance. --JPR

**UNITED STATES - LATVIA
ECONOMIC BILATERAL WORKING GROUP
MARCH 11, 1999, WASHINGTON D.C.
AGREED MINUTES**

The second annual session of the U.S.-Latvia Economic Bilateral Working Group convened in Washington, D.C., at the Department of State on March 11, 1999. Stuart Eizenstat, Under Secretary for Economic, Business and Agricultural Affairs led the U.S. Delegation. Ambassador Ainars Slesers, Minister of Economy, led the Latvian delegation.

In their opening remarks, both delegation leaders noted the progress that had been made over the past year and stressed the importance of close cooperation to continue to build our relationship. Under Secretary Eizenstat underscored the U.S. desire to increase trade and investment between our two countries, a point which was welcomed by the Latvian delegation.

E.U. Accession; next steps on WTO and IPR

The two parties welcomed the progress Latvia has made in its accession talks with the European Union. Both sides agreed membership complemented continued strong bilateral economic and commercial ties. The Latvian delegation outlined the status of its EU accession talks and Under Secretary Eizenstat stressed that the United States supports the EU's faster, deeper and broader enlargement. The U.S. welcomed Latvia's accession to the WTO, and Latvia detailed its recent efforts to comply with its WTO commitments, including the formation of a cabinet level advisory board and the adoption of a new customs law code. The U.S. delegation welcomed this report and noted that bilateral contacts within the WTO will form the basis for a strong, commercially meaningful approach will help attract foreign investment.

The U.S. delegation also discussed the strengthening of the enforcement mechanisms for Intellectual Property Rights protection within Latvia, specifically addressing the Agreement on Trade and Intellectual Rights Protection and urging Latvian ratification of the agreement. The Latvian delegation raised concerns regarding technical issues relating to the passage of time since its signing in 1994. The U.S. side agreed to examine information provided on these issues by the Latvian embassy.

Both sides underscored the benefits of building on previous IPR enforcement training.

NEI, Northern Dimension, CBSS

Both sides agreed that the Northern European Initiative (NEI) and the European Union's Northern Dimension shared the objective of facilitating regional integration through cross-border initiatives, exemplified by the Council of Baltic Sea States (CBSS). The U.S. delegation emphasized its support for the CBSS and other Northern European cooperative efforts including the Baltic Regional Energy Development Program, the Murmansk Cask project, the Great Lakes-Baltic Sea Partnership Program, the Riga Law School, the Baltic Regional Environmental Training Center, the Latvian Social Integration project, a women's conference in Riga, and the Baltic-American Partnership Fund. The Latvian delegation offered its full support for U.S. involvement in the CBSS and emphasized that these projects are essential to fostering regional cooperation. Both sides agreed that the EU's Northern Dimension also is instrumental to facilitating cooperation on several practical issues including energy, transportation, and nuclear safety.

Investment Climate

The delegations discussed the state of trade and investment and explored ways to create a more fruitful environment for its increase. Both parties agreed that the Latvian private sector must be engaged to encourage increased foreign investment. The Latvian delegation underscored the importance of a recent report by the World Bank on Latvia that identified existing barriers to investment and made several suggestions including streamlining of government, nationalization of the inspection process, and improvement in foreign investment capability. The United States welcomed the results of this report and encouraged the Latvian government to implement the recommendations as soon as possible. Both sides agreed that new avenues should be pursued to create an environment where foreign investments are turned into profits.

The delegations welcomed the deepening of bilateral commercial relations and noted that bilateral trade increased dramatically over the last year. The need for creating opportunities for U.S. investors was raised, as were the steps Latvia has taken to make itself an attractive partner through successful reforms and substantial progress in privatization of state-owned enterprises. The U.S. side noted the interest of U.S. companies in the privatization of the transportation and energy sectors. It also expressed its pleasure that negotiations between the several U.S. companies -- Enron, AES, and Harris -- and the Latvian government had begun in the past week. The U.S. delegation stressed that

Latvia needs to promote "flagship" projects that would lead to goodwill and encouragement of additional trade and investment opportunities at the local and state levels. The Latvian delegation agreed on the importance of attracting a flagship U.S. investor, noted Latvia has implemented a new strategy for involving the private sector in all stages of the decision-making process, and expressed the hope that the U.S. would encourage private companies to invest in Latvia. The U.S. delegation agreed to work with Latvia on implementing the requirements of the recently signed Agreements on Mutual Recognition and Merchant Shipping.

The Latvian delegation expressed interest in seeking a waiver for the "Buy America" restrictions placed on the importation of glass fiber cloth used by the U.S. Department of Defense. The U.S. delegation agreed to join Latvia in this effort with the view that it would bring the best value and lowest cost to the U.S. taxpayer.

Law Enforcement

The U.S. delegation expressed its pleasure that Latvian law enforcement agencies will participate in the development of the UN convention against International Organized Crime. The Latvian delegation welcomed U.S. assistance to its law enforcement agencies, emphasizing its appreciation that the assistance was responsive to Latvian concerns and relevant to the challenges that Latvia faces. The U.S. delegation expressed its willingness to consider any Latvian request for computer hardware and financing FBI's NCIC stolen car tracking system, already scheduled for installation in Latvia. Both sides welcomed the U.S. Law Enforcement Assistance Program for Latvia to be provided under FY99 including:

1. Training and activities that will build a sustainable legacy with Latvia's graduation from the SEED funding;
2. Building on the capabilities of a number of US law enforcement agencies, including the USDOJ, FBI, DEA, ATF, and US Customs;
3. Countering corruption, combating money laundering and financial crimes, and attacking transnational organized crime;
4. Continuing to develop the basic and specific capabilities of Latvia's law enforcement agencies, especially to combat organized criminal activity (i.e., post-blast investigation techniques, counternarcotics investigations, and undercover operations);
5. Improving Latvia's ability to control its borders (i.e., contraband enforcement team and confidential source development, especially in a border context).

Agriculture and Financial Sector Developments

The delegations reviewed ongoing cooperation in the Agriculture sector and agreed to expedite conclusion of a letter of implementation to the Memorandum of Understanding that will allow increased cooperation. The U.S. side outlined ways it can facilitate mutually-beneficial agribusiness and commercial activities, and the development of research links and exchanges. The Latvian delegation reviewed its agricultural situation and the impact of the Russian financial crisis on agricultural exports.

The Latvian delegation provided an analysis of the decrease in growth in its economy over the previous year, while noting there was no reduction in foreign direct investment. Both sides agreed on the importance of keeping current account expenditures under control, especially in light of the uncertainties in the global economy.

Future Activities

The two sides agreed to reconvene the Economic Bilateral Working Group next year in Latvia, and to prepare a report on objectives and progress for presentation at the second meeting of the Baltic Partnership Commission to be held in Washington May 19, 1999.

Agreed in Washington, D.C. on March 11, 1999.

Ambassador Stuart Eizenstat
Under Secretary for Economic, Business and Agricultural Affairs
U.S. Department of State
United States of America

Ambassador Ainars Slesers
Minister of Economy
Republic of Latvia



United States Department of State

Washington, D.C. 20520

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TO: Stephen Flanagan NSC
Denise Lee AID
(name) (agency)

(fax number) (phone number)

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

SUBJECT: Latvia EBWG briefer

COMMENTS: for clearance & AID input, please.
Thanks!



United States Department of State

Washington, D.C. 20520

BRIEFING MEMORANDUM

S/S

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Post-it® Fax Note	7671	Date	3/8/99	# of pages	3
To	Jim Wot	From	Steve Flanagan		
Co./Dept.		Co.	NSC		
Phone #	647-4134	Phone #	456-9451		
Fax #	736-8453	Fax #	456-9450		

TO: E - Under Secretary Stuart E. Eizenstat

FROM: EUR - Marc Grossman

SUBJECT: Your Inter-Agency Economic Bilateral Working Group
Meeting with the Latvian MFA-led Delegation
Thursday, March 11; 9:30am - 12:00pm
Room 4517

I. OBJECTIVES

1. Outline the agenda of the Economic Bilateral Working Group.
2. Reiterate that **promoting U.S. trade and investment, as well as subfederal partnerships, under the NEI will help Latvia's overall integration into Western institutions.**
3. Reiterate that Latvia's **accession to the EU remains a U.S. policy priority.**

II. APPROACH

The U.S. - Baltic Charter in January 1998 established an Economic Bilateral Working Group (EBWG) with each Baltic state to deal with trade and economic issues. The inaugural meeting, which you chaired last May, focused on the Northern European Initiative, our commercial relationship, Latvia's desire to accede to the WTO and EU, and bilateral cooperation in a wide range of issues.

This year the program has been cut to a half-day and the agenda is shortened and focused. We suggest that you reiterate that expanded U.S. trade and investment in Latvia is crucial to its security. Even as Latvia looks more to historical trading partners, it needs to create opportunities for a substantial and long-term U.S. commercial commitment. Creating sub-federal partnerships also are key to this process. Furthermore, the best way to attract new investment is to treat existing U.S. investors fairly and provide a favorable legal and regulatory environment.

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You should also reassure them that the U.S. strongly supports Latvia's accession to the EU. You should remind the group, however, of our desire for Latvia to factor in U.S. commercial concerns during the accession process and to enforce strict intellectual property protection under its new WTO obligations.

We ask that you open the meeting and preside from 9:30am - 11:00am, then turn it over to EUR DAS Ron Asmus. We also would like you to lead the discussion on "The EU and U.S.-Latvia Relationship." Others from your or the Latvian delegation will lead discussions on the remainder of the agenda items. You may feel free to use and draw upon the talking points at Tab 2.

IV. PARTICIPANTSU.S.

The Under Secretary
EUR DAS Ronald Asmus
EUR/EEA - Larry Napper
EUR/NB - G. Milovanovic
EUR/ERA - Joe DeThomas
E - Holly Moore
EB/TPP - Janet Speck
EB/TPP/ATP - Paul Aceto
EB/OMA - Bill Meara
PM/ECNP - Jill Caporal
NSC - Steve Flanagan
USTR - Jack Spilsbury
USDOC - Jay Burgess
and Amy Zona
USDA - Richard Steinkamp
DOE - Karin Berry
Treasury - Juhan Jaakson
USAID - Denise Lee, Paula Feeney
USEPA - Wendy Grieder

Latvia

Economy Minister Ainars Slesers
Environment Minister Inese Vaidere
Ambassador Ojars Kalnins
EconMin. advisor Juris Kanels
MFA Investment Dir. Andris Liepins
MFA Director Ilze Bacane
MFA Director Normunds Popens
MFA Americas Dir. Klavs Sniedze
MFA Director Inga Ernstsone
EconCouns Peteris Vinkelis
Chmn. Dairy Prod. Aigars Kalvitis
Informatics Director Ints Ernestsons
Dir. Info. Dpt. Andris Virtmanis
FinMin aid director Ilze Bumbiere

Attachments:

- Tab 1 - Scenario/Agenda
- Tab 2 - Your Remarks/Talking Points
- Tab 3 - Minutes of 1998 EBWG

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**U.S. - LATVIA ECONOMIC BILATERAL WORKING GROUP
MARCH 11, 1999, WASHINGTON, DC
Department of State, Room 4517**

SCENARIO/AGENDA

09:30am - 09:35am	Opening remarks by U/S Eizenstat and Latvian Minister of Economy Ainars Slesers
09:35am - 09:50am	Brief assessment by Minister Slesers on Latvia's current economic situation
09:50am - 10:20am	EU Accession; next steps on WTO and IPR (Latvian lead; Eizenstat, EUR/ERA - Joe DeThomas, USTR - Jack Spilsbury, USDA - respond)
10:20am - 10:30am	Break
10:30am - 11:00am	NEI and Northern Dimension, CBSS, projects (Eizenstat, EUR - Ron Asmus, and EUR/NB - Ray Dalland lead; Latvian response)
11:00am - 11:55am	Bilateral Issues Latvia's investment climate for U.S. firms (Latvian lead; EUR Ron Asmus and USDOC - Jay Burgess respond) USAID closeout (USAID Paula Feeney leads; Latvian response) Law enforcement cooperation (Latvian lead, INL - Brian Furness responds) Science and technology cooperation (Latvian lead, OES/RPI Frank Finver responds) Status of tax treaty, proposed Agreement on Conformity Assessments and Standards (?) (Latvian lead, Treasury - Juhan Jaakson and Commerce - Jay Burgess respond) US imports of Valmiera "glass cloth" (Latvian lead, DOD - responds) Environmental Cooperation (Latvian lead, EPA - Wendy Grieder responds)
11:40am - 11:55am	Agriculture & Financial Sector Developments including Baltic economic cooperation (Latvian lead; USDA Richard Steinkamp and EUR/RUS - Robert Kiene respond)
11:55am - 12:00pm	Closing remarks by Minister Slesers and EUR DAS Asmus

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UNDER SECRETARY EIZENSTAT'S OPENING REMARKS

Mr. Ambassador, I wish to welcome you and members of your delegation to the second meeting of the U.S. - Latvia Economic Bilateral Working Group. I thank you for your willingness to travel to Washington for the meetings. I would also like to welcome my colleagues from the range of Washington agencies that are involved in management of the U.S.-Latvia economic policies and in assisting U.S. investment in Latvia.

We have an ambitious agenda for this morning, but I want to take a few minutes to recall why we are here, and what we hope to accomplish. Last year, President Clinton and the three Baltic presidents signed the Charter of Partnership. This Charter formalized our countries' shared vision of a new democratic, prosperous and undivided Europe, and of U.S. support for the Baltic States' place in that new Europe. In particular, President Clinton emphasized that the United States would support Baltic efforts to join the major European and Euro-Atlantic institutions.

In the past year we have made considerable progress towards those goals. Latvia has acceded to the WTO, begun accession talks with the European Union, and we are working together to prepare Latvia to be ready to pass through NATO's Open Door.

This economic bilateral working group represents one of those commitments. I have agreed to chair the U.S. side because its work is central to the successful implementation of the Charter principles, and it provides a needed forum for the discussion of our most pressing bilateral economic issues. More broadly, the activities of this group will contribute to the economic track of Secretary Albright's regional Northern European Initiative. We are convinced that regional integration -- including most emphatically the reduction of trade barriers and the improvement of the investment climate -- is the key to regional stability and prosperity. We also remain committed to furthering cooperative efforts between you and your Baltic neighbors, particularly in electric power market development.

At last July's Partnership Commission in Riga the Private Sector group identified twelve obstacles to trade and investment that governments should work to remove. The second Partnership Commission meeting here in May will give us an opportunity to see how we have progressed towards those goals. I know there are several potential American investments in Latvia that are now under consideration that could lead to others. We have been disappointed by the outcomes from several trade and investment tenders but hope to see success on the others.

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Today's session is more focused than last year's, but I believe it deals with our most significant issues, including the investment climate, EU accession and cooperation in energy, agriculture, science and technology, and the environment.

At the conclusion the meeting, I suggest we agree to prepare minutes that both record accomplishments and set the agenda for the year ahead. This group's progress will be assessed each year by the Partnership Commission, the next meeting of which will be held here on May 19. Deputy Secretary of State Strobe Talbott will head the U.S. delegation.

But before turning to our agenda, I would like to invite Minister Slesers to make opening remarks for his delegation, including a report on the status of Latvia's economy.

(Slesers makes his remarks)

SEE- Thank you, Mr. Minister, for your remarks and candid assessment of the Latvian economy. I would now like to turn to our first agenda item, accession into the EU requirements and next steps on WTO, including the intellectual property regime. After your delegation makes its presentation, Joe De Thomas from the U.S. Department of State and Jack Spilsbury from the U.S. Trade Representative's office will join me in speaking for the United States.

EU Accession; next steps on WTO and IPR (09:50am - 10:20am)

(Latvia makes its presentation)

- **EU Accession:** We want to be very clear that the U.S. hopes that you become a member of the EU as quickly as possible. We support the aspirations of your fellow applicants as well.
- U.S. believes that the general criteria that the EU has set for membership, i.e., the Copenhagen criteria, will contribute to a stable and prosperous Europe.
- Accession will have effects on both U.S. political and economic interests as well as on the bilateral relationship that the U.S. has with each of the applicants.
- Naturally, we will be following this process very closely. We would hope that Enlargement leads to a net creation of economic opportunities and will encourage the EU to remain outward looking.
- The U.S. continues to have strong bilateral contacts with current EU member states on a whole range of issues, and we

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will continue to cultivate a close bilateral relationship with all applicant countries both before and after their admission to the EU.

- We recognize that at times you may feel that you are caught between conflicting obligations in your bilateral relationship with the U.S. and your desire for EU membership.
- Would like to suggest that in many of these cases, we may be able to find a solution that helps you meet the requirements of EU membership in a way that does not harm our mutual interests.
- Regular bilateral talks will be a good opportunity both for ensuring that problems are clearly understood and for developing workable solutions.
- **IPR Protection: (USTR, what do you want to say about intellectual property, now that Latvia has acceded to WTO?)**
- **Tariff Rate Quotas on Cheese (if asked):** Now that Latvia is a WTO member, it may negotiate a specific tariff rate quota allocation for Latvian cheese during the next multilateral WTO discussions.
- We have forwarded to your Embassy in Washington a package of materials outlining how Latvian cheese producers can work with U.S. importers that possess "other country" import licenses to help them gain better access to the U.S. market. These materials also provide instructions on how foreign producers can qualify for a license to import cheese themselves.

10:20 a.m.

SEE - I would suggest we take a short break.

10:30 a.m.

SEE - Ron Asmus and Ray Dalland from the Department now will join me in discussing the next agenda item, "NEI and the Northern Dimension, the Council of Baltic States and U.S. participation in regional projects and fora" after which we will anticipate your comments.

NEI, Northern Dimension, CBSS, USG Involvement (10:30am-11:00am)

The NEI and the Northern Dimension clearly have the same objective: to facilitate Baltic (and NW Russian) integration into northern Europe and European institutions through cross-border initiatives. The CBSS is one good working example of how

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we can facilitate this kind of cooperation. Although we would welcome official observer status at the CBSS, we will not let this issue preclude our active participation in the CBSS where desired. We already have made significant progress over the past year in a number of areas. Let me just mention a few.

Since A/S Grossman's attendance as a guest at the CBSS Ministerial in Copenhagen last June, we have provided significant funding support for a number of projects. These include the Baltic Regional Energy Development Program, the Murmansk Cask project, the Great Lakes-Baltic Sea Partnership Program, the Riga Law School, the Baltic Regional Environmental Training Center, and the **Latvian Social Integration project**. We also are working with the Swedes on funding a tuberculosis research project in the Baltics and Russia. Let me provide a few details on the latest developments.

- **Women's Conference in Riga:** On March 14-15 in Riga, we will send a delegation led by a high-ranking USDOJ official to participate in the Finnish conference on women's issues. Invitees include Baltic civil servants/policy makers, NGOs, and parliamentarians. Three working groups will discuss economic issues and combating domestic violence and prostitution/trafficking. Each working group will have a chair and a rapporteur who will pull together a presentation to the closing plenary. While there should be some specific recommendations for future work, we are not yet prepared to define specific projects.
- **Baltic American Partnership Fund (BAPF):** With \$7.5 million in funding from the SEED Program and \$7.5 million from the Open Society Institute, the BAPF is providing training and technical assistance grants over ten years to enhance NGO sector capabilities and sustainability. The BAPF was designed to enable NGOs in the Baltics to assist in consolidating and sustaining gains achieved so far in promoting democratic and economic transition there. A U.S.-based 501(c)(3) corporation has been created to provide policy guidance and direction to the BAPF. Members of BAPF's board of directors have been selected, with the USG being represented in an ex-officio capacity by Amb. Hattie Babbitt, USAID Deputy Administrator. Local BAPF offices in each of the three Baltic States have been set up, each of which has a local experts council to provide advice in country-level program development. BAPF's board of directors now is waiting to receive strategic plans from each of the local BAPF offices upon which will be based decisions on grant making.

(Latvia responds)

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OECD/MAI (if raised)

- Negotiation of a Multilateral Agreement on Investment in the OECD has halted. We continue to believe that the OECD is the organization best able to address the issues that stalled the MAI. We are examining how to continue useful work on these issues in the OECD, and Latvia and the other Baltic countries that have participated in this work to date should continue to do so. However, OECD members have yet to reach a consensus on how and with whom to proceed.
- Although the OECD is moving toward a more thematic approach to outreach, we continue to support a regional outreach program for the Baltics. Given budget stringency, we do not foresee an increase in that program but are willing to include Latvia in appropriate thematic programs.
- OECD members must resolve differences over budget, scale of contributions, pension funding, and voting procedures over the next year in order to begin addressing the questions of whether and how to enlarge the OECD. While no decisions have been made, we expect members will need to address the general question of enlargement before beginning to consider the numerous accession requests from non-members. Members are not of one mind on accession issues or candidates, which will make for slow progress in a consensus-based organization.
- Committee observership is determined by individual OECD committees based on an assessment of "major player/mutual benefit" criteria in the policy area covered by each committee. While we cannot prejudge committee decisions, we can observe that they have been very selective in bringing in new observers.

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Following this discussion (which should end about 11:00am), you are scheduled to depart and can turn the proceeding over to Ron Asmus, after delivering the following closing remarks:

- I know that you have a full agenda for the balance of the morning, and I believe that we all agree that this has been a fruitful discussion so far. We look forward to using these economic bilateral working groups to resolve our bilateral problems and to gain momentum on those projects of mutual interest.
- Progress in these areas will help ensure your permanent security and place among the Western family of nations. This is especially important in the coming weeks before the Deputy Secretary's hosting of the May 19 quadripartite Partnership Commission. This group is playing an important role in the success of the Northern European Initiative. For now, I will leave you in the capable hands of Ron Asmus, Deputy Assistant Secretary for the Bureau of European Affairs. I look forward to seeing our tangible results.

SEE exits; EB DAS Asmus presides

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RDA - We'd like to focus our discussion for the next hour on bilateral issues. We will begin with a Latvian presentation on promoting a favorable investment climate for U.S. companies, after which Jay Burgess at the Department of Commerce will join me in response.

(Latvians make their presentation)

Investment Climate for U.S. Firms (11:00am - 11:15am)

- Expanded U.S. trade and investment in Latvia is crucial to Latvia's security. Even as Latvia looks more to historical trading partners, we would urge it to create opportunities for a substantial and long-term U.S. commercial commitment, especially as a foundation to a long-term political commitment.
- Your reputation as reliable, attractive partners for U.S. investment depends upon your handling of these and other investments. Companies thinking of investing will look at the experiences of those who already have.
- Fair, and even generous, treatment of American companies trying to do business in Latvia is the best advertising campaigns and insurance policies you can take to ensure your long-term security, stability, and prosperity. It also is the easiest tool our Congress uses to determine its desire to support long-term commitments and to evaluate a foreign country's receptivity to U.S. influence.
- Our efforts under the NEI can succeed only if we engage the private sector. We can do this in several key ways.
- The best way to attract new foreign investors is to treat fairly the ones you already have. If companies encounter less-than-transparent tendering processes, weak legal structures, constantly changing and contradictory business laws and regulations, or poor intellectual property protection, they will invest elsewhere. Despite tendering the lowest bids, the experiences of the American subsidiary to Voith Hydro in attempting to sell hydroelectric equipment to a power plant, Lockheed-Martin in bidding to provide vessel trafficking systems to Liepaja (LEE-eh PIE-uh) and Riga, and ENRON in trying to operate the Inculkalns natural gas storage facility reveal a disturbing and frustrating pattern.
- Your promotion of such projects also leads to goodwill and encouragement of additional trade and investment opportunities from the local and state levels. This is far more strategic

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and profitable for you than anything the U.S. Government can offer or foster.

- Latvia also needs to look outside of the U.S. Government for more natural partnerships. Establishing a solid partnership with one of our regions or states can work (as it did in the case of North/South Carolina and Germany, generating over \$3 billion in investments). With a relatively large Latvian-American population, a strong economy with many similarities to Latvia's, and an already strong bond to Latvia within its National Guard, Michigan could be one natural connection.
- The International Business Network (IBN) is a newly registered consulting and business services company, the staff of which implemented technical assistance projects in Latvia with U.S. experts for six years. IBN has a network with U.S. experts to build business and trade relations between the U.S. and Latvia. They can arrange for U.S. experts to assist Latvian companies, they can assist in finding U.S. markets or helping U.S. companies locate in Latvia, and they can do sector surveys in both the U.S. or Latvia on sectors of interest to specific companies or organizations.
- As you develop projects with specific U.S. companies in mind, we will continue to work with USTDA, EXIMBANK, OPIC, and IFC to promote U.S. investments in the region.

RDA - We now will turn the time back to Latvia for a short presentation on the status of the Bilateral Treaty on Avoiding Double Taxation and background on its desire to negotiate an Agreement on Conformity Assessments and Standards. Juhan Jaakson from the Treasury Department and Jay Burgess from the Commerce Department then will reply.

(Latvian delegation makes its presentation)

Status of tax treaty, proposed Agreement on Conformity Assessments and Standards (Treasury/Commerce reply)
(11:15am - 11:20am)

- We are working with our Congress to ratify our Agreement on the Avoidance of Double Taxation.
- We are willing to consider negotiating with you an Agreement on Conformity Assessments and Standards. **(DOC: Are we? Why?)**

RDA - USAID's Paula Feeney now will lead a short discussion on USAID's closeout in Latvia, followed by a Latvian reply.

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USAID Closeout (11:20am - 11:25am)

- *USAID, what do you want to say?*

(Latvian response)

RDA - Latvia now will lead us in a discussion on law enforcement cooperation. Brian Furness from the State Department's Bureau of International Narcotics and Law Enforcement then will respond, followed by Ray Smith of the Department's Non-proliferation and Disarmament Fund.

(Latvians make their presentation)

Law Enforcement Cooperation (INL - Brian Furness reply)
(11:25am - 11:30am)

- Through our legal attaché's office in Embassy Tallinn, we look forward to continuing our cooperation in law enforcement issues. We also are pleased that Latvian law enforcement agencies will participate in the development of the UN Convention against International Organized Crime. Let us know how your efforts will proceed and how we can help.
- We have attempted to make US law enforcement assistance, coordinated through the State Department, responsive to Latvian concerns and relevant to the challenges Latvia faces.
- For instance, our response to the bombing of the Jewish synagogue in Riga last year included a blast investigation team from the Bureau of Alcohol, Tobacco and Firearms (ATF).
- We are pleased that the assistance provided has been timely and useful. We look forward to continued cooperation with the Latvian Government on law enforcement issues, bilaterally and regionally, for instance in the context of the Council of Baltic Sea States.
- The US Law Enforcement Assistance Program for Latvia, to be provided under FY99 programs, will:
 1. Focus on training and activities that will build a sustainable legacy with Latvia's graduation from SEED funding;
 2. Build on the capabilities of a number of US law enforcement agencies, including the USDOJ, FBI, DEA, ATF, and USC Customs;
 3. Respond to the priorities and requests developed in conjunction with the Latvian Government, among them countering corruption, combating money laundering and

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financial crimes, and attacking transnational organized crime;

4. Continue to develop the basic and specific capabilities of Latvia's law enforcement agencies, especially to combat organized criminal activity (i.e., post-blast investigation techniques that will build on the training provided in previous years on dealing with bombing incidents, counternarcotics investigations, and undercover operations.
 5. Focus on improving Latvia's ability to control its borders (i.e., contraband enforcement team and confidential source development, especially in a border context).
- INL's understanding of the law enforcement challenges faced by Latvia has benefited from our close contacts with the Latvian Embassy here in Washington.....just as our Embassy in Riga has from the excellent working relationships with Latvian law enforcement agencies there.
 - We encourage you to continue using these channels of communication, as well as contacts with the representatives of US law enforcement agencies accredited to Latvia.
 - After careful review, we cannot endorse the proposed use of the \$500,000 in soft earmark funds to purchase mobile telephone intercept equipment for the Latvian State Police Organized Crime Bureau. However, we would favorably consider any Latvian request for computer hardware and for financing FBI's NCIC stolen car tracking system, already scheduled for installation in Latvia.

TRACKER (Export control assistance) (PM/NDF - Ray Smith reply)
(12:15pm - 12:45pm)

- We have prepared a MOU to facilitate our cooperation in automating Latvia's export licensing system through an updated "TRACKER" system [a network-based software system that can be installed within a single ministry or agency solely for internal use, or connected in a network with other government agencies or even foreign countries. It makes possible improved communication regarding the cross-border transportation of sensitive military and dual-use materials and wider sharing of information about them. It not only can be used to speed up the export licensing process, but also to ensure greater control over the process]. When can we complete our discussions on this MOU?

RDA - Latvia will continue with an update on science and technology cooperation, to which Frank Finver from the State

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Department's Bureau of Oceans and International Environmental and Scientific Affairs will respond.

S&T Cooperation (OES response) (11:30am - 11:35am)

- We have noticed that better U.S. technologies and lower prices, which ought to make us more competitive, frequently fail to carry the day because the EU and the Nordics frequently bundle up turnkey projects for their companies with financing packages. If the financing requirements figure in the bids responsive to tenders, we can lose. Furthermore, project pre-feasibility work done by contractors under donor grants often get an inside track on the eventual tender.
- The Riga environmental technologies program in May should give us a real test case for U.S. private sector interests, and we will support our companies with the maximum creativity and "commercial bundling" we can apply. We also look forward to renewing our 1994 S&T agreements this spring.
- *OES, what more can we say?*

Technology Controls and Transfer (if raised)

- As Latvia continues to tighten its export controls and demonstrates specific demands for access to higher technology, we will review our standards for Latvia's eligibility.

RDA - For our next agenda item, we understand that in 1994, Latvia requested the opportunity to export silicon fiber "cloth" used in DOD shipyard welding. Then, however, the Administration did not have authority to waive "Buy America" Act legislation barring such imports. After we hear a review from the Latvian delegation, David Cipicchio from the Department of Defense will provide an update on our current policy.

*(Latvian delegation makes its presentation)*U.S. Imports of Valmiera's "Glass Cloth" (DOD- D.Cipicchio reply) (11:35am - 11:40am)

- The signing in 1998 of our bilateral GSOMIA allows the President to waive the "Buy America" Act under certain conditions. We now will pursue this opportunity with a view to "best value" and "lowest cost" to the U.S. taxpayer.

RDA - Latvia will offer its next presentation on environmental cooperation, to which Wendy Grieder of the U.S. Environmental Protection Agency will respond.

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(Latvian State Minister for Environment makes presentation)

Environmental Cooperation (EPA reply) (11:40am - 11:45am)

- We also are working to build existing ties between Baltic Sea and Great Lakes countries and addressing environmental problems of mutual concern through exchanges of scientific experts, workshops and seminars, field studies, shared environmental management approaches, and joint action teams that address key environmental problems. Our focus is on persistent toxics and exotic species.
- **Wendy, what else can we say?**

RDA - Moving to our last agenda item, Minister Slesers, I invite you to make your delegation's presentation on agricultural and financial sector developments, including Baltic economic cooperation.

(Latvian delegation makes its presentation)

RDA - I'd like to ask Richard Steinkamp from the Foreign Agricultural Service at the Department of Agriculture to update you on a promising initiative we are funding under our MOU. After Richard's presentation, Juhan Jaakson from the Treasury Department and Robert Kiene from the State Department's Office of Russian Affairs will join me in response to the rest of your presentation.

Agricultural Cooperation (USDA makes these points)
11:45am - 11:50am

- We want to use our MOU on Agricultural Cooperation as a mechanism to address creatively our shared desires to promote agricultural exports in Northern Europe. We would like to effect this cooperation through:
 1. The organization of symposia, conferences, and annual trade missions;
 2. The facilitation of mutually beneficial agribusiness and commercial activities; and
 3. The development of research, links, and exchanges.
- Some of these fields include biological control, dairy, exotic diseases and pests, germplasm, human nutrition, health and food safety, new uses for and added value to agricultural and forestry products, trade barriers, phytosanitary issues, water and soil quality and waste management.

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- We understand that the Ministry of Agriculture has requested assistance in four areas:
 1. Development of an Information Outreach System to provide and evaluate information on agricultural production, policy, inputs, market development and their appropriate uses, and availability;
 2. Training programs designed to increase and support rural development, dealing with the difficulties and challenges created by consolidation of the agriculture industry and attendant displacement of producers;
 3. Technical assistance and training to improve business development, trade markets, and production; and
 4. Training to improve the awareness and acceptance of biotechnology and veterinary certification standards.
- USDA currently is working on a package of [at least \$400,000 in] technical assistance over three years to facilitate this type of cooperation under our MOU. We anticipate being in a position to review draft letters of implementation with the Latvian Ministry of Agriculture in the near term. We welcome your comments in shaping these programs to our mutual benefit.
- Promotion of US-Latvian exports to this region is an objective. This also can be furthered through the Cochran Fellowship Program, under which short-term training in the United States is offered to Latvian management and government personnel. In addition, the Agribusiness Linkages Program (Aglink) promotes joint business opportunities by providing travel and training assistance to qualified businesses, so they can match with counterparts on joint trading activities.

Financial Developments (Treasury makes these points)

11:50am - 11:55am

- *Treasury, please provide concise, canned language. Thanks!*

Regional Economic Cooperation (EUR/RUS makes these points)

11:50am - 11:55am

- *EUR/RUS, please provide concise, canned language. Thanks!*

RDA - Mr. Minister, I now would invite you to offer your closing remarks.

(Slesers offers his closing remarks)

RDA - I think we would all agree that this has been a fruitful discussion. We look forward to using these economic bilateral working groups to resolve our bilateral problems and to

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gain momentum on those projects of mutual interest. Progress in these areas will help ensure your permanent security and place among the Western family of nations. I would ask members of our delegations to agree on minutes that we can circulate in our capitals in the near future. I thank you again for this most useful exchange and look forward to seeing you in Riga next year.

(Meeting is adjourned)

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White House Press Guidance
September 23, 1997

Poland: Elections & Col. Kuklinski

Elections

What is your reaction to the Polish elections?

-- The Polish elections were another manifestation of the strength and maturity of Polish democracy. The campaign was conducted on a high plane and afforded the electorate the opportunity to make some clear choices about Poland's future.

-- We expect to work closely with whatever coalition government is ultimately formed to advance our many common interests and to continue Poland's integration into NATO and other trans-Atlantic institutions.

Kuklinski

Do you have any reaction to the Polish government's announcement that it has dropped espionage charges against Col. Kuklinski?

-- We welcome the announcement today by Polish judicial authorities (military procurator who operates under the authority of the Minister of Justice) today that they have dropped all charges against Polish Army Colonel Ryszard Kuklinski, who has been under investigation for espionage in a case dating back to 1984. A 1995 Polish Supreme Court ruling had already dismissed the charge of high treason.

-- President Kwasniewski and the Polish judicial authorities deserve praise for their handling of this sensitive issue. The timing of the announcement, just after the Polish parliamentary

U.S. - LATVIA ECONOMIC BILATERAL WORKING GROUP
MAY 26, 1998, WASHINGTON, DC
AGENDA

09:30am - NOON MULTILATERAL ISSUES

09:30am - 09:45am Opening remarks by U/S Eizenstat and
Latvian Finance Minister Roberts Zile

09:45am - 10:00am U.S.-Latvian Relations and the NEI
(regional cooperation and development)
(U.S. lead - EUR/DAS Asmus)

→ 10:00am - 10:30am The EU and the US-Latvian Relationship
Effect of accession process
(US lead, Latvian response)

② 10:30am - 11:00am WTO, OECD and IPR protection
(Latvian lead, USTR response)

11:00am - 11:30am U.S.-Latvian Commercial/Investment
Relationship (prospects/problems)
(Latvian lead, USDOC response)

11:30am - 12:00pm Energy/Transit cooperation
(Latvian lead, US response)

12:00pm - 2:00pm EUR DAS Asmus-hosted lunch on 8th floor

2:00pm - 4:00pm BILATERAL ISSUES

2:00pm - 2:30pm Law Enforcement Cooperation
(U.S. Lead/Latvian response)

2:30pm - 3:00pm U.S. Assistance review
(USAID, USDA, BAMEF, BAPF)
(U.S. lead, Latvian response)

3:00pm - 3:30pm Commercial promotion
US projects status
(US lead, Latvian response)

3:30pm - 3:45pm Summary; "agreed minutes"

3:45pm - 4:00pm closing remarks by DAS Asmus/Min. Zile

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FAX COVER SHEET

TO: S. FLANAGAN

FROM:

PAGES TO FOLLOW: 1

DATE: OCTOBER 14

Message:



LATVIJAS VĒSTNIECĪBA
EMBASSY OF LATVIA

LATVIA JOINS THE WORLD TRADE ORGANIZATION

October 14, 1998

Today in Geneva the General Council of the World Trade Organization (WTO) approved accession of Latvia to this organization. Latvia is the first European country which after regaining its independence from the Soviet Union joined the global economic body.

WTO Director General Renato Ruggero said that Latvia and the Kyrgyz Republic, which was also admitted on Wednesday, both have forged the way to membership in the organization for other countries in the post-Soviet region.

WTO procedures require that after the WTO General Council's approval the prospective new member ratify its membership in accordance with its national procedures. Membership takes effect 30 days after the new member has notified the WTO of its ratification.

Latvia first applied for joining the General Agreement on Tariffs and Trade in 1993. A Working Party to join the WTO was established in 1995. The process of accession has been greatly accelerated by the willingness of Latvia to bring its economic and trade regime into conformity with WTO rules and obligations as rapidly as possible, by putting in place the necessary implementing legislation prior to accession.

The following 30 governments have requested to join the WTO. Their applications are currently being considered by accession working parties: Albania, Algeria, Andorra, Armenia, Azerbaijan, Belarus, Cambodia, People's Republic of China, Croatia, Estonia, Georgia, Jordan, Kazakhstan, Lao People's Democratic Republic, Lithuania, Former Yugoslav Republic of Macedonia, Moldova, Nepal, Oman, Russian Federation, Samoa, Saudi Arabia, Seychelles, Sudan, Chinese Taipei, Tonga, Ukraine, Uzbekistan, Vanuatu and Vietnam.

LATVIA WTO ACCESSION BACKGROUND

Latvia is caught between competing EU and U.S. demands on audiovisual services. We have requested, and Latvia is prepared to agree, that Latvia maintain its audiovisual services market open as part of its accession to the WTO. The EU, however, urged on by France, is insisting that Latvia not make these commitments, using the leverage of Latvia's eventual membership in the EU.

Latvia, Lithuania and Estonia are among 30 or so nations acceding to the World Trade Organization. Each country joining the WTO must provide commitments on treatment of service suppliers (accountancy firms, banks, insurance companies, or telecommunications companies) of other WTO members. The content and scope of these commitments are the subjects of negotiation with each acceding country.

The three Baltic states are close to completing WTO accession negotiations, with Latvia the furthest ahead. While there are other outstanding goods, services and agricultural issues in each of the Baltic accessions, the most politically contentious issue is audiovisual services. Latvia is the first country acceding to the WTO that may also join the EU, although probably not before 2005 at the earliest (Latvia is in the second tier of EU applicant countries).

Since the conclusion of the Uruguay Round, an important U.S. objective in all WTO accessions is to maintain markets open to U.S. exports of films, television shows and home video, worth more than \$10.2 billion annually. We have been successful in obtaining these commitments from countries acceding to the WTO.

The EU has instructed the Baltics, as future EU members, not to take commitments in the audiovisual sector. No current EU member made market access commitments for audiovisual services, and most took a series of exemptions from WTO rules that permit them to discriminate in the sector among trading partners.

Our request to Latvia in audiovisual services is a compromise that would accommodate the EU's current practices and at the same time ensure that potential EU members applying to the WTO keep their markets open in this sector at least until they become EU members. We have tabled similar requests of Russia and some half-dozen other former Soviet Union countries acceding to the WTO.

When the EU encourages potential EU members to introduce or maintain restrictive measures in advance of their entry into the EU, it is effectively restricting MFN trade liberalization to suit its own interests. It is also undermining WTO rules aimed at ensuring that preferential trade agreements - like the EU - do not have a chilling effect on world trade. Similarly the EU also has encouraged its prospective new members to raise tariffs and agricultural supports to very high EU levels when they join the WTO, to provide a more protected market for EU exports afterwards.

LATVIA WTO ACCESSION

- I am disappointed that the EU continues to characterize the United States as preventing Latvia from joining the World Trade Organization (WTO). We have proposed a significant and fair compromise on the audiovisual services issue to your negotiators. We are still awaiting a response.
- Latvia has assured us at senior levels that it is prepared to undertake these commitments. It is unfair to Latvia and unacceptable to us that the EU seeks to impose its own views on Latvia. This is one of a handful of issues remaining in Latvia's WTO accession.
- We both want to see Latvia in the WTO. Given recent events in Latvia, it is especially important that we should keep to our last Summit's goal of ensuring Baltic accession by year's end.
- The United States and the EU both have market access concerns in the audiovisual area [Note: U.S. industry estimates its exports at \$10 billion annually.] We will need to make a good faith effort to address each other's problems and resolve this issue in a satisfactory way. Let's agree to have our officials engage substantively and constructively.

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT



Cover + 3 pages

Name

Agency/Company

Fax

Steve Flanagan

NSC

From: Peter Collins

Phone: 202/395-7271

Fax: 202/395-3891

Subject: Latvia - WTO Accession

Comments: Please call with comments or questions.

DRAFT

MEMORANDUM FOR THE PRESIDENT

FROM: Charlene Barshefsky

SUBJECT: EU Summit - Latvia's Accession to the World Trade Organization

ISSUE

I request that you raise with President Santer at the Summit the EU's continued blocking of Latvia's admission to the World Trade Organization.

Latvia is caught between competing EU and U.S. demands on audiovisual services. We have requested -- and Latvia is prepared to agree -- that Latvia maintain its audiovisual services market open as part of its accession to the WTO. The EU, however -- urged on by France -- is insisting that Latvia *not* make these commitments, using the leverage of Latvia's eventual membership in the EU.

SUGGESTED POINTS TO MAKE

- I am dismayed that the EU continues to prevent Latvia from acceding to the WTO by insisting that Latvia not undertake commitments in audiovisual services. In December, you raised Latvia's accession with me, asking that our officials seek a solution. Ambassador Barshefsky responded promptly. Her staff met with Sir Leon's staff on at least three occasions, and last month she wrote Sir Leon in yet another attempt to move forward.
- Latvia is prepared to join the WTO with audiovisual commitments. The time has come for the EU to work constructively to find an acceptable alternative.
- In reality, this issue has nothing to do with Latvia or audiovisual commitments. It has to do with the EU's desire to extend the scope of its trade policy to *potential* EU members long before it is entitled to do so under WTO rules.
- It is unacceptable to say that because Latvia plans to join the EU in five, or seven, or 10 years, Latvia today must follow Community policy on audiovisual services. WTO accession and EU membership are two separate procedures. Neither of us is helped if the EU tries to undermine WTO procedures in anticipation of expanded EU membership sometime in the future.
- The time has come for our officials to engage substantively and constructively on this issue.

If Santer claims that audiovisual issues are the only sticking point in Latvia's WTO accession:

- This is simply incorrect. Other WTO issues remain before Latvia can conclude its

accession negotiations, including protection of intellectual property rights and commitments on agriculture market access.

If Santer claims the U.S. is trying to unravel the "ceasefire" on audiovisual issues from the end of the Uruguay Round, or that Latvia's audiovisual market has little commercial importance:

- Like you, we are seeking to negotiate commercially meaningful commitments from each of the thirty or so countries acceding to the WTO. American filmed entertainment is popular in virtually every country in the world -- our industry estimates annual exports at over \$10 billion.

If Santer claims that the U.S. is asking more from Latvia than from original WTO Members during the Uruguay Round:

- In the Uruguay Round, countries provided commitments to maintain their current practices and not implement further restrictions ["standstill" commitments]. We are asking *less* than that from Latvia. In our request of Latvia and the other Baltics, we have specifically excluded commitments in the three areas where the Baltics have an open market but for which the EU itself has taken audiovisual exceptions to WTO obligations:
 - the Broadcast Directive, which encourages, but does not require, governments to reserve up to 51 percent of airtime in certain entertainment programming for "European" works;
 - support programs for the domestic film industry; and
 - preferential treatment of films produced under government-to-government "coproduction" agreements.
- Our request of Latvia and the other Baltics asks for commitments only in other areas (e.g., establishment of cinema chains and freedom from airtime quotas in programming not subject to the Broadcast Directive) consistent with current EU and Latvian practice

BACKGROUND

Latvia, Lithuania, and Estonia are among 30 or so countries acceding to the World Trade Organization. Each country joining the WTO must provide commitments on treatment of service suppliers (for example, accountancy firms, banks, insurance companies, or telecommunications companies) of other WTO Members. The content and scope of these commitments is the subject of negotiation with each acceding country.

The three Baltic states are close to completing WTO accession negotiations, with Latvia the furthest ahead. While there are other outstanding goods, services, and agriculture issues in each of the Baltic accessions, the most politically contentious issue is audiovisual services. Latvia is the first country acceding to the WTO that may also join the EU, although probably not before 2005,

at the earliest (Latvia is in the second tier of EU applicant countries).

Audiovisual Services Commitments

Since the conclusion of the Uruguay Round, an important U.S. objective in all WTO accessions is to obtain commitments to maintain markets open to U.S. exports of films, television shows, and home video. Our industry estimates these exports at \$10.2 billion for 1995. We have been successful in obtaining these commitments from countries acceding to the WTO.

The EU has instructed the Baltics, as future EU members, not to take commitments in the audiovisual sector. No current EU member made market access commitments for audiovisual services, and most took a series of exemptions from WTO rules that permit them to discriminate in this sector among trading partners.

Our request to Latvia in audiovisual services is a compromise that would accommodate the EU's current practices and at the same time ensure that potential EU members applying to the WTO keep their markets open for audiovisual services at least until they become EU members. We have tabled or soon will table similar requests of Russia and some half-dozen other former Soviet Union countries acceding to the WTO.

We have told the Baltics that we cannot "sell" a package domestically that excludes this sector completely, given its commercial significance. Latvia and the other Baltics feel caught between the EU and the United States. Latvia's Finance Minister reconfirmed last month that his government is prepared to make audiovisual commitments in the WTO. Estonia had already included such commitments in one of its first draft submissions to the WTO.

Troubling WTO Implications

The EU's insistence that *potential* EU members, including those years from membership, conform *now* to the commitments taken by the EU in the Uruguay Round is troubling. When the EU encourages potential EU members to introduce or maintain restrictive measures in advance of their entry into the EU, it is effectively restricting MFN trade liberalization to suit its own interests. It is also undermining WTO rules aimed at ensuring that preferential trade agreements -- like the EU -- do not have a chilling effect on world trade. Similarly, the EU also has encouraged its prospective new members to raise tariffs and agricultural supports to very high EU levels when they join the WTO, to provide a more protected market for EU exports afterwards.