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001. briefing	Re: Skrunda Radar Site: Dismantlement Assistance (1 page)	ea. 07/1994	P1/b(1) VZ 9/21/2023
002. briefing	Re: Kalingrad (1 page)	ea. 07/1994	P1/b(1) VZ
003. briefing	Re: The Russian Minority in the Baltic States (2 pages)	ea. 07/1994	P1/b(1) VZ
004. briefing	Re: Lithuania: Political Economic Overview (2 pages)	ea. 07/1994	P1/b(1) VZ
005. briefing	Re: Latvia: Political Economic Overview (2 pages)	ea. 07/1994	P1/b(1) VZ
006. briefing	Re: Estonia: Political Economic Overview (2 pages)	ea. 07/1994	P1/b(1) VZ
007. briefing	Re: Latvia (1 page)	ea. 07/1994	P1/b(1) VZ
008. briefing	Re: Russian Troop Withdrawals (2 pages)	ea. 07/1994	P1/b(1) VZ
009. briefing	Re: Meeting with the Three Baltic Presidents (3 pages)	ea. 07/1994	P1/b(1) VZ
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RESTRICTION CODES

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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]

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RR. Document will be reviewed upon request.

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

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EMBASSY OF LATVIA

4325 17th St.NW

Washington, D.C. 20011

TEL: 202-726-8213 FAX: 202-726-6785

MEMORANDUM

TO: Nick Burns**FROM: Ojars Kalnins****DATE: July 15, 1994**

First of all I want to thank you and everyone else at the White House who was responsible for the President's visit. It was indeed a glorious, historic day. I probably don't need to tell you how much this event meant to the Latvian people. And history will no doubt determine what those 6 hours in Riga will have meant for the Baltic States. Despite the political changes that are occurring in Latvia at the moment (a normal part of the democratic process I guess), President Clinton managed to bring all the Latvian people together in a rare moment of joy and unity on July 6. I was told that nothing like that had been felt in Riga since the barricades and street demonstrations of 1991. Please convey my special thanks and admiration to Bob Boorstin and the others who were responsible for the President's speech. It was a masterpiece. Everyone I spoke to in Riga, regardless of political affiliation, education or social standing was deeply moved by the speech.

There is much yet to talk about, and I would love to provide some more observations and comments about the event, but time moves on. I leave for Riga next Tuesday, July 19 for a three week "holiday" (fat chance!) and will be back in DC after August 9. Until then I have one request. If you have time today or this weekend to talk, I'd like to discuss it. Martin Virsis and Maira Moira want very much to sit down with you in the next few weeks to discuss some of the issues that were raised last week. Virsis had hoped you could come to Riga for a few days. I told him that might be difficult, but a more realistic scenario would be Virsis, Mora and Aivars Vovers coming to Washington in mid-August for a few days of working meetings, with you, DOD and State. Clearly, this would have to be after I return on August 9. Please let me know whether this would be feasible. If I can pass that on to Virsis before I depart DC next week, it would be appreciated.

I will be in DC this weekend, packing and preparing for my holiday, but could get together with you briefly if that's possible. If it is, please call or leave a message at the Embassy today.

Thanks again for everything. You guys did a masterful job.

DRAFT PRESIDENTIAL REMARKS

for delivery in the Oval Office

Long years ago, we in the United States established June 14 as "Baltic Freedom Day," a day we deliberately chose to honor and remember the courageous determination and sacrifices of the people of Estonia, Latvia and Lithuania in their valiant struggle for freedom against Soviet occupation. In fulfillment of its promises, Russia withdrew those troops from Lithuania last year, and within a matter of weeks will have done the same from Latvia and we hope Estonia. While we rejoiced with you in the reestablishment of your independence in August 1991, we are even more delighted that we are nearing the completion of this process symbolically represents what we have worked together so hard for so many years to achieve: true Baltic freedom.

That is why I selected June 14 to announce that Riga will be the important first stop on my upcoming European tour, beginning July 6. I will be the first American President ever to visit the Baltic Republics.

For the past fifty years our relationship has focused on regaining your independence and getting foreign occupation troops withdrawn from your countries. We are proud to have to have played a very constructive role in getting this done. Having never recognized the forcible incorporation of the Baltic States into the Soviet Union, we never forgot you during the dark years of occupation, and we will not forget you now. In this new era of U.S. - Baltic relations, it is time for us to close the door on the past and look ahead to what we can achieve together as you take your rightful place in the new security structure of Europe.

For the United States, the Baltic States are an extremely poignant place to tackle head-on the new challenge facing all of Europe and the United States in addressing post-Cold War security structures. The West today faces a challenge similar to the one it faced at the end of World War II. Back then, it was a common enemy that defined the Western Alliance. Today, that common enemy has turned into a dozen countries that have to be incorporated into a new Western system based on cooperation and the mutually satisfactory resolution of tough problems that have emerged from the Cold War or that carried over from before World War II. I want to reinforce that any structure based on spheres of influence will only lead to confrontation and the redivision of Europe. I will drive home the unequivocal message that neither the Baltics nor any other country in Eastern Europe or the former Soviet Union is anyone's "back yard."

NATO and the CSCE are the cornerstones of the new security structure in Europe. But parallel and equally important with this security dimension is the responsibility of all newly independent states and the new democracies in Central and Eastern Europe to work very hard at their economic transition to free market economies. However hard or painful economic reform may be to endure, without it there cannot be economic prosperity or political stability in the region. By itself, Western aid cannot assure the success of that transition. Each country needs to make the hard choices and implement its privatization with a singular goal of economic recovery in sight. What better place for the West to pronounce that

message than in the Baltics, where Estonia is projected to have the highest real growth in all of Europe this year and where both Lithuania and Latvia have made significant economic strides in the past year. You are making those tough decisions and in true Baltic spirit, sticking by them resolutely.

The United States eagerly looks forward to open a new door on our relations and focus more fully on our bilateral ties with each Baltic Republic, and we strongly believe that this primarily will happen through trade, investment, and cooperative projects in the fields of science, technology, and regional security.

The enthusiastic reception by your respective Governments for Partnership for Peace, and the establishment of a joint peacekeeping battalion, has encouraged me to send a \$10 million proposal to Congress in support of the Battalion and other such cooperation. We look forward to developing expanded defense and security relationships with Lithuania, Latvia and Estonia bilaterally and multilaterally in a European context. Also, in Latvia and Estonia, we will be involved through CSCE and bilateral programs in making sure that the troop withdrawal agreements are implemented smoothly.

I am honored to be the first U.S. President to visit the Baltic States and look forward to my trip. This visit represents our genuine commitment to the sovereignty, democracy and prosperity of the Republics of Estonia, Latvia and Lithuania within our longstanding friendship and within the European institutional framework.

Elagu Eesti Vabariigi! (Long Live The Republic of Estonia)
(AY-lah-goo AAY-stee VAH-bah-ree-ghee)!

Saules muzu Latvijai! (SOW-less MOO-zhoo LAHT-vee-EYE)
(Long Live The Republic of Latvia)

Tegyvuojia Lietuvos Respublika!
(Long Live The Republic of Lithuania)
(TEH-ghee-VUOY-uh LYAY-tyu-voes RES-poob-lick-uh)!

Thank you.

NATIONAL SECURITY COUNCIL

June 20, 1994

Note for Bob Boerstlin

Please find attached the background information on Latvia that you requested.

I apologize for failing to get this to you over the weekend.

Nick

Official Name:

REPUBLIC OF LATVIA

PROFILE

GEOGRAPHY

Area: 64,100 sq. km. (25,640 sq. miles); about the size of West Virginia. Cities: Capital--Riga (1989 pop. 910,455); Daugavpils (124,910); Liepaja (114,486); Jelgava (74,105); Jūrmala (60,600); Ventspils (50,646); Rēzekne (42,477).

Terrain: Fertile low-lying plains predominate in central Latvia, highlands in Vidzeme and Latgale to the east, and hilly moraine in the western Kurzeme region. Forests cover one-third of the country, with over 3,000 small lakes and numerous bogs.

Land Use: 27% arable land, 13% meadows and pastures, 39% forest and woodland, 21% other.

The climate is temperate, with four seasons of almost equal length. January temperatures average -5°C (23°F); July, 17°C (63°F). Annual precipitation averages 57 centimeters (23 in.).

PEOPLE

Nationality: Noun and adjective--Latvian(s).

Population: 2.6 million. Growth Rate--0.6%. Birth Rate--14/1,000. Death Rate--13/1,000. Divorce Rate--40%. Migration Rate--4 migrants/1,000. Density--105/sq. mile. Urban Dwellers--71%.

Ethnic groups: Latvian 51.8%, Russians 33.8%, Belorussians 4.5%, Ukrainians 3.4%, Poles 2.3%. Religions: Lutheran, Orthodox, Roman Catholic. State Language: Latvian. Russian also is spoken by most people.

Education: Years compulsory: 9. By 1989, 60% of the adult populace had finished high school, and 12% had completed college. Attendance--331,100 students at 943 schools, plus 114,200 university students. Literacy--99%.

Health: Infant mortality rate--16/1,000. Life expectancy--65 years male, 75 female. Work force (1,405,000 people): Agriculture/Forestry--16%, Industry--30%, Trade/Dining--9%, Transport/Communication--7%, Construction--10%, Financial--1%, Services, other--27%.

GOVERNMENT

Type: parliamentary democracy.

Constitution: The 1922 constitution, the 1990 declaration of renewal of independence, and the 1991 "Basic Law for the Period of Transition" serve until a new constitution is ratified.

Branches: Executive--Chairman of Parliament (Head of State), elected by Parliament every five years; Prime Minister (Head of Government).

Legislative--Saeima (100-member body). Judicial--Supreme Court.

Administrative regions: 26 "rural" districts and 6 districts in Riga.

Principal Political Factions:

Union "Latvia's Way"	36 seats;
Farmers Union	12 seats;
National Independence Movement (LNNK)	15 seats;
"Harmony for Latvia" Coalition	13 seats;
"Equal Rights" Faction	07 seats;
Christian Democrats	06 seats.
"Fatherland and Freedom"	06 seats;
Democratic Center Party	05 seats;

Suffrage: 18 years - universal

Central government budget: 85.7 billion lvr (\$520 million).

Defense: 2.5 billion latvian rubles (2.9% of budget)

National holidays: November 18 - Independence Day.

Flag: Two horizontal, maroon bands of equal width divided by a white stripe one-half the width.

ECONOMY

1992 GDP: 182 billion latvian rubles. Growth rate: -33%.

Inflation rate: 30%. Unemployment: 5%.

Natural resources: peat, limestone, dolomite, gypsum, timber.

Agriculture/Forestry (24% of GDP): Products--cattle, dairy foods, cereals, potatoes. Cultivable land--1.36 million ha, of which 60% is arable, 18% meadow, and 13% pasture.

Manufacturing/Electricity (45% of GDP): light electrical equipment and fittings, textiles and footwear, technological instruments, construction materials, processed foods.

Services (23% of GDP): transportation, public dining.

Construction (7% of GDP): construction materials.

Other (1% of GDP): fishing, mining

Trade: Exports--\$803 million: transshipment of crude oil; metals, timber and paper products; furniture; dairy and fish products; light industrial products and machinery, chemical products, textiles and clothing. Major markets--Russia 43%, Netherlands 12%, Germany 10%, Sweden 10%, Ukraine 9%, Belarus 7%. Imports--\$1.1 billion: fuel, food, raw materials, machinery. Partners--Russia 29%, Germany 10%, Lithuania 10%, Sweden 5%, Belarus 4%.

Official exchange rate: One lats (Ls) = 100 santimi.

1 USD = .573 Ls.

Membership in International Organizations: UN, CSCE, NACC, IAEA, CERCO, ICES, ICAO, IAEA, UNESCO, UNICEF, IMF, WB/EBRD, and other UN-related organizations.

GEOGRAPHY

Between 55.40 and 58.05 latitude and 20.58 and 28.14 longitude, Latvia lies on the eastern shores of the Baltic Sea on the level northwestern part of the rising East European platform. 98% of the country lies under 200m elevation (640 ft.). The damp climate resembles New England's. With the exception of the coastal plains, the Ice Age divided Latvia into three main regions: the morainic Western and Eastern uplands and the Middle lowlands. Latvia holds over 12,000 rivers, only 17 of which are longer than 60 miles, and over 3,000 small lakes, most of which are eutrophic. Woodland, more than half of which is pine, covers 41% of the country. Other than peat, dolomite and limestone, natural resources are scarce. Latvia holds 531km (329 mi.) of sandy coastline, and the ports of Liepaja and Ventspils provide important warm-water harbors for the Baltic littoral, although the Bay of Riga itself is rather polluted.

Today, Latvia is slightly larger than Denmark, Estonia, the Netherlands and Switzerland. Its strategic location has instigated many wars between rival powers on its territory. As recently as 1944, the USSR granted Russia the Abrene region on the Livonian frontier, which Latvia still contests.

PEOPLE

Latvians occasionally refer to themselves by the ancient name of "Latviji," which may have originated from a "Latve" river that presumably flowed through what is now eastern Latvia. A small Finno-Ugric tribe known as the Livs settled among the Latvians and modulated the name to "Latvis," meaning "forest-clearers," which is how medieval German settlers also referred to these peoples. The German colonizers changed this name to "Lette" and called their initially small colony "Livland." The Latin form, "Livonia," gradually referred to the whole of modern-day Latvia as well as southern Estonia, which had fallen under German dominion. Latvians and Lithuanians are the only directly surviving members of the Baltic peoples and languages of the Indo-European family.

Latvians look like, and consider themselves, Nordics, evidenced through the strong cultural and religious influences gained over centuries during Germanic and Scandinavian colonization and settlement. Eastern Latvia (Latgale), however, retains a strong Polish and Russian cultural and linguistic influence. This highly literate society places strong emphasis upon education, which is free and compulsory until age 16. Most Latvians belong to the Evangelical Lutheran Church, a sizeable minority are Russian Orthodox, and Eastern Latvia is predominantly Roman Catholic.

Historically, Latvia always has had a fairly large Russian, Jewish, German and Polish minority, but postwar emigration, deportations and Soviet Russification policies from 1939-1989 dropped the percentage of ethnic Latvians in Latvia from 73% to 52%. In an attempt to preserve the Latvian language and avoid ethnic Latvians becoming a minority in their own country, Latvia's strict language law and draft citizenship law have caused many non-citizen resident Russians concern over their ability to assimilate, despite Latvian legal guarantees of universal human and civil rights regardless of citizenship.

Written with the Latin alphabet, Latvian is the language of the Latvian people and the official language of the country. It is an inflective language with several analytical forms, three dialects, and German syntactical influence. The oldest known examples of written Latvian are from a 1585 catechism. The Soviets imposed the official use of Russian, so most Latvians speak Russian as a second or first language while the resident Slavic populace generally speaks Russian as a first language.

HISTORY

Since 9,000 BC ancient peoples of unknown origin had inhabited Latvia, but by 3,000 BC the ancestors of the Finns had settled the region. A millenium later, pre-Baltic tribes had arrived and within time evolved into the Baltic Couranian, Latgallian, Selonian and Semigallian groups. These tribes eventually formed local governments independently from the Finno-Ugric Livian tribe until the thirteenth century, when they were conquered by the Germans, who renamed the territory Livonia. German sailors shipwrecked on the Daugava River in 1054 had inhabited the area, which led to increasing German influence. Founded by the Germanic Bishop Alberth of Livonia in 1201, Riga joined the Hanseatic League in 1285 and shared important cultural and economic ties to the rest of Europe. However, the new German nobility enserfed the peasantry and accorded non-Germanic peoples only limited trading and property rights.

Subsequent wars and treaties ensured Livonia's partition and colonization for centuries. The Commonwealth's successes during the Livonian Wars (1558-1583) united the Latvian-populated duchies of Pärdaugava, Kurzeme and Zemgale, but the Polish-Swedish War (1600-1629) granted Sweden acquisition of Riga and the Duchy of Pärdaugava, minus Latgale, leaving Latvia again split ethnically. In turn, victory over Sweden in the Great Northern War (1700-1721) gave Russia control over the Latvian territories. From 1804 onwards, a series of local decrees gradually weakened the grip of German nobility over peasant society, and in 1849 a law granted a legal basis for the creation of peasant-owned farms.

Until the 1860s, there still was little sense of a Latvian national identity, as both serfdom and institutional controls to migration and social mobility limited the boundaries of the peasants' intellectual and social geography. The large baronic estates caused a lack of available farmland for an increasing population, creating a large landless, urban class comprising about 60% of the population. Also in the face of stricter Russification policies, the Baltic German clergy and literati began to take a more benevolent interest in the distinctive language and culture of the Latvian peasantry. These patrons (with such Lettish names as Alunans, Barons, Krastins, Kronvalds, Tomsons and Valdemärs) soon formed the Young Latvian Movement, whose aim was to promote the indigenous language and to publicize and counteract the socio-economic oppression of Latvians.

By 1901 "Jauna Strava" had evolved into the Latvian Social Democratic Party. Following the lead of the Austrian Marxists, the LSDP advocated the transformation of the Russian Empire into a federation of democratic states (to include Latvia) and the adoption of cultural autonomy policy for extra-territorial ethnic communities. In 1903 the LSDP split into the more radically internationalist Latvian Social Democratic Worker's Party and the more influential Latvian Social Democratic Union (LSDU), which continued to champion national interests and Latvia's national self-determination, especially during the failed 1905 Revolution in Russia.

The onset of WW I brought German occupation of the western coastal province of Kurzeme, and Latvians heroically countered the invasion with the establishment of several regiments of riflemen commanded by Czarist generals. As a defensive measure, Russia dismantled over 500 local Latvian industries, along with technological equipment, and relocated them to central Russia. The sagging military campaign generally increased Latvian and LSDU support for the Bolsheviks' successful October Revolution in 1917, in the hopes of a "free Latvia within free Russia." These circumstances led to the formation of the soviet "Iskolat Republic" in the unoccupied section of Latvia. In opposition to this government and to the landed barons' German sympathies stood primarily the Latvian Provisional National Council and the Riga Democratic Bloc. These and other political parties formed the Latvian People's Council which on November 18, 1918 declared Latvia's independence and formed an army.

The new Latvian army faced rogue elements of the retreating German army and squared off in civil war against the Soviet Red Army, comprised greatly of the former Latvian Riflemen. Soviet power resumed in Latvia one month later on December 17 by order of the Latvian SSR, which forcefully collectivized all land and nationalized all industries and property. By May 22, 1919 the resurgent German Army occupied and devastated Riga for several days. In response, the Latvian army managed to win a decisive battle over the combined German-Red Army forces and thereafter consolidated its success on the eastern Latgale front. These developments led to the dissolution of the Soviet Latvian government on January 13, 1920 and to a peace treaty between Latvia and Soviet Russia on August 11 later that year. By September 22, 1921, Latvia was admitted to the League of Nations.

Having obtained independent statehood in which Latvians were an absolute majority, the Government headed by Prime Minister Ulmanis declared a democratic, parliamentary republic. It recognized Latvian as the official language, granted cultural autonomy to the country's sizeable minorities, and introduced an electoral system into the Latvian constitution, which was adopted in 1922. The decade witnessed sweeping economic reform, as war had devastated Latvian agriculture, and most Russian factories had been evacuated to Russia. Economic depression heightened political turmoil, and on May 15, 1934, Prime Minister Ulmanis dismissed the parliament, banned outspoken and left-wing political parties and tightened authoritarian state control over Latvian social life and the economy.

The effects of the infamous Molotov-Ribbentrop agreement of 1939 steadily forced Latvia under Soviet influence until August 5, 1940, when the Soviet Union finally annexed Latvia. On June 14 of the following year 15,000 Latvian citizens were forcibly deported and a large number of army officers shot. The subsequent German occupation witnessed the mobilization of many Latvians into Waffen SS legions, while some Latvians joined the Red Army and formed resistance groups; others fled to the West and East. By 1945 Latvia's population dropped by one-third.

After the war, the USSR subjected the Latvian republic to a scale of social and economic reorganization which rapidly transformed the rural economy to heavy industry, the strongly ethnically Latvian population into a more multiethnic structure, and the predominantly peasant class into a fully urbanized industrial worker class. As part of the goal to more fully integrate Latvia into the Soviet Union, on March 25, 1949 Stalin again deported another 42,000 Latvians and continued to promote the policy of encouraging Soviet immigration to Latvia. The brief "Krushchev thaw" of the 1950's ended in 1959, when the Soviets dismissed Latvian Communist Party and Government leaders on charges of "bourgeois nationalism" and replaced them with more aggressive hardliners, mostly from Russia.

"Perestroika" enabled Latvians to pursue a bolder nationalistic program, particularly through such general issues as environmental protection. In July 1989, the Latvian Supreme Soviet adopted a "Declaration of Sovereignty" and amended the Constitution to assert the supremacy of its laws over those of the USSR. Pro-independence Latvian Popular Front candidates gained a two-thirds majority in the Supreme Council in the March, 1990 democratic elections. On May 4, the Council declared its intention to restore full Latvian independence after a "transitional" period; three days later, Ivars Godmanis was chosen Council of Ministers Chairman, or Prime Minister.

In January 1991, Soviet political and military forces tried unsuccessfully to overthrow the legitimate Latvian authorities by occupying the central publishing house in Riga and establishing a "Committee of National Salvation" to usurp governmental functions. 73% of all Latvian residents confirmed their strong support for independence March 3 in a nonbinding "advisory" referendum. A large number of ethnic Russians also voted for the proposition.

Latvia claimed de facto independence on August 21, 1991 in the aftermath of the failed Soviet coup attempt. International recognition, including the USSR, followed. The U.S., which had never recognized Latvia's forcible annexation by the USSR, resumed full diplomatic relations with Latvia on September 2.

GOVERNMENT AND POLITICAL CONDITIONS

Latvia emphatically maintains that Russian troop withdrawals remain its highest priority and that its resolution will exponentially speed economic and political reform. Estimated Russian troop strengths now are less than 7,000 men.

In October 1991, the Latvian Supreme Council began deliberations on a citizenship law, which remains to be finalized. Under the accepted guidelines, those who were Latvian citizens in 1940, and their descendants, can claim citizenship. 48% of Latvia's population is ethnically non-Latvian, yet perhaps more than 85% of its ethnic Slavs can pass the residency requirement. The guidelines set naturalization criteria for conversational knowledge of Latvian, a loyalty oath, renunciation of former citizenship, a 16 year residency requirement and a knowledge of the Latvian constitution. Dual citizenship is allowed for those who were forced to leave Latvia during the Soviet occupation and adopted another citizenship. In addition, the resolution calls for excluding criminals, drug addicts, members of the Soviet army, and certain other groups from becoming citizens.

On March 19, 1991 the Supreme Council passed a law explicitly guaranteeing "equal rights to all nationalities and ethnic groups" and "guarantees to all permanent residents in the Republic regardless of their nationality, equal rights to work and wages." The law also prohibits "any activity directed toward nationality discrimination or the promotion of national superiority or hatred."

Significant portions of the 1922 constitution were temporarily reimplemented in autumn 1991, but a citizenship law and new constitution will not be adopted until sometime this autumn. The Government took a census in spring, 1993 to determine eligibility for citizenship. Parliamentary gridlock in the former Supreme Council halted passage of any substantive political or economic legislation.

The Saeima, a unicameral legislative body, is the highest organ of state authority. It initiates and approves legislation sponsored by the Prime Minister. The Prime Minister has full responsibility and control over his cabinet, and the President holds a primarily ceremonial role as Head of State.

In the June 5-6, 1993 elections wherein over 90% of the electorate participated, eight of Latvia's twenty-three registered political parties passed the four percent threshold to enter parliament. The Popular Front, which spearheaded the drive for independence two years ago with a 75% majority in the last parliamentary elections in 1990, did not qualify for representation. The centrist "Latvia's Way" party received a 33% plurality of votes and joined with the Farmer's Union to head a center-right wing coalition government.

Led by the opposition National Independence Party (LNNK), right-wing nationalists won a majority of the seats nationwide and also captured the Riga mayoralty in the May 29 municipal elections. Correctly anticipating that it would do poorly, the governing party "Latvia's Way" spent few resources to contest the elections. Its coalition partner, "Farmers' Union," did well in the countryside while former FM Jurkans' left-leaning "Concord for Latvia" took Eastern Latvia. CSCE and COE observers pronounced the elections free and fair, and turnout averaged just under 60%, despite general voter apathy.

The popular and effective Foreign Minister, Georgs Andrejevs, resigned in early June over poor health and over accusations that he and four other members of Parliament cooperated with the KGB prior to Latvia's independence.

A draft law on naturalization, based on recommendations from the Council of Europe, recently passed its second reading in the saeima.

Key Officials (as of June, 1994):

President	Mr. Karlis Ulmanis	(Farmers' Union)
Prime Minister	Mr. Valdis Birkavs	(Latvia's Way)
Deputy Prime Minister, Government Reforms	Mr. Maris Gailis	(Latvia's Way)
Deputy Prime Minister, Economics	Mr. Ojars Kehris	(Latvia's Way)
Deputy Prime Minister, Justice	Mr. Egils Levits	(Latvia's Way)
Foreign Affairs	(vacant)	
Defense	Mr. Valdis Pavlovskis	(Latvia's Way)
Interior	Mr. Girts Kristovskis	(Latvia's Way)
Finance	Mr. Uldis Osis	(Latvia's Way)
Educ., Cult., Science	Mr. Janis Vaivads	(Latvia's Way)
Agriculture	Mr. Janis Kinna	(Farmers' Union)
Transportation	Mr. Andris Gutmanis	(Latvia's Way)
Welfare	Mr. Janis Ritenis	(Farmers' Union)
Environment, Reg. Dev.	Mr. Girts Lukins	none
Minister-at-large	Mr. Edvins Inkens	(Latvia's Way)
Parliament Chairman	Mr. Anatolijs Gorbunovs	

Latvia maintains an Embassy in the United States at
4325 17th Street, Washington DC 20011 [tel: (202)726-8213].

ECONOMY

For centuries under Hanseatic and German influence and then during its interwar independence, Latvia used its geographic location as an important East-West commercial and trading center. Industry served local markets, while timber, paper and agricultural products supplied Latvia's main exports. Conversely, the years of Russian and Soviet occupation tended to integrate Latvia's economy to serve those empires' large internal industrial needs.

Today, Latvia's economy still remains heavily dependent upon the markets of the states of the former Soviet Union. Other than in peat, timber and gravel, Latvia is deficient in most natural resources and relies upon trade with its former Soviet neighbors to provide for 91% of its energy needs. Freed prices, including once-rationed food items and fuel, now are reaching market levels, and most small businesses and farms either have been privatized or are operating as such. Industrial production dropped 35% in 1992, and the urban, resident non-citizen Russian work force which dominates Latvia's highly diversified but inefficient industrial sector may face significant unemployment and economic displacement once Latvia undertakes deeper necessary reforms.

As a result, Latvians' standard of living and purchasing power has fallen catastrophically. As a new member, Latvia received critical loans from the IMF and World Bank, as well as from G-24 nations, in order to stave off critical energy, medicinal and feedgrain shortages and financial shortfalls caused by the disruption of traditional Soviet markets.

The monetary situation has stabilized, with monthly inflation less than 2%, in accord with IMF plans, and hard currency reserves in excess of \$320 million. In late 1992, U.S. investment totaled \$82.7 million. On March 5, Latvia began issuing its own freely convertible currency, the lats, which recently replaced the interim currency, the Latvian ruble. Private businesses are booming, with over \$75 million in foreign investment last year, and the Government has recreated over 50,000 private farms. Comprising 48% of the populace, ethnic Slavs control over 75% of the economy, and the current government probably will not pass any other significant privatization legislation or economic reforms until after the June elections.

DEFENSE

Latvia's defense concept is based upon the Swedish-Finnish model of a rapid response force composed of a mobilization base and a small group of career professionals. The armed forces consist of border guards, mobile riflemen, special units, and an air force and navy whose status has not fully been determined financially or administratively. The "zemessardze," or home guard, is an autonomous volunteer paramilitary organization which also performs traditional national guard duties and assists the border guards. Special independent Interior Ministry, intelligence, and civil defense units also exist. Active-duty defense forces stand at 9,000 men. There is a mandatory one-year draft period of active duty, and alternative conscription for conscientious objectors is available.

FOREIGN RELATIONS

Latvia became a member of the United Nations on September 18, 1991 and is a signatory to a number of U.N. organizations and other international agreements. It also is a member of the Conference on Security and Cooperation in Europe and of the North Atlantic Coordinating Council. Latvia is unaffiliated directly with any political alliance but welcomes further cooperation and integration with NATO, European Community and other Western organizations. It also seeks more active participation in United Nations peacekeeping efforts worldwide.

Latvia maintains Embassies in the United States, Belarus, Belgium, Denmark, Estonia, Finland, France, Germany, Lithuania, Sweden, the United Kingdom, and Russia. It also operates missions to the United Nations in New York City and a Consulate General in Australia. Honorary consuls are located in Australia, Austria, Belgium, Canada, Greece, India, Israel, Italy, Korea, Moldova, Norway, Switzerland, Taiwan, and Venezuela.

Relations with Russia are improving, primarily because Latvia and Russia signed a troop withdrawal agreement on April 30 calling for the withdrawal of Russia's remaining 7,000 troops from Latvia no later than August 31, 1994. Latvia has agreed that Russia may continue to operate the Skrunda radar facility under CSCE supervision strictly for a four-year period. Latvia lacks a citizenship law, and Russia expresses concern for how Latvia's language law and proposed citizenship law may affect Latvia's ethnic Slavs, who comprise 48% of the population. In turn, Latvia is interested in the welfare of over 210,000 ethnic Latvians still resident in Russia. Neither country allows for dual citizenship.

The United States established diplomatic relations with Latvia on July 28, 1922. The U.S. Legation in Riga officially was established November 13, 1922 and served as the headquarters for U.S. representation in the Baltics during the interwar era. The Soviet invasion forced the closure of the legation on September 5, 1940, but Latvian representation in the United States has continued uninterrupted for over seventy years. The U.S. never recognized the forcible incorporation of Latvia into the USSR, and views the present Government of Latvia as a legal continuation of the interwar republic. Latvia has enjoyed Most-Favored-Nation (MFN) treatment with the U.S. since December, 1991. It annually receives approximately \$6 million in humanitarian and medical aid, technical assistance and professional training, along with about \$38 million in feed grain credit from the U.S. since 1991.

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For information on economic trends, commercial development, production, trade regulations, and tariff rates, contact the International Trade Administration, U.S. Department of Commerce, Washington, D.C. 20230 at (202)482-4915, or any Commerce Department district office. For information on business opportunities, call the Commerce Department's East European Business Information Center at (202)482-2645.

Travel Notes

Customs: Latvian tourist visas may be obtained at certain road bordercrossings and at Riga Airport. However, the U.S. Embassy strongly recommends that all visitors obtain visas from the Latvian Embassy in Washington DC (or in major Western European capitals) before departure. The Embassy charges a \$10 mail processing fee for visas. Visitors are encouraged to register at the U.S. Embassy. Lithuanian visas are also valid for entry into Latvia.

Unlimited hard currency, 1 liter of alcohol, 200 cigarettes, and foodstuffs valued at less than one month's minimum wage (3,000 rubles) may be imported. \$125 worth of goods not regulated by Latvian or international law requiring special permission may be imported. Export regulations cover hard currency (in unrestricted amounts) and foodstuffs worth less than ten monthly minimum wages). Articles purchased in Latvia for hard currency must be accompanied by a receipt.

Climate and clothing: Latvia's climate enjoys seasons of almost equal length. Riga and the coast are temperate, with pleasant, cool summers and damp winters; eastern Latvia is continental, with warmer summers and harsher winters.

Health: Medical care does not meet Western standards and faces severe shortages of basic medical supplies, including disposable needles, anesthetics and antibiotics. Recent disruption of energy supplies has decreased the availability of heat and hot water. Raw fruits and vegetables are safe to eat, but avoid drinking unpasteurized milk and tapwater.

Transportation: Several international airlines, including SAS and Lufthansa, provide service between European cities and Riga Airport. Train service is available via Moscow, St. Petersburg and Warsaw/Frankfurt, and a bus line connects the Baltic capitals with Warsaw. Bus and taxi services within the capital and its environs are good. Taxis are inexpensive and available at stands or may be ordered by phone. Rental cars are available. Gasoline prices are reaching market rates.

Telecommunications: Improved telephone and telegraph services are readily available at standard international rates. Riga is 7 hours ahead of eastern standard time.

Work week: 40 hours. Most stores and shops are closed on Sunday, open Monday-Friday from 10:00am - 6:00pm and on Saturday from 9:00am - 1:00pm.

National holidays: Businesses and the U.S. Embassy may be closed on the following Latvian holidays: January 1--New Year's Day; Good Friday; Easter Sunday; May 1--Labor Day; June 24--Midsummer; November 18--Independence Day; December 24-26 (Christmas). The U.S. Embassy also will be closed on U.S. federal holidays.

Tourist attractions: Latvia offers a variety of interesting historical and architectural monuments, museums, picturesque scenery and places of interest. Riga features all the appeal of an Old World European capital, with cathedrals, castles and town walls from the Middle Ages and tree-lined boulevards. Also of note are Riga's Freedom Monument and its Outdoor Museum of Ethnography portraying Latvian life through the centuries. Jurmala's seaside resorts are popular for sandy beaches and mudbaths. Numerous castle and church ruins as well as lovely national parks, such as the wildlife refuge in Ligatne, dot the countryside.

Currency, Weights and Measures: The transitional national currency is convertible with major Western monies, but some vendors still accept Western cash for purchases. Traveler's checks and some major credit cards can be used primarily at large banks and Western hotels. Latvia uses the metric system.

Crime: By U.S. standards, Latvia has a low rate of violent crime. However, the introduction of a market-oriented economy has resulted in an increase in street crime, especially at night near major hotels and restaurants frequented by foreigners. Penalties for possession, use and dealing in illegal drugs are strict, and convicted offenders can expect jail sentences and fines.

Principal U.S. Officials

Ambassador	Ints M. Silins
Economic Officer	Jonathan Bemis
Political Officer	Scott Dean
Administrative Officer	Susan Grazina
Consular Officer	Jeffrey D. Rathke
AID Director	Baudouin de Marcken
Public Affairs Officer	James Kenney

The U.S. Embassy in Latvia is located at Raina Boulevard 7, Riga [tel. (371-2)213-962].

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COUNTRY PROFILE -- LATVIA

Political-Economic Reform

After 50 years of Soviet rule, Latvia regained its independence in 1991. A parliamentary democracy, Latvia in June held its first free and fair elections in over 60 years, and in July reinstated its 1922 Constitution. The current Government has made progress in stabilizing the economy and pursuing market-oriented reforms. Its freely convertible currency has appreciated steadily, and last year Latvia kept inflation at only 35 percent and created a foreign trade surplus. Riga is the region's unofficial financial capital, and a booming private sector accounts for a quarter of economic activity. Except in agriculture, however, Latvia ostensibly has delayed privatization over concern that its 48% non-Latvian populace controls an estimated 80% of the economy. Latvians also constitute a minority in Latvia's eight largest cities.

Russian Troop Withdrawals

The Latvian and Russian negotiating teams essentially have resolved all outstanding withdrawal issues, except for the amount of rent the Russians will pay for temporary use of the ballistic missile early warning radar (BMEW) facility at Skrunda. The next round of formal talks will be held March 14, but informal expert-level talks continue presently. Both the Russian and Latvian defense ministers acknowledge that less than 10,000 Russian troops remain in Latvia.

In January the President personally encouraged President Yeltsin (at the summit) and Latvian President Ulmanis (by phone) to come to a compromise resolution on the Skrunda issue and to speedily conclude a troop withdrawal agreement. In early February the Secretary as well as the President received a Latvian delegation headed by FM Andrejevs and consisting of the leaders of the eight factions represented in the parliament and delivered the same message. Senators Levin and Byrd are exploring the possibility of finding money to fund the destruction of a separate large phased array radar (LPAR) site at Skrunda. The Russians and Latvians are amenable to this.

Russian Community

Of the Baltic states, Latvia has the most complicated and contentious relationship with Russia over the huge ethnic Russian population that settled in the country during the 50 years of Soviet occupation. Preoccupied with the Russian threat, Latvia's governments have been hamstrung by internal squabbling and political inertia on the most pressing political decisions. Russia accuses Latvia of "ethnic cleansing" and massive violations of the human rights of the Russian-speaking populace (48% of the total), primarily since they were not automatically granted Latvian citizenship. We agree with the findings of numerous UN, COE, and CSCE fact-finding missions that there is no pattern of human rights violations in Latvia.

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In order to encourage Latvia to make the tough political decisions on passage and implementation of a non-discriminatory, fair citizenship law and to take a constructive, practical, and generous approach to the large Russian community in Latvia, we supported establishment in late 1993 of a CSCE long-term mission in Latvia, which has carried out successfully its mandate of promoting stability, dialogue, and understanding between the communities in Latvia.

COUNTRY PROFILE -- ESTONIA

Political-Economic Reform

The IMF's "success story" and a regional role model for reform, Estonia is a parliamentary democracy that regained its independence in 1991 after more than 50 years of Soviet occupation. In 1992 the Government passed a constitution and citizenship law in accordance with CSCE standards, and held free and fair parliamentary elections. The resulting reform-minded Government boasts a balanced budget, tariff-free trade, annual inflation less than 20%, and a stable currency, the first in the FSU. Privatization is nearing completion, except in the Russian-dominated Northeast. Estonia has turned down further foreign grain assistance and has redirected its trade to the West. Less than 20% of its trade now is with the NIS.

Russian Troop Withdrawals

In December, Estonian President Meri sent President Yeltsin a proposal consenting to Russia's proposed August 31, 1994 withdrawal date provided Russia front-loads its proposed withdrawal timetable, especially of the 144th division outside Tallinn. Although Yeltsin declined Meri's offer, citing unresolved military pensioner issues, we believe that Russia nonetheless may be willing to withdraw this division slightly ahead of schedule.

Russia maintains no strategic facilities in Estonia, and its navy has agreed to dismantle the two nuclear submarine training reactors in Paldiski by this summer. Because we do not want to let Russia off the hook for cleaning up the base and because of their lack of technical nuclear waste management expertise, we are exploring the possibility of joining the Swedes and other countries in assisting the Russians and Estonians to decontaminate the reactor facilities.

Bilateral talks were just held on March 1-2. Despite the lack of outward progress in this "hardball" phase of the end game, the Estonians claim that practically all withdrawal issues already are settled. Less than 2,500 troops remain in Estonia, down from 3,500 just a few months ago.

Russian Community

The treatment of the substantial ethnic Russian community is a major issue both domestically and in bilateral relations with Russia. Russia accuses Estonia of "ethnic cleansing" and massive violations of the human rights of the Russian-speaking population (38% of the total), primarily since they were not automatically granted Estonian citizenship. We agree with the findings of numerous UN, COE, and CSCE fact-finding missions that there is no pattern of human rights violations in Estonia.

We encourage Estonia to continue its relatively practical and generous approach in dealing with this political issue, and therefore supported establishment in early 1993 of a CSCE long-term mission in Estonia, which has carried out successfully its mandate of promoting stability, dialogue, and understanding between the communities in Estonia.

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COUNTRY PROFILE -- LITHUANIA

Political-Economic Reform

A parliamentary democracy, Lithuania regained independence in 1991 after more than 50 years of Soviet occupation. In the free and fair 1992 parliamentary elections, the successor to the reformed independent Communist Party of Lithuania formed a new government after defeating the incumbent Sajudis coalition. In 1991 Lithuania passed a liberal "zero option" citizenship law, and in 1992 passed a constitution in accordance with Western standards.

Lithuania is gradually transforming a centrally planned economy into a market-oriented system. Most housing and small businesses are now in private ownership, but large enterprises continue to be state owned. The Government just begun to stem the general economic deterioration characterized by a steady fall in industrial output, rising unemployment, and declining per capita income. Inflation, however, decreased significantly with the introduction of a stable national currency and the reduction of government deficits. Over 100,000 new private farmers cultivate over a third of the arable land.

Neighborly Relations

The current Labor Party government has adopted a much more conciliatory policy towards its neighbors than the conservative Sajudis Government pursued. In March, Lithuania and Poland will conclude an extensive agreement resolving most current outstanding bilateral irritants, covering border demarcation and customs facilities, cultural and educational institutions, property restoration and historical references. A similar, less comprehensive agreement is being negotiated with Belarus. Less than 20% of Lithuania's population are ethnically non-Lithuanians.

Russia totally withdrew its troops from Lithuania by early September, and the two countries do not share a common proper border. Lithuania's relations with Russia are more dictated by the fact that its economy remains heavily reliant upon raw materials and energy supplies from the NIS. Russia and Lithuania currently are negotiating a military and economic transit agreement over the neighboring Kaliningrad exclave.

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U.S. ASSISTANCE TO THE BALTIC REPUBLICS

- o Total Commitment: Through FY 1993, total U.S. assistance is approximately \$117 million, including over \$30 million in Support for East European Democracy (SEED) and ESF funds, and \$87 million in food and feed grain aid.

U.S. assistance priorities are free market reform, democratic pluralism and energy efficiency/nuclear safety.

SEED Program:

- o Enterprise Fund: The U.S. is proceeding with plans to create a Baltic-American Enterprise Fund, to be capitalized at \$50 million over several years, to promote private sector development.
- o AID: To promote privatization, U.S. advisors to Baltic governments and industries on the legal, fiscal, institutional and regulatory changes involved in developing a market economy.

ABA and other U.S. advisors to help develop civil commercial codes, as well as new laws on agricultural cooperatives, taxation and budget reform.

Financial support for the Estonian Roundtable, created by President Meri to address ethnic minority concerns.

- o Treasury: Five long-term and regular short-term advisers to provide assistance in tax policy and administration, budgeting, accounting, and commercial banking. Customs is also providing short-term advisory services.
- o DoE/Nuclear Regulatory Commission/AID: Consultants and equipment to increase energy efficiency at four industrial facilities in each Republic. Technical assistance in energy pricing and management for a market economy.

DoE and NRC technical assistance and training for the Ignalina reactor in Lithuania.

- o USIA: Management training and economics education program. Business management courses are being developed at Baltic universities and institutes through links with U.S. universities.

Technical assistance and training in the areas of public administration and local government management, constitutional and civil law, and mass media.

- o Peace Corps: Operating in the Baltics since 1992. There are currently 58 volunteers in place, teaching English and small business skills.

LATVIA

Country Profile

As a small Embassy post (SEP), Embassy Riga has a staffing cap of 10 direct hire employees, but about another 20 Americans are temporarily assigned to Latvia to carry out the Mission's duties. The post has overcome enormous administrative headaches resulting from FBO-sponsored contracts with U.S.-based firms that are almost a year behind schedule in completing renovation and other required work.

Of the three Baltic Republics, Latvia has the most complicated and contentious relationship with Russia as well as the huge ethnic Russian population that settled in the country during the 50 years of Soviet occupation. Latvia and Russia are on the verge of finally reaching agreement on the withdrawal of Russian forces from Latvia, including agreement on a temporary basing arrangement for an ABM-related facility operated by the Russians in Skrunda.

Because of its preoccupation with the Russian threat, Latvia's governments have been hamstrung by internal squabbling and political inertia on the most pressing political decisions. Our priorities in Latvia are:

- (1) to engender a mature, cooperative relationship between Latvia and Russia in the interest of maintaining regional stability and harmony;
- (2) to encourage Latvia to make the tough political decisions on passage and implementation of a fair, non-discriminatory citizenship law;
- (3) to urge Latvia to take a constructive, practical, and generous approach to the large Russian community remaining in Latvia in order to promote inter-communal communication and harmony;
- (4) to develop creative assistance programs that promote privatization and U.S. investments in the area;
- (5) to manage the limited resources available for the U.S. assistance program to Latvia, as well as a program to develop expanded military/defense cooperation;
- (6) to continue U.S. political engagement to promote both a solid foundation for democratic and market-oriented institutions.

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SKRUNDA RADAR SITE: DISMANTLEMENT ASSISTANCE

The radar facility at Skrunda, Latvia comprises three large ballistic missile early warning (BMEW) radars. Two of these "Hen House" radars were constructed during the 1960's to track northern Europe and uniquely the Northeast Atlantic. They were fully operational by 1971, predating the 1972 ABM Treaty. Each radar consists of two antenna buildings with a control building between them. These are the radars that the Russians will run for four more years under the troop withdrawal agreement with Latvia. It provides Russia time to replace this coverage with facilities either in Moscow or Belarus.

Construction of the third site, the large phased-array radar (LPAR), began in 1986 in order to replace the less capable Hen House radars. The radar buildings were near external completion when construction was halted in early 1992. The 16-storey skyscraper stands as a symbolically ominous reminder to Latvians of Soviet/Russian presence. The Latvians also are concerned that the sooner this modern facility is destroyed, the less inclined Russia will be to make excuses to remain at the older radar sites longer than necessary.

The United States never had any formal or informal agreement or arrangement with Russia on the future operation or disposition of the ballistic missile early warning radar in Skrunda, Latvia. Apart from its status under the ABM Treaty and recognizing that such radars contribute to strategic stability, the USG position remained that the ownership and ultimate disposition of the Skrunda radar facility appropriately were most decided between the governments of Latvia and Russia.

Following the April 30, 1994 signing of the Latvian-Russian troop withdrawal agreement that included Russia's consent to turn over the LPAR immediately to Latvian control, the Latvians and Russians need to take some implementation steps. Under the terms of agreement, the CSCE is to establish a mission to help monitor implementation of the Skrunda provisions (4 years of continued operation by the Russians plus another 18 months for dismantlement). We are encouraging the Latvians and the Russians in Vienna to give the CSCE an idea of the composition and mandate for the CSCE mission. The Latvians already control the LPAR site, using Russian guards who answer to Latvian Government officials.

The Latvians have now taken over the LPAR. The Defense Department has come up with \$2 million as its contribution toward dismantlement of the Skrunda LPAR. State is now supposed to come up with its \$2 million share. In mid-June we sent a joint State-DoD team to assess what needs to be done to level the LPAR and dispose of the rubble.

The Swedes have already committed \$1 million in concert with our assistance, and the British have agreed to help resolve Latvia's environmental concerns over radio waves. We have asked other Western donors to contribute to this project.

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KALININGRAD

Sandwiched between Poland and Lithuania, and 110 miles away from Russia proper, the Kaliningrad enclave has the potential to become one of the most controversial bits of territory in Europe. Known as Königsberg before it was seized by the Red Army, Kaliningrad involves complex historical questions with significant regional implications. Over the centuries, the Lithuanians, Poles, Swedes, Germans and now the Russians have claimed sovereignty.

Kaliningrad Oblast is the size of Connecticut. It serves as Russia's only warm-water Baltic port and is the point of departure for much of Russia's foreign trade through the Baltic and Atlantic. It has become a massive armed fortress from the transfer of men and equipment from base closings and troop withdrawals from Eastern Europe (especially East Germany) and the Baltic States. Soldiers and their families comprise one-fifth of the oblast's one million inhabitants.

Kaliningrad depends on Lithuania not only for the transit of goods and supplies from the FSU, but also for its energy. Lithuania, Poland and Germany also are now important trading and investment partners.

The postwar Potsdam Conference agreed in principle to a Soviet proposal concerning the ultimate transfer of Kaliningrad to the USSR subject to expert examination of the actual frontier; the Two-Plus-Four Agreement settled Germany's border but did not address the status of Königsberg. The high concentration of Russian forces, some 85,000, and the increasing desire of the other Baltic Sea states for Kaliningrad's demilitarization add to the controversy. We believe that the Kaliningrad issue should be deferred as long as possible. Russia has categorically insisted that Kaliningrad will remain an integral part of Russia. In the long run, however, Kaliningrad's geopolitical position is unsustainable, and elements of change eventually will compel discussion of this difficult issue.

Lithuania and Russia signed a civil transit agreement on Kaliningrad in July 1991, but a military transit agreement still needs to be negotiated and signed. The Russians have withheld implementation of Lithuania's MFN status (signed in November of 1993) until the transit rights problem is resolved. We oppose emphatically any approach or solution that does not respect Lithuania's sovereignty. Traditionally, the Lithuanians have had good relations with Oblast officials, and we continue to encourage Lithuania to foster good ties with the enclave's leadership.

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THE RUSSIAN MINORITY IN THE BALTIC STATES

A major part of our strategy to promote the withdrawal of Russian troops from the Baltic States has been to press for fair and equitable treatment of the Russian minority. Russia routinely accuses Estonia and Latvia of massive violations of the human rights of their large Russian-speaking population, and often some Russian officials have tried to link these issues with the troop withdrawal issue. While we refuse to link these issues--or any issue--to the speedy and unconditional withdrawal of Russian forces from the Baltic States, there are a number of ways that we have tried to assist in addressing this practical problem.

Because of our concern for the protection of human rights worldwide, we have supported the visits to Estonia and Latvia of numerous international human rights experts from non-government and inter-governmental organizations. We have agreed with their conclusions that there is no pattern of human rights violations there. Nevertheless, we have strongly encouraged Estonia and Latvia to accept the presence of resident CSCE missions to monitor these political conditions, offer support to the host governments in drafting legislation affecting these Russians, and provide ombudsman-like services to the Russian communities.

Estonia accepted a CSCE mission in December 1992, and Latvia accepted a CSCE mission in November 1993. We are very pleased with the results of these missions in resolving a number of problems, such as the Aliens Law controversy in Estonia and the truculence of the former Latvian Citizenship and Naturalization Department Director. The Latvian mission is headed by an American Foreign Service Officer.

Lithuania

Ethnic Russians comprise only 7% of Lithuania's population, and most of them automatically became citizens under Lithuania's liberal "zero-option" citizenship law of December, 1991. A few ethnic Poles and Russians have raised concerns that the law does not clearly specify equal civil treatment for minorities should they choose not to become citizens. Vilnius, however, states that these minorities do enjoy equal rights, and we have not seen any evidence to contradict that claim. Unlike its Baltic neighbors, Lithuania did not experience a dramatic proportional rise in the number of postwar non-ethnic Lithuanians. This happened because border adjustments reintroduced a large number of ethnic Lithuanians. Also Stalin's Russification policy was not implemented as harshly in agricultural Lithuania as elsewhere. Lithuania is a member of the Council of Europe.

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Estonia

Estonia generally has taken a very pragmatic course in addressing the issue of its large ethnic Russian noncitizen community. Fairly 38% of its inhabitants are noncitizens; about 33% are ethnic Russian, most of whom live in the urban, industrialized Northeast and form overwhelming majorities. Estonia allowed its noncitizens to vote in municipal elections and even granted citizenship to practically all noncitizen candidates, most of whom were elected. For the elderly and handicapped, Estonia has dropped its language requirement for citizenship, and its citizenship law, among the most liberal in the West, requires only a three-year residency, two years of which are retroactive. Estonia agreed to practically all the revisions proposed by the CSCE to its Law on Aliens from last summer, which substantially eased a potential crisis in Russian-Estonian relations. Until its bureaucracy can issue permanent "green cards" that even can be used as ID and travel documents, Estonia has issued temporary blanket documents for its noncitizens. Privatization in the Northeast has been intentionally delayed so as to dampen the effects of unemployment on the Russian community, which nonetheless is not very well organized politically. In May 1993, Estonia gained full membership in the Council of Europe.

Latvia

Latvia has taken a much more hesitant and legalistic approach to dealing with its much larger noncitizen community. Part of this stems from its desire to keep Russia from using the "ethnic minority" issue as a weapon in the troop withdrawal process, and partly from doubts to the loyalty of these ethnics, even though they have not shown inclination towards organizing politically. As in Estonia, a majority of ethnic Russians supported independence. However, a large number did not and are overwhelmingly anti-Yeltsin in sentiment. Few speak Latvian. While ethnic Russians comprise about the same percentage of the population as in Estonia, ethnic Slavs are 48% of Latvia's inhabitants and control an estimated 80% of the economy. Ethnic Latvians do not comprise a majority in seven of its eight largest cities and only form a (powerful) majority in the countryside. A law on naturalization, patterned after recommendations from the Council of Europe, recently passed its second reading in parliament. We are not enthusiastic about its strict quota system and are encouraging Latvia to undertake a less rigorous approach.

Summary

Western involvement, through bilateral consultations and the CSCE missions, enables us to gain the confidence of Estonian and Latvian officials necessary in order to make fundamental progress on the issue of the fair and equitable treatment of Russian noncitizens in Estonia and Latvia. We and the Balts realize that it is in our interests to have the spirit and letter of their laws accord with Western standards.

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LITHUANIA: POLITICAL-ECONOMIC OVERVIEW

A staunchly Catholic nation with a strong sense of national identity dating back to its glory days as a medieval empire stretching from the Baltic to the Black Sea and then yoked in union with Poland for centuries, Lithuania was an independent nation again from 1918 to 1940, when it was annexed by the USSR. Lithuanian is neither Slavic nor Germanic, but Baltic, the prototypal Indo-European language.

Under the leadership of intellectuals, the Lithuanian reform movement Sajudis was formed in mid-1988, declaring a program of democratic and national rights. After fifty years of occupation, in 1990 the Lithuanian Supreme Council declared Lithuania independent from the Soviet Union. The USSR responded with the imposition of a harsh economic blockade, and in January 1991 unsuccessfully tried to overthrow the elected government, killing 13 civilians and injuring hundreds. That February, a national referendum was held in which over 90% of voters approved Lithuania's independence. Soviet military-security forces continued their illegal actions, including forcible inductions, seizing buildings, attacking customs posts, and killing customs and police officials. Lithuania finally regained its full independence in August, 1991.

A parliamentary democracy, Lithuania has held free and fair elections, and passed a constitution and a lenient citizenship law. It has significantly improved neighborly relations, especially Poland, with which it signed a Friendship Treaty in April, 1994.

Politico-economic gridlock and economic mismanagement returned the former Communists to power in elections in autumn of 1992, but they have not fared much better than their predecessors, the government headed by the founder of the national movement, former President Landsbergis. Politics traditionally has been marred by a disorganized but effectively disruptive opposition.

The new currency is very stable, and inflation has been brought under control: about a 30% annual rate. However, economic reform has stalled. Because it won on the premise of improving social conditions, the Government had long shied away from making tough fiscal/privatization decisions. Although the Government finally passed comprehensive privatization legislation this spring, the opposition has now succeeded in forcing a public referendum on the Government's plan.

On June 2 Prime Minister Slezevicius announced that his Government would resign in accordance with the constitutional requirement to do so when more than half of the cabinet is changed. 29 left-wing members of parliament from the ruling Labor Party (LDDP) also have initiated a vote of no-confidence in Slezevicius. While the motion probably will not carry, it signals a significant fracture--typical of Lithuanian politics--in the LDDP's ability to govern comfortably.

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Relations with the United States and the West

A member of the UN, CSCE and COE, Lithuania also seeks GATT membership and associate membership status in the EU by fall. Lithuania actively pursues Western security relationships, is a member of the NACC and already has submitted its presentation document for Partnership for Peace (PFP).

The U.S. established diplomatic relations with Lithuania on July 28, 1922, and reestablished ties on September 2, 1991. Lithuanian representation in the U.S. has continued for over 70 years. The U.S. never recognized the forcible incorporation of Lithuania into the USSR. Nearly one million Americans of Lithuanian descent play an active role in bilateral relations.

Lithuania enjoys MFN and GSP treatment. It also signed a Bilateral Trade and Intellectual Property Protection Agreement with the U.S. in April and will sign a Bilateral Investment Treaty this summer as well as a Science and Technology Cooperation agreement with the Secretary during the July visit.

Through 1993, the U.S. has committed over \$66 million to Lithuania's economic and political transformation and to address humanitarian needs; annual assistance under the SEED program totals over \$9 million. We are aiming to get the Baltic-American Enterprise Fund up and running within the next few months and are working to get better Eximbank and OPIC credit ratings for Lithuania.

Lithuania remains highly dependent upon Russia and the NIS for trade and energy. By developing Lithuania's port, hydroelectric and refinery capabilities, we and the Nordics are working to make Lithuania more energy independent and attractive to Western trade and investment. We are working to improve the safety of the Chernobyl-style nuclear reactor at Ignalina.

Sensationalized tales of public corruption and a dramatic increase in crime have become Lithuanians' priority concerns. We are reviewing the Government's request for FBI/police assistance, particularly on organized crime impacting the U.S.

Russia withdrew its troops from Lithuania on August 31, 1993, but military transit to/from the Kaliningrad enclave still needs to be resolved. Lithuania remains very supportive in expressing solidarity with its Baltic neighbors in their relations with Russia.

The United States remains firmly committed to supporting Lithuanian independence and its integration into a democratic Europe. Therefore, we currently are shaping an expanded military-to-military program designed to help place Lithuanian (and Baltic) defense institutions on a firm, democratic footing.

Trade with the U.S. in 1993 amounted to \$16.1 million in exports and \$7.5 million in imports, the latter being mainly agricultural commodities under concessional programs. U.S.-Lithuanian firms registered 235 of 3,674 foreign joint ventures, and of \$115 million in total foreign investment, the U.S. ~~ranked~~ ~~first with~~ a \$35 million share. Philip Morris is a major investor.

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LATVIA: POLITICAL-ECONOMIC OVERVIEW

The Latvian Ambassador calls Latvia "a nation of lawyers" in mentality. Culturally, Latvians most reflect their Lutheran German heritage and emulate Swedes. Latvian is neither Slavic nor Germanic, but is a Baltic language related to Lithuanian.

Under Hanseatic and German influence since the 1200's, Latvia always has used its geographic location as an important commercial trading center. A non-NIS capital, Riga nonetheless remains the financial capital for doing business in the FSU.

After 200 years of continuous Russian rule, a bloody civil war erupted in 1918 when part of the independence movement sided with the Bolsheviks. By 1920, the Germans and Bolsheviks were defeated. Prime Minister Karlis Ulmanis, uncle of the current President, headed independence. Before the Depression Latvia's minorities enjoyed cultural autonomy, and the economy reformed and recovered. As in the other Baltic States, the mid-1930's brought the rise of authoritarian rule to Latvia.

Soviet and Nazi invasions during World War II devastated Latvia's population by one-third by 1945. During that decade, about 60,000 were deported to Siberia, and thousands fled to the West. The Soviets radically urbanized Latvia by bringing in thousands of Slavic industrial workers.

In March 1990, democratic elections gave the Popular Front independence movement a majority in the Supreme Council. In January 1991, shortly after a parallel attempt in Lithuania, Soviet political and military forces tried to overthrow the Latvian government. Eight people were killed. Latvia regained its independence during the aborted Soviet coup in August 1991.

Latvia's economic situation is steadily improving. The country enjoys a positive trade balance, relatively restrained inflation, and a very stable currency, the lats. Latvia still imports 90% of its energy from the NIS. De facto agricultural privatization also has occurred. Comprising 48% of the populace, ethnic Slavs control an estimated 80% of the economy, making economic, not political reform a key issue to Latvia's future ethnic harmony.

Latvia signed a troop withdrawal agreement with Russia on April 30, paving the way for the departure of Russia's remaining 7,000 or so troops by August 31, 1994. The Russian navy already has departed, and the troops may be gone by as early as July 31. About 800 Russian technicians will remain to operate the Skrunda radar facility for another four years under some type of CSCE supervision.

With the withdrawal agreement, Latvia now needs to focus on privatization as well as citizenship and naturalization legislation; the latter law, patterned after recommendations from the COE, recently passed its second reading in parliament. The United States has defended Latvia's human rights record against Russian accusations. We remain engaged in the issue and have supported the presence of a resident CSCE mission to promote harmonious relations between ethnic Russians and Latvians.

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Latvia held free and fair elections on June 5-6, 1993, giving the pro-reform "Latvia's Way" party a plurality of votes and placing them in an uneasy center-right coalition with the Farmer's Union. In nationwide municipal elections on May 30 uncontested by Latvia's Way, the right-wing parties triumphed. FM Andrejevs resigned in early June over accusations that he and four other members of Parliament cooperated with the KGB prior to Latvia's independence.

Relations with the United States and the West

A member of the UN, CSCE, NACC and COE, Latvia seeks GATT membership and associate membership status in the EU. Latvia actively pursues Western security relationships and enthusiastically supports Partnership for Peace (PFP).

The U.S. established diplomatic relations with Latvia on July 28, 1922, and reestablished ties on September 2, 1991. Latvian representation in the U.S. continued uninterrupted for over 70 years. The U.S. never recognized the forcible incorporation of Latvia into the USSR. About 85,000 Americans of Latvian descent play an active role in bilateral relations. The Defense Minister is an American citizen, and a large number of other government officials are U.S. and Western expatriates.

Latvia enjoys MFN status and GSP privileges. It hopes to sign a Bilateral Trade and Intellectual Property Protection Agreement and a Bilateral Investment Treaty during your visit. The Secretary will sign a Science and Technology Cooperation agreement with the Government of Latvia at the same time.

Through 1993, the U.S. has committed over \$90 million to Latvia's economic transformation and to address humanitarian needs; annual assistance under the SEED program totals over \$6 million.

Latvia remains highly dependent upon Russia and the NIS for trade and energy but also prospers from it through collecting revenue from a Russian energy pipeline. By developing Latvia's port, hydroelectric and refinery capabilities, we and the Nordics are working to make Latvia more energy independent and attractive to Western trade and investment.

We are aiming to get the Baltic-American Enterprise Fund up and running within the next few months and are working to get better Eximbank and OPIC credit ratings for Latvia.

The United States remains firmly committed to supporting Latvian independence and its integration into a democratic Europe. Therefore, we currently are shaping an expanded military-to-military program designed to help place Latvian (and Baltic) defense institutions on a firm, democratic footing.

In 1993, trade with the U.S. amounted to ~~\$22.6~~ ^{\$22.6} million in exports and ~~\$7~~ ^{\$89.5} million in imports, the latter being chiefly agricultural commodities under concessional programs. American firms registered ~~\$70 million out of a total \$110 million in~~ foreign investment, By far, Kellogg's is our biggest investor.

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ESTONIA: POLITICAL-ECONOMIC OVERVIEW

A Nordic people closely akin to the Swedes culturally and the Finns linguistically, Estonians did not enjoy national independence until the interwar period. That Republic enjoyed relative economic prosperity but suffered political instability. Then, as now, personalities rather than real issues determined politics.

The infamous Molotov-Ribbentrop pact brought an end to Estonian independence by 1940. The next decade brought 10,000 Soviet deportations, 5500 deaths in Nazi camps. Ten percent of the population fled to the West. Soviet rule brought large numbers of urban Slavic immigrants to industrialize Estonia's northeast.

Nevertheless, Estonia remained a window on the West and enjoyed a relatively extensive range of contacts with Finland through August 20, 1991, when it regained independence in the wake of the attempted coup in the Soviet Union. The transition to independence was entirely bloodless.

Estonia and Russia are very close to agreement on Russian troop withdrawals, and only 2,500 troops remain. The talks finally are getting a high-level political push to come to conclusion, and we may see results by the time of the Riga trip.

Estonia has generally done a good job in managing the ethnic Russian issue, both in domestic terms as well as in its bilateral relations with Russia. The United States has defended Estonia's human rights record against hard accusations. We will continue to remain engaged in the issue and have supported the presence of a resident CSCE mission to promote harmonious relations between ethnic Russians and Estonians.

Estonia is a regional role model for reform. It has a balanced budget, free trade, annual inflation under 30% and a stable currency (the kroon). Privatization is occurring at a relatively fast clip, except in the heavily Russian-ethnic Northeast. Barely 25% of its trade is with the NIS. Over 90% of small and medium-sized firms are in private hands, while two-thirds of large firms have been privatized. Only agricultural privatization lags.

Estonia passed a Western-style constitution and citizenship law and has held free and fair national and municipal elections, electing a pro-reform but fragile coalition government that may have fallen by the time of the President's visit. The opposition, however, will not likely reverse Estonia's reforms. The President and Prime Minister do not like each other. The Commander of the Defense Forces, Aleksander Einseln is a U.S. citizen. Expatriates from the West play key roles in the bureaucracy.

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Relations with the United States and the West

A member of the UN, CSCE, NACC and COE, Estonia seeks GATT membership and associate membership status in the EU by fall. Estonia actively pursues Western security relationships and eagerly signed on to Partnership for Peace (PFP).

The U.S. established diplomatic relations with Estonia on July 28, 1922, and reestablished ties on September 2, 1991. Estonian representation in the U.S. continued uninterrupted for over 70 years. The U.S. never recognized Estonia's forcible incorporation into the USSR. About 65,000 Americans of Estonian descent play an active role in bilateral relations.

Estonia enjoys MFN status and GSP privileges. It also signed a Bilateral Trade and Intellectual Property Protection Agreement and a Bilateral Investment Treaty with the U.S. in April. During the July visit, it also will sign a Science and Technology Cooperation agreement with the Secretary.

Through 1993, the U.S. has committed over \$33 million to Estonia's economic transformation and to address humanitarian needs; annual assistance under the SEED program is now over \$6 million.

Estonia's phased graduation from AID's assistance programs, to be completed by 1996, recognizes Estonia's position at the vanguard of Eastern European reform.

We are aiming to get the Baltic-American Enterprise Fund up and running very soon.

The United States remains firmly committed to supporting Estonian independence and its integration into a democratic Europe. Therefore, we currently are shaping an expanded military-to-military program designed to help place Estonian (and Baltic) defense institutions on a firm, democratic footing.

In 1993, Estonian trade with the United States amounted to \$ 20 million in exports and \$ 54 million in imports, the latter being mainly agricultural commodities under concessional programs. U.S. investment, consisting of about 145 firms, makes up \$20 million of \$185 million in foreign investment in Estonia.

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I. Setting

The Baltic States have made significant progress in democratic transformation and free-market reform. Key to the reassertion of sovereignty has been negotiations with Russia for the complete withdrawal of its military forces, which left Lithuania last year. On April 30 the Russians and Latvians, with considerable U.S. effort and your personal involvement, concluded a similar agreement, calling for troop withdrawal by this August 31. Russia and Estonia seem near to closure. The Baltic States are reaching out to NATO via PFP and to EU-related institutions, and cooperate well among themselves.

II. Objectives

Russian Troop Withdrawals: Laud progress in getting Russia to withdraw its troops from the Baltics, underscore the successful U.S. effort--and your personal involvement--and, if needed, press for resolution of the Estonian-Russian agreement.

Stronger Ties: Stress your strong interest in the broadening and deepening of bilateral relations.

Baltics in CEE: Address the larger theme of CEE's place in the new security structure of Europe. By explicitly highlighting the cooperative structures we want to encourage in Europe, your visit implicitly solidifies the point that the Baltics are not in anybody's sphere of influence.

III. Strategy

U.S. Help to Get Troops Out: Our help to dismantle the LPAR at Skrunda, to clean up the two nuclear reactors at Paldiski, and our \$160 million Russian officer housing resettlement program are testimony of your strong interest.

Stress New Partnership: The Baltic Enterprise Fund, the upcoming trade mission(TBC); and the recent agreements on Trade, Investment, Intellectual Property Protection, and Science and Technology Cooperation illustrate how we are rapidly building a broad foundation for close cooperation.

Normal Defense/Security Ties: We are expanding cooperation with the Baltic States bilaterally, in conjunction with PFP, and regionally. You have sent a \$10 million FY95 proposal to Congress to support CEE Peacekeeping, including the Baltic Battalion.

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RUSSIAN TROOP WITHDRAWALS

The issue of Russian troop withdrawals is a genuine U.S. foreign policy success story, and our strategy to get those troops out has been threefold.

The first approach has been to use our good offices with the Baltic states in reassuring them of continued U.S. support for their sovereignty and independence long after the troops are gone. We have done this through high-level visits and telephone calls, establishing a normal defense and security relationship with them bilaterally and through Partnership for Peace, and cooperating with the Baltic states and Russians on dismantling and cleaning up Russian military facilities that symbolically pose a threat (Paldiski and Skrunda) to Baltic security.

The parallel approach has been to use those good offices with the Baltic states to ensure that they treat their ethnic Russian populaces equitably. We have accomplished this through establishment of resident CSCE missions in Estonia and Latvia and of multilateral programs to support the teaching of Estonian and Latvian to the Slavic communities, for example.

Combined with our Russian officer housing program to relocate retired military officers to Russia, we also have repeatedly reminded the Russian Government at the highest levels of its international commitment to withdraw its troops speedily, and of our insistence that they withdraw unconditionally no later than August 31, 1994.

Lithuania

The Defense Ministers of Lithuania and Russia signed an agreement on September 8, 1992 calling for complete Russian troop withdrawals by August 31, 1993. Despite a last-minute suspension of the withdrawals by the Russian government, active intervention by the U.S. and other Western governments ensured that the deadline is met. Lithuania continues to express solidarity with its Baltic neighbors in calling for Russia to withdraw its forces from Estonia and Latvia by August 31, 1994.

Like most Baltic Sea states, Lithuania remains deeply concerned about the excessive concentration of Russian troops in neighboring Kaliningrad (any resupply of these troops must go either by sea or, more practically, by rail through Lithuania) and would like to see a substantial number of these troops withdrawn.

Latvia

In order to promote a Latvian-Russian troop withdrawal agreement, at the Moscow Summit in January the President suggested a compromise of four years and 18 months for the continuing operation and subsequent dismantlement of the Skrunda radar facility. Yeltsin accepted the compromise, and the Latvian Government also agreed to it, after a January 31 - February 1 trip to Washington by Latvian Parliamentary leaders.

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That compromise formed the basis for the resolution of remaining issues, and Presidents Ulmanis and Yeltsin signed a troop withdrawal agreement on April 30. As a "reward" for doing so, Ulmanis was invited to the White House on May 24.

Less than 7,000 Russian soldiers now remain in Latvia, and Russia has stated that it will withdraw most of the rest by as early as July 31. The Russian navy already departed on June 1.

An AID/State team traveled to Riga, Tallinn and Moscow in late April to explain how our voucher system under the \$160 million officer resettlement program will work. We then modified the voucher program to make Russian military retirees living in Estonia and Latvia eligible for a voucher. About 1,500 such vouchers should be available for retired and departing Russian officers to relocate to Russia and obtain housing there. We are working with Russian commanders and the Estonian and Latvian governments in identifying specific individuals who will benefit from the program. AID should be ready to distribute the vouchers by the time of the July visit.

Estonia

Negotiators admit that more than 90% of the issues surrounding the signing of an agreement were resolved long ago. Practically no progress has been made on the remaining issues until recently when, upon President Clinton's initiative, Russia agreed to elevate the status of the talks. FM Kozyrev and Estonian President Meri held a productive private meeting in Tallinn on May 25, and Russian DFM Churkin traveled to Tallinn the next week to negotiate directly with FM Luik over the primary question of the status of Russian military pensioners.

On June 7, Meri addressed a closed session of parliament, emphasizing that with or without an agreement, Estonia would have to deal with these pensioners, and be better off doing so under an agreement where it could review individual cases to be adjudicated on the basis of Estonian law and in consultation with the Russians. As a goodwill gesture, he then signed a law approving temporary travel documents for Estonia's 500,000 non-citizens until the Estonian bureaucracy could come up with permanent ones. Just weeks ago, the Government seemed content to let the 2,500 remaining troops depart by August 31 without any agreement. Most of those troops are based at Paldiski or with the 144th Mechanized Division in downtown Tallinn.

The Estonian Government confides that it will not deport any military retirees pensioned before August 21, 1991, except for KGB/GRU types. Russia seems willing to let the latter category go, but is looking for firmer guarantees, which it may not get. We have agreed to provide vouchers for all those officers pensioned after the August 1991 date, and the Estonians have requested U.S. housing vouchers for the GKB and GRU officers. Theoretically then, the pensioners issue should be resolved.

Now that the United States, Sweden and other nations will be active in a multilateral effort on environmental cleanup of the two land-based nuclear submarine training reactors at Paldiski, this issue also should be closed.

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MEETING WITH THE THREE BALTIC PRESIDENTS

CONTEXT OF MEETING

This is the first ever visit by an American president to the Baltic States, and thus especially significant for the three Baltic governments and the people of Latvia, Lithuania and Estonia. It is also the first stop of your European tour. Though agreement between Estonia and Russia on troop withdrawal is still outstanding, recent breakthroughs suggest that there is a better than even chance that such an agreement can be achieved by the time of your visit. If Russia and Estonia can come to closure as we hope, by August 31 Russia will have withdrawn its troops from all of Eastern Europe. You met Latvian President Ulmanis in Washington on May 24 and a high-level Latvian Foreign Ministerial/Parliamentary delegation on February 1 in Washington. You also met these three presidents at the UNGA on September 27 last year.

YOUR OBJECTIVES

- o Laud progress made to date in getting Russia to withdraw its troops from the Baltics, underscore the successful U.S. effort--and your personal involvement--and, if needed, press for resolution of the Estonian-Russian agreement.
- o Stress your strong interest in the broadening and deepening of bilateral relations with each of the Baltic States.
- o Address the larger theme of Central and Eastern Europe's place in the new security structure of Europe. The Baltics are a poignant place to drive home that message because by explicitly highlighting the cooperative structures we want to encourage in Europe, your visit implicitly solidifies the point that the Baltics are not in anybody's sphere of influence, and that we will not forget them, now that the troop withdrawal issue has been resolved.

Suggested Talking Points

- o Congratulations to all three of you for the course of Russian troop withdrawals from your countries. Bilateral withdrawal agreements will help you deal more successfully with your big neighbor.
- o We are glad to have helped you close the door on a tragic, dark era in your history and look forward to working with you to swing open a new door to a brighter future of cooperation in your rightful place in Europe.

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- o The May meetings of the Bilateral Working Groups on defense relations went very well in all three countries. We are looking forward to further developing our security cooperation. There is strong support in Congress for our \$10 million request in next years's budget for support of such commendable peacekeeping cooperation as the Baltic Peacekeeping Battalion. We look forward to developing a normalized defense and security relationship with each of you.
- o We are pleased to have signed so many agreements lately with you on trade, investment, intellectual property protection, and science and technology cooperation. This lays the foundation for exponentially expanding our economic cooperation and financial investments. Harkening back to the Vice President's commitment in April to Prime Minister Laar, we would like to send a trade mission spearheaded by our Department of Commerce sometime this autumn, with your permission.
- o After rigorous review, I approved the American membership of the Board of Directors of the Baltic Enterprise Fund, which will provide \$50 million of capital to develop small and medium-sized businesses in the Baltics. We hope it can begin operating by late summer. This fund is indicative of one of the directions that we want to emphasize in our new partnership.
- o We are especially pleased by the excellent cooperation among the three Baltic governments. Such steps as the Baltic States Free Trade Agreement and the Baltic Peacekeeping Battalion are important examples of sub-regional activities, models for other Central and Eastern European states.
- o We are pleased with the tremendous progress each of you has made in helping your ethnic minorities and noncitizen communities become loyal citizens. We encourage Estonia and Latvia to continue working with us and the CSCE in maintaining such fair and equitable treatment.
- o FOR LITHUANIA: Have you made any progress with Russia concerning the problems of military transit to Kaliningrad and bilateral trade issues? If the issue of Kaliningrad is included in the agenda of the Baltic Table under the European Stability Pact, it has to be dealt with carefully.

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- o The Baltic States could provide a useful lever to gain greater access to EU markets.
 - The Baltics recently concluded Free Trade Agreements (FTA's) with the EU, and hold even more liberal duty-free agreements with Sweden, Norway, Finland, Iceland and Switzerland. Already tariff-free, Estonia expects associate EU membership as early as year's end and would love to sign a free trade agreement with the United States.
 - Assuming at least one of the Nordics gains full EU membership next year, Estonia and the Baltic States could provide an opportune springboard for the duty-free re-export of American goods and services into the EU, undercutting EU tariffs and price subsidies.

PALDISKI NAVAL BASE

The Soviet Navy used Paldiski as a warm-water port since the late 1940's. Construction of the land-based nuclear submarine training facility that houses two reactors began in the 1960's. By 1989, however, the navy declared the reactors unsafe and obsolete and ordered them shutdown. The military base reverted to Estonian control in August 1993, but the nuclear training facility remains under Russian control.

Russia made a commitment to decommission and dismantle the reactors at Paldiski, and is expected to begin removing the reactors this summer in accordance with a plan that was discussed with an international group of nuclear experts earlier this year. An official from the Department of Energy and Sandia Laboratories attended that conference in Stockholm.

During Estonian Prime Minister Laar's April 19 meeting with the Vice President, Laar mentioned the importance of U.S. support for a multilateral effort to help clean up the Paldiski site. The Vice President promised to be helpful in that effort, and the Energy Department now appears ready to support that commitment. We would look for USDOE minimally to commit \$4 million or more. The Swedish government has already committed \$1.25 million to this cleanup project, and it appears likely that other interested governments in the region will also join the effort once the United States officially participates.

By helping the Estonians and Russians eliminate radioactive risks, U.S. involvement in a Paldiski cleanup program also ensures smooth implementation of Russia's pledge to clean the area of other hazardous materials. A multilateral program with substantial U.S. participation will help prevent future potential Estonian-Russian disputes over this matter and thereby will enhance regional security and stability.

Furthermore, the Energy Department's involvement in this project is an opportunity for the United States to use its national laboratories and other institutions in safely developing and maintaining its competitive technological edge at home and abroad. Several benefits that can be explored are the implementation of new technologies, application of risk-based environmental regulations as a potential model for domestic use, and broadening our acquisition of technology through transfer programs with Russia and other countries in the region. Estonia provides a useful conduit for this purpose. The Energy Department's support in the Paldiski cleanup program will greatly advance U.S. interests and, when announced within the near future, should help break the current stalemate in Estonian-Russian talks.

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Department of State Guidelines, November 6, 2015

By V2 NARA, Date 6/13/2023
2016-D314-M-2

US POLICY

Q: What are U.S. policy goals towards the Baltic States?

- A. - U.S. policy towards the Baltic States in general is based on the orderly withdrawal of Russian troops from the Baltic States by August 31, 1994, Baltic integration into Western political, economic and security structures, and the strengthening of bilateral ties with each state.

We have tried to be helpful on the issue of troop withdrawals by providing assistance for the dismantling of the Skrunda radar facility, the cleanup of the nuclear reactors at Paldiski, and the departure of retired and demobilized Russian officers from Estonia and Latvia.

- Through FY93, we have assisted the Baltic States with approximately \$186 million in developing open market reform, democratic pluralism, and energy efficiency/nuclear safety. To this end, we also have supported the CSCE missions in Estonia and Latvia.
- We consistently have supported Estonia, Latvia and Lithuania's membership in such European institutions as the Council of Europe and the European Union, and we welcome their active participation in Partnership for Peace as we expand our defense and security relationships. We also will work with them in their application for GATT membership.
- The Baltic Enterprise Fund, the upcoming trade mission; and the recent agreements on Trade, Investment, Intellectual Property Protection, and Science and Technology Cooperation illustrate how we are rapidly building a broad foundation for close bilateral economic cooperation with Estonia, Latvia and Lithuania.

U.S. RELATIONS WITH THE BALTIC STATES

Q: How does the U.S. see U.S./Baltic relations?

- A. - Relations between the United States and the Republics of Estonia, Latvia and Lithuania always have been excellent, and will continue to remain so.
- The United States never recognized the forcible incorporation of the Baltic States into the Soviet Union, and we stood firmly beside them during the dark years of occupation. All the while, the Baltic States were well represented diplomatically by their legations in the United States, and Baltic gold and other assets remained secure. The nearly one million Americans of Baltic descent were instrumental in reminding us and the world of conditions in Estonia, Latvia and Lithuania during those years, and now play an important role in promoting political and economic reform in those three democracies. We were proud to recognize the independence of the Baltic States from the Soviet Union in 1991, and we have consistently pressed Russia hard for the speedy, unconditional, and total withdrawal of its troops from the Baltic States.
- Now that this era has nearly reached completion, the United States eagerly looks forward to open a new door on our relations and focus more fully on our bilateral ties with each Republic. We believe that this primarily will happen through trade, investment, and cooperative projects in the fields of science, technology, and regional security.

NATO ISSUES

Q: Why has the U.S allowed Russia to veto Lithuania and other countries in CEE from joining NATO?

- A. - NATO has most certainly not allowed Russia to veto the future expansion of the Alliance. NATO leaders at their January Summit stated that they expect and would welcome an evolutionary expansion of NATO to democratic states to the east. The question is thus no longer whether NATO will take on new members, but when and how it will do so.
- In considering membership issues, NATO will take account of the overall European security situation and the common interest of all members of the Euro-Atlantic community in seeing that Russia plays a constructive role in efforts to promote stability throughout the region. But no state outside the Alliance will have a "veto" over NATO decisions.
- We take very seriously the collective defense obligations NATO membership involves; extension of NATO security guarantees to new countries is not something which can or should be undertaken lightly.
- Expansion of the Alliance through the an evolutionary process will maintain NATO's capabilities and preserve its political coherence and ability to act, while at the same time permitting adjustments to be made as events and developments might warrant.

TALKS WITH BALTIC PRESIDENTS

Q: What did you discuss with the three Baltic presidents?

- A. - I congratulated the three presidents on the progress made toward the total withdrawal of Russian troops from the Baltic States and announced our readiness to distribute over 1,500 housing vouchers to retired and demobilized Russian officers currently in Estonia and Latvia for their use in returning to Russia. We also discussed the progress of the U.S. contribution to dismantle the uncompleted radar facility at Skrunda, Latvia and to clean up the nuclear reactors at Paldiski, Estonia.

We also talk about how the United States and the Baltic States have entered a new era of relations in the European framework. I welcomed their enthusiastic reception of Partnership for Peace and informed them of our budget proposal to Congress for \$10 million in support of the development of the Baltic Peacekeeping Battalion.

- I formally announced the U.S. board members for the Baltic American Enterprise Fund, which will offer \$50 million in capital to small and medium-sized businesses in the Baltic States in the next 3-4 years. We also discussed our intention to send a trade mission to the Baltic States this fall.
- I expressed great admiration for the pace of ongoing economic reform and the progress each country has made in assisting its ethnic minorities and noncitizen communities to integrate into Baltic society. We also discussed other issues of mutual concern.

BALTIC ECONOMIC SITUATION

Q: How does the U.S. assess the economic situation in each of the Baltic States? What are the successes and failures?

- A. - All three countries boast strong currencies and hold annual inflation rates to as low as about 30%.
- Estonia is a regional role model for reform. It has a balanced budget and supports free trade. Privatization is occurring at a fast clip, and more than 75% of its trade is with the West. Over 90% of small and medium-sized firms are in private hands, while two-thirds of large firms have been privatized. Only agricultural privatization lags.

Latvia has maintained a positive balance of trade, remained a regional financial center, and followed IMF recommendations. Upon passing a naturalization law, Latvia needs to institute legislation on privatization of enterprises and housing. *De facto privatization of agriculture already has occurred,*

In Lithuania, the Government has followed the IMF's recommendations and also passed comprehensive privatization legislation this spring. We look forward to its implementation. Lithuania also has a positive trade balance & *has privatized 90% of all housing - highest figure in region,*

- At the same time, we recognize that significant portions of the Baltic populations have suffered from the hardships imposed by the economic transition. We are confident, however, that these hardships will lessen as each country continues its turnaround.

Q: What can the Baltics do to attract more foreign investment?

- A. The Baltic States have already taken many of the steps it needs to take to attract foreign investment, simply by establishing a stable macro-economic framework for the economy, introducing strong and convertible currencies, opening up opportunities for foreign investment and establishing the legal framework for a market system. Estonia, for example, is virtually tariff-free and boasts a flat tax. All three countries have excellent port facilities and provide natural conduits for trade with the West. The bilateral trade, investment and intellectual property protection agreements also build a secure foundation for foreign trade and investment.
- But there is still more that can be done. All three countries can pursue more comprehensive financial and banking reform. Latvia needs to pass basic privatization legislation for enterprises and housing. Lithuania and Latvia need to develop the necessary infrastructure to meet Western standards for long-term foreign direct investment and allow foreign ownership of property. More, not less, reform and free trade will attract greater interest.

POST-COMMUNIST RETURN

Q: What is the U.S. view of the return of former communists to power in a number of Central and Eastern European countries, such as Lithuania and Poland?

- . - We are more interested in a government's policies and results than in the political labels that apply to it. We are committed to work with any democratically elected Central and Eastern European government that supports political and economic reform, human rights, respect for neighbors, and good relations with the United States. Thus U.S. relations with Lithuania and Poland are excellent.

SKRUNDA

Q: Did the United States ever have some sort of deal with Russia over the disposition of the Skrunda radar facility?

- . - The United States had absolutely no formal or informal agreement or arrangement with Russia on the future operation or disposition of the ballistic missile early warning radar in Skrunda, Latvia.
- Apart from its status under the ABM Treaty and recognizing that such radars contribute to strategic stability, the ownership and ultimate disposition of the skrunda radar facility was most appropriately decided between the governments of Latvia and Russia. The United States is pleased that the talks aimed at resolving issues associated with the operation of the Skrunda facility have been successfully concluded. We will work with both parties and with the CSCE to ensure its successful, strict implementation.
- We informed both the Latvian and Russian governments about our position.

U.S. - BALTIC SECURITY RELATIONSHIP

Q: What type of "normal" defense and security relationship does the United States have with each of the Baltic States?

- . - Since their independence, the U.S. has developed a network of active bilateral and multilateral security relationships with Estonia, Latvia and Lithuania. Our approach has been to use these relations to promote regional stability, demonstrate support for Baltic sovereignty, accelerate the integration of these states with Euroatlantic institutions, and foster the development of civilian control of the fledgling armed forces.
- In May, we conducted Bilateral Working Groups -- consultations on regional security, defense cooperation, and bilateral assistance -- with each of the Baltic states. We also conduct an expanded program of high-level visits, ship visits, and exchanges of defense officials.
- Each of the Baltic states also participates in U.S.-administered programs such as IMET and the Joint Contact Team Program (which oversees military-military exchanges).
- Subject to case-by-case review, all of the Baltic states are also eligible to receive U.S. Government-origin defense articles and defense services through the Foreign Military Sales program. They are also eligible to receive grant, non-lethal excess defense articles from the U.S. To date, actual transfers have been minimal.
- The Administration has proposed to Congress a \$10 million program in FY 1995 to support regional peacekeeping units in Central and Eastern Europe, including the Baltic Peacekeeping Battalion being established jointly by these three states.
- We also hope to expand our security cooperation through NATO's Partnership for Peace, in which all of the Baltic states intend to participate.

ESTONIAN - RUSSIAN TALKS

Q: What is the status of the Estonian - Russian negotiations?
What role has the United States played in these talks?

- . - We understand that virtually all issues in the Estonian-Russian troop withdrawal negotiations already have been resolved. the key remaining issue concerns the status of Russian military retirees living in Estonia.
- The U.S. has strongly promoted the timely and full withdrawal of all Russian forces from the Baltic States.
- We have remained actively engaged with both sides in promoting an agreement, and have encouraged them to focus on practical solutions to the outstanding questions.
- We strongly urge Russia to withdraw its forces from Estonia by August 31, 1994 -- the date Russia proposed to Estonia and Latvia last fall.
- It is our firm hope that an Estonian-Russian troop withdrawal agreement can be achieved soon. Only 2,500 Russian troops remain in Estonia.
- We established a \$160 million program for the construction of housing for demobilizing Russian officers returning from the Baltics and elsewhere, and in early April modified the program to make military retirees living in Estonia and Latvia and wishing to resettle in Russia eligible for vouchers that will be made available under the program. 750 vouchers are available in each country.

ETHNIC RUSSIANS IN ESTONIA AND LATVIA

Q: What is the United States position on the status of ethnic Russians in Estonia and Latvia? Do you see the issue of troop withdrawal linked to the Balts' treatment of ethnic Russians?

- . - We see no link between Estonia's and Latvia's treatment of ethnic Russians and the speedy and unconditional withdrawal of Russian forces from the Baltic States, but there are a number of ways that we can assist in addressing this practical problem.
- Because of our concern for the protection of human rights worldwide, we have supported the visits to Estonia and Latvia of numerous international human rights experts from non-government and inter-governmental and organizations. We agree with their conclusions that there are no pattern of human rights violations there, but also have strongly encouraged Estonia and Latvia to accept the presence of resident CSCE missions to monitor these political conditions, offer support to the host governments in drafting legislation affecting these Russians, and provide ombudsman-like services to the Russian communities.
- While we have attempted to alleviate the situation of retired and demobilized Russian officers in Estonia and Latvia through \$160 million in housing vouchers and housing construction programs, we insist that absolutely no issues be linked to the prompt and orderly withdrawal of Russian troops from the Baltic States.

KALININGRAD

Q: What is the U.S. position on the status of Kaliningrad?

- A. - Kaliningrad involves complex historical questions with significant regional implications. The postwar Potsdam Conference agreed in principle to a Soviet proposal concerning the ultimate transfer of Kaliningrad to the USSR subject to expert examination of the actual frontier; the Two-Plus-Four Agreement settled Germany's border but did not address the status of Königsberg.
- The high concentration of Russian forces and the increasing desire of the other Baltic Sea states for Kaliningrad's demilitarization add to the controversy. We also understand that neighboring countries have disclaimed sovereignty over the region.
 - Lithuania and Russia signed a civil transit agreement on Kaliningrad in July 1991, but a military transit agreement still needs to be negotiated and signed. The Russians have withheld implementation of Lithuania's MFN status (signed in November, 1993) until the transit rights problem is resolved.
 - We oppose emphatically any approach or solution that does not respect Lithuania's sovereignty. We understand that the Lithuanians have developed better relations with officials in Kaliningrad, and we continue to encourage Lithuania to cultivate good ties with the enclave.

LATVIAN NATURALIZATION LAW

Q: What does the U.S. think about the draft Latvian Law on Naturalization?

A. - The United States believes that the bill is an improvement over earlier drafts but has some minor problems, most notably the stiff quota for those not born in Latvia. We continue to encourage the Government of Latvia to work with the Council of Europe and the CSCE to ensure passage and implementation of such a law in keeping with Western standards.

AID PHASEOUT IN ESTONIA

Q: Won't the United States cutoff of aid to Estonia devastate Estonia's attempts to continue radical economic reform?

- . - Estonia's phased graduation from AID's assistance programs, which will not be completed until 1996, recognizes Estonia's position at the vanguard of Eastern European reform. Its renaissance and reemergence in the Western community has been described by almost everyone as a resounding success, a "political and economic miracle," or as "The Little Country that Could."
- We recognize that Estonia still needs to pursue more comprehensive reform in agriculture and in its banking and financial sectors, and that some sectors of Estonian society have suffered great hardship during Estonia's transition.
- However, U.S. assistance to Central and Eastern Europe was intended to be temporary: until those countries could reestablish democratic institutions and economic relations with the West. So far, Estonia and the Czech Republic have best succeeded in doing so.
- The Estonian Government also realizes that its graduation from AID's assistance programs does not mean that other forms of United States Government assistance through different Departments terminate. Of note, the U.S. military academies have accepted three Estonian scholars for their programs beginning this year, and the Baltic American Enterprise Fund will provide \$50 million of capital to small and medium-sized enterprises. Rather, this new "partnership of equals" signals a new relationship of mutual benefit in increased cooperation. Our support for Estonia's active role in Partnership for Peace, for example, is indicative of this development.

STABILITY PACT

Q: What does the U.S. think of the Baltic Table of the European Stability Pact?

A. - The U.S. is consulting closely with the European Union on its proposal to establish a Baltic Table as much as we seek the views of concerned states. We welcome the EU's intention to enhance stability and security in Europe through the Stability Pact concept. We will, thus, continue work with the EU to ensure that this initiative contributes to the success of the already ongoing CSCE and other efforts.

CSCE MISSIONS

Q: What is the CSCE's role in the Baltic area?

A. - The CSCE has been very active fostering stability in the Baltic States region. The CSCE has established a mission in Latvia--headed by an American diplomat--which monitors citizenship issues as well as issues related to the withdrawal of Russian troops. The mission to Estonia works to promote stability, dialogue, and understanding between Estonians and Russian-speaking communities. In addition, the CSCE's High Commissioner on National Minorities, Max van der Stoep, has been particularly active in the Baltic area to resolve tensions and disputes involving national minority issues. The U.S. strongly supports these CSCE activities.

LATVIA: CONTINGENCY ARRIVAL STATEMENT

I am pleased to be able to begin this important visit to Europe, my third this year, in Riga, and I am delighted to be the first American President to visit Latvia.

Through five dark decades the American people and their government kept faith with the people of Latvia and refused to recognize the Soviet occupation of your country. We maintained not only strong bonds of friendship but also diplomatic recognition. We thrilled as the people of Latvia courageously reasserted their independence, and we were proud to send our first Ambassador to your land.

You and your Government have made impressive strides in three brief years in creating a democratic society and a free-market economy. We applaud the agreements recently reached between Latvia and Russia for the withdrawal of Russian forces. We strongly support your efforts, and I am looking forward to seeing your accomplishments at first hand and exchanging views with your leaders.

I plan to meet here in Riga with the leaders of all three Baltic States and to continue our important dialogue. I salute the governments and people of Lithuania and Estonia as well for the impressive progress they too have made. I am especially

pleased by the broad cooperation among the three Baltic States, ranging from a free trade agreement to the formation of a joint Baltic Peacekeeping Battalion, and by the keep interest of Latvia, Lithuania and Estonia for ever closer collaboration with the United States and with European and Transatlantic institutions.

CONTINGENCY WREATH-LAYING STATEMENT
IN LATVIA

DRAFT PRESIDENTIAL PUBLIC STATEMENT

I stand here today before the Freedom Monument to honor the sacrifices made by the people of Latvia for their devotion to country and liberty, or as they are described here, "To Fatherland and Freedom." Over the centuries the Latvian people have struggled valiantly against foreign invaders and have bravely faced death, exile, and endured the pains of oppression. Yet you remained resilient and faithful to our common ideals of freedom and liberty until you regained your dreams at last.

Yesterday, we as Americans celebrated the 219th anniversary of our independence. We and the Baltic peoples are bound by our love for freedom; we are inspired by your vigilant defense of liberty and reflect upon the sacrifices made long ago by our own patriots and heroes.

This statue of Liberty was long the rallying point for those who kept alive the values of freedom, independence and democracy and sought to topple tyranny and oppression.

Independent Latvia is now reborn, and the people of Latvia are embarked on an historic transformation through democracy and free-market economic reform.

As we honor the sacrifices of the past, let us now accept the challenges of the future and rededicate ourselves to the protection of liberty through an ever more democratic, just and tolerant society. Let us continue to work closely together for the benefit of both our nations and peoples and for all humanity.

CONTINGENCY REMARKS TO U.S. EMBASSY RIGA STAFF

Ambassador Silins, Ladies and Gentlemen,

To get from Washington to Riga, I had to travel four thousand miles and cross seven time zones. That's a reminder that in physical terms, the United States and Latvia are pretty far apart. But you who work for the American Mission in Riga know that in other respects, the United States and this remarkable country are already very close, and they're growing closer all the time.

That's why I'm here.

Before the Second World War, America and Latvia also enjoyed good relations. To be honest, though, both countries were really focusing their attentions elsewhere. Latvia was working hard to strengthen economic and political ties with its European neighbors. The U.S. Legation in Riga, meanwhile, especially in the years before the United States opened an Embassy in Moscow, was, as George Kennan so well described, a vantage point to observe what was happening inside the Soviet Union.

Today, I know this mission gives top priority to developments in Latvia. That's because Latvia's success story is important to us. This country's difficult transition from a Soviet-style regime to a modern democratic society shows what can be done with courage, persistence, and a little help from one's friends. There are important lessons here for Latvia's neighbors--and probably some for the United States as well.

The Americans in this room had a front-row seat at this exciting drama; the Latvians here lived it. All of you can take pride in having helped, through this mission, to build a vigorous partnership between Latvia and the United States. It is my goal to see that this partnership helps renew Latvia's liberty and democratic institution, contributes to her prosperity, and strengthens the foundations of regional stability.

I know that establishing an Embassy in the tumultuous days after Latvia regained her independence was an arduous and challenging job. You've carried out your assignments extraordinarily well. I extend my thanks and my congratulations to each of you.

CONTINGENCY DEPARTURE STATEMENT
IN LATVIA

DRAFT PRESIDENTIAL PUBLIC STATEMENT

This event-filled day has given me a superb opportunity to experience directly the dramatic progress that the government and people of Latvia have made in restoring democracy and in building a vibrant free-market economy. I was especially pleased to have a chance to see so much of your magnificent and historic capital and to speak with its residents. You can be justly proud of your achievements.

My special thanks to President Ulmanis and Prime Minister Birkavs for their hospitality, which also provided me the occasion once again to meet with my colleagues from Lithuania and Estonia as well. It was a special satisfaction to continue in person our important dialogue. Our wide-ranging discussions today centered on broadening and deepening our bilateral cooperation. The agreements signed on trade and investment and on scientific and technological cooperation are testimony of our intentions.

I am pleased to have been the first American president to have visited any of the Baltic States. The United States is committed to the success and prosperity of the free and democratic republics of Latvia, Lithuania and Estonia and to working with you in a European and a Transatlantic context. Thank you.

Office of the Press Secretary
(Riga, Latvia)

For Immediate Release

July 6, 1994

The President met today jointly in Riga, Latvia, with President Lennart Meri of Estonia, President Algirdas Brazauskas of Lithuania and President Guntis Ulmanis of Latvia. It was the second meeting of the four presidents and the first ever visit by an American President to the Baltic States.

The President congratulated the Baltic presidents on the progress made toward total withdrawal of Russian troops from the Baltic States through bilateral withdrawal agreements and expressed pleasure at having contributed to this success. To this end, the President announced the readiness of the United States to distribute over 1,500 housing vouchers to retired and demobilized Russian officers currently in Estonia and Latvia for their use in returning to Russia. The President reviewed the progress of our international contribution to dismantle the uncompleted radar facility at Skrunda, Latvia.

The President welcomed the Baltic States' enthusiastic reception of Partnership for Peace and informed the Presidents of the Administration's proposal to Congress in the budget for fiscal year 1995 to support the development of the Baltic Peacekeeping Battalion. The President noted that the United States looks forward to developing cooperative defense and security relationships with Lithuania, Latvia and Estonia bilaterally and multilaterally in a European context.

The President welcomed the signing of a number of bilateral agreements with the United States today and over the past weeks on trade, investment, intellectual property protection, and science and technology cooperation, which lay the foundation for greatly expanding American economic cooperation and financial investment. [--subject to DOC confirmation--In view of these new opportunities, the President announced that he will send a trade mission to the Baltic States spearheaded by the Department of Commerce this autumn.]

The President also announced his approval of the American membership of the Board of Directors of the Baltic Enterprise Fund, which will provide \$50 million of capital to develop small and medium-sized businesses in the Baltics over the next three to four years. This is indicative of one of the directions that we want to emphasize in our new partnership.

The President expressed his admiration for the pace of ongoing economic reform and the progress each country has made in assisting its ethnic minorities and noncitizen communities to integrate into Baltic society. The President also discussed other issues of mutual concern.

UNCLASSIFIED

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FAX TRANSMITTAL SHEET

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NUMBER OF PAGES INCLUDING COVER SHEET 4

SPECIAL INSTRUCTIONS: _____

FYI - Press Statement of Meeting with President Ulmanis and Remarks
by President Clinton and President Ulmanis in the Oval Office.

UNCLASSIFIED

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

May 24, 1994

STATEMENT BY THE PRESS SECRETARY

Meeting with President Ulmanis of Latvia

President Clinton met today with Latvian President Guntis Ulmanis who is visiting the United States for the official opening of the Latvian Mission to the United Nations in New York. During their half-hour discussion in the Oval Office, the President congratulated President Ulmanis on the historic agreements signed April 30 between Latvia and Russia that provide for the withdrawal of Russian military forces from Latvia by August 31, 1994.

The two leaders discussed the withdrawal of Russian troops from the Baltic countries. President Clinton underscored to President Ulmanis that this issue remains among his highest foreign policy priorities. He noted the vision and statesmanship displayed by Presidents Ulmanis and Yeltsin in signing the April 30 agreements, which will contribute to stability and security both within the Baltic region and throughout all of Europe. In this connection, both leaders expressed optimism that agreement would soon be reached on the withdrawal of Russian forces from Estonia by this summer.

The two leaders discussed specific U.S. and multilateral steps planned to support the implementation of the withdrawal agreements. They also reviewed U.S. bilateral assistance programs aimed at supporting continued progress in Latvia's transition to a market economy.

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THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

May 24, 1994

REMARKS BY THE PRESIDENT CLINTON
AND PRESIDENT ULMANIS OF LATVIA
IN PHOTO OPPORTUNITY

The Oval Office

5:16 P.M. EDT

PRESIDENT CLINTON: Since we're not going to do a press availability -- it's late in the afternoon -- I'd like to make a brief statement about the purpose of this meeting and then ask President Ulmanis to say a few words.

First, I want to welcome him to the United States and express my appreciation for the close working relationship we have had with him during my tenure and his, which have overlapped.

Our administration has worked very hard to support the withdrawal of Russian troops from the Baltics in general, and from Latvia in particular. We have been very involved in trying to help resolve the dispute between Russia and Latvia over the facility at Skrunda, and we have been very pleased at the resolution of that. And we have supported the resettlement of Russian soldiers and the housing program for them when they leave the Baltics and go back home.

And so we look forward to the completion of that effort this summer. And we are very, very pleased about it. It's an important part of our overall objectives and our long-term relationships with all the nations in the Baltics area and the CIS, and particularly with Russia. So I'm very pleased about that. And I'm glad to have President Ulmanis here. And I -- he, perhaps, has a word or two he'd like to say.

PRESIDENT ULMANIS: I'm honored about the progress that has been made since I have met with the American President. At that time we talked about very difficult problems, and I'm happy to say that some of those problems have been resolved.

An issue that's very important to the Baltic area is the whole question of troop patrols, and that will occur after a few months. We have legally established a basis for the Skrunda facility and we have ensured that this will not be turned into a Russian military base.

This is a great achievement also for the United States, since we worked together on this issue and were able to resolve it together. And today I have come here to talk about the way we can work together in the future.

I want to ensure that in the future the Baltic area is not a victim of any kind of aggression, that we establish a good -- stimulating the area and that we begin to develop that area economically.

When I was speaking with the Pope recently we talked about the fact that the Baltic area could be a key to peace in that area. Now we can talk about various kinds of development in the area

MORE

of agriculture and social fields, in economic area. But most importantly, we need to talk about how we can help former Russian army personnel leave the Baltic area voluntarily.

Thank you.

Q You're sure they will pull out? And does that mean out of the entire Balkans area -- out of Estonia, Lithuania, wherever they are?

PRESIDENT ULMANIS: (Interpreter speaks for him.) He's convinced that that will be the case, and that's why he's here.

PRESIDENT CLINTON: Our preliminary -- I say it's not preliminary with regard to Lithuania and Latvia -- but we think by the summer that all the negotiations will be concluded. The Veltsin government and President Veltsin himself have been personally -- he's been personally involved in this. I have been personally involved in it. We discussed these matters in enormous detail when I was in Russia. I think it's going in the right direction.

And the leadership of President Ulmanis and the leaders of all the Baltic states, I think, have been -- has been quite key to this. So I feel good about it. I think it's going in the right direction. And it clearly will be a force for stability and democracy in the years ahead in that part of the world.

Q -- Secretary Christopher has been consulting with Congress today. Have you got a better idea on what you plan to do about MFN for China and where that's going, and could you share that with us?

PRESIDENT CLINTON: Yes, I have an idea of where it's going. No, I'm not prepared to share it with you, because we still have not only ongoing negotiations with Congress, but with others as well, and there are a number of things that still have to be resolved. We're working through it as quickly as we can. We will resolve it as quickly as we can.

I do want to say that the United States announced some very good news today. Late last night we reached agreement with the Japanese on returning to our trade talks with them. They are an important part of our long-term strategy for peace and stability and democracy in Asia. And I think that will support what we hope will be a long-term positive relationship with China and our desire to advance the cause of human rights within the country. I think Japanese -- the break there with the negotiations is a big plus. And we've been working hard on it. I talked to Prime Minister Hata today. I'm very encouraged about that. And we'll have the Chinese decision as quickly as we can work through it.

Q Before you go to Normandy? Before you go to Normandy?

Q Is there going to be a Cabinet shake-up?

PRESIDENT CLINTON: Sometimes I'm the last to know, but as far as I know there isn't. (Laughter.) Unless you know something I don't, the answer is no.

Well, the deadline's June the 3rd. And I don't expect to announce it in Europe.

END

5:24 P.M. EDT

Official Name:

REPUBLIC OF LATVIA

PROFILE

GEOGRAPHY

Area: 64,100 sq. km. (25,640 sq. miles); about the size of West Virginia. Cities: Capital--Riga (1989 pop. 910,455); Daugavpils (124,910); Liepaja (114,486); Jelgava (74,105); Jūrmala (60,600); Ventspils (50,646); Rezekne (42,477).

Terrain: Fertile low-lying plains predominate in central Latvia, highlands in Vidzeme and Latgale to the east, and hilly moraine in the western Kurzeme region. Forests cover one-third of the country, with over 3,000 small lakes and numerous bogs.

Land Use: 27% arable land, 13% meadows and pastures, 39% forest and woodland, 21% other.

The climate is temperate, with four seasons of almost equal length. January temperatures average -5°C (23°F); July, 17°C (63°F). Annual precipitation averages 57 centimeters (23 in.).

PEOPLE

Nationality: Noun and adjective--Latvian(s).

Population: 2.6 million. Growth Rate--0.6%. Birth Rate--14/1,000. Death Rate--13/1,000. Divorce Rate--40%. Migration Rate--4 migrants/1,000. Density--105/sq. mile. Urban Dwellers--71%.

Ethnic groups: Latvian 51.8%, Russians 33.8%, Belorussians 4.5%, Ukrainians 3.4%, Poles 2.3%. Religions: Lutheran, Orthodox, Roman Catholic. State Language: Latvian. Russian also is spoken by most people.

Education: Years compulsory: 9. By 1989, 60% of the adult populace had finished high school, and 12% had completed college. Attendance--331,100 students at 943 schools, plus 114,200 university students. Literacy--99%.

Health: Infant mortality rate--16/1,000. Life expectancy--65 years male, 75 female. Work force (1,405,000 people): Agriculture/Forestry--16%, Industry--30%, Trade/Dining--9%, Transport/Communication--7%, Construction--10%, Financial--1%, Services, other--27%.

GOVERNMENT

Type: parliamentary democracy.

Constitution: The 1922 constitution, the 1990 declaration of renewal of independence, and the 1991 "Basic Law for the Period of Transition" serve until a new constitution is ratified.

Branches: Executive--Chairman of Parliament (Head of State), elected by Parliament every five years; Prime Minister (Head of Government).

Legislative--Saeima (100-member body). Judicial--Supreme Court.

Administrative regions: 26 "rural" districts and 6 districts in Riga.

Principal Political Factions:

Union "Latvia's Way"	36 seats;
Farmers Union	12 seats;
National Independence Movement (LNNK)	15 seats;
"Harmony for Latvia" Coalition	13 seats;
"Equal Rights" Faction	07 seats;
Christian Democrats	06 seats.
"Fatherland and Freedom"	06 seats;
Democratic Center Party	05 seats;

Suffrage: 18 years - universal

Central government budget: 85.7 billion lvr (\$520 million).

Defense: 2.5 billion latvian rubles (2.9% of budget)

National holidays: November 18 - Independence Day.

Flag: Two horizontal, maroon bands of equal width divided by a white stripe one-half the width.

ECONOMY

1992 GDP: 182 billion latvian rubles. Growth rate: -33%.

Inflation rate: 30%. Unemployment: 5%.

Natural resources: peat, limestone, dolomite, gypsum, timber.

Agriculture/Forestry (24% of GDP): Products--cattle, dairy foods, cereals, potatoes. Cultivable land--1.36 million ha, of which 60% is arable, 18% meadow, and 13% pasture.

Manufacturing/Electricity (45% of GDP): light electrical equipment and fittings, textiles and footwear, technological instruments, construction materials, processed foods.

Services (23% of GDP): transportation, public dining.

Construction (7% of GDP): construction materials.

Other (1% of GDP): fishing, mining

Trade: Exports--\$803 million: transshipment of crude oil; metals, timber and paper products; furniture; dairy and fish products; light industrial products and machinery, chemical products, textiles and clothing. Major markets--Russia 43%, Netherlands 12%, Germany 10%, Sweden 10%, Ukraine 9%, Belarus 7%. Imports--\$1.1 billion: fuel, food, raw materials, machinery. Partners--Russia 29%, Germany 10%, Lithuania 10%, Sweden 5%, Belarus 4%.

Official exchange rate: One lats (Ls) = 100 santimi.

1 USD = .573 Ls.

Membership in International Organizations: UN, CSCE, NACC, IAEA, CERCO, ICES, ICAO, IAEA, UNESCO, UNICEF, IMF, WB/EBRD, and other UN-related organizations.

GEOGRAPHY

Between 55.40 and 58.05 latitude and 20.58 and 28.14 longitude, Latvia lies on the eastern shores of the Baltic Sea on the level northwestern part of the rising East European platform. 98% of the country lies under 200m elevation (640 ft.). The damp climate resembles New England's. With the exception of the coastal plains, the Ice Age divided Latvia into three main regions: the morainic Western and Eastern uplands and the Middle lowlands. Latvia holds over 12,000 rivers, only 17 of which are longer than 60 miles, and over 3,000 small lakes, most of which are eutrophic. Woodland, more than half of which is pine, covers 41% of the country. Other than peat, dolomite and limestone, natural resources are scarce. Latvia holds 531km (329 mi.) of sandy coastline, and the ports of Liepaja and Ventspils provide important warm-water harbors for the Baltic littoral, although the Bay of Riga itself is rather polluted.

Today, Latvia is slightly larger than Denmark, Estonia, the Netherlands and Switzerland. Its strategic location has instigated many wars between rival powers on its territory. As recently as 1944, the USSR granted Russia the Abrene region on the Livonian frontier, which Latvia still contests.

PEOPLE

Latvians occasionally refer to themselves by the ancient name of "Latviji," which may have originated from a "Latve" river that presumably flowed through what is now eastern Latvia. A small Finno-Ugric tribe known as the Livs settled among the Latvians and modulated the name to "Latvis," meaning "forest-clearers," which is how medieval German settlers also referred to these peoples. The German colonizers changed this name to "Lette" and called their initially small colony "Livland." The Latin form, "Livonia," gradually referred to the whole of modern-day Latvia as well as southern Estonia, which had fallen under German dominion. Latvians and Lithuanians are the only directly surviving members of the Baltic peoples and languages of the Indo-European family.

Latvians look like, and consider themselves, Nordics, evidenced through the strong cultural and religious influences gained over centuries during Germanic and Scandinavian colonization and settlement. Eastern Latvia (Latgale), however, retains a strong Polish and Russian cultural and linguistic influence. This highly literate society places strong emphasis upon education, which is free and compulsory until age 16. Most Latvians belong to the Evangelical Lutheran Church, a sizeable minority are Russian Orthodox, and Eastern Latvia is predominantly Roman Catholic.

Historically, Latvia always has had a fairly large Russian, Jewish, German and Polish minority, but postwar emigration, deportations and Soviet Russification policies from 1939-1989 dropped the percentage of ethnic Latvians in Latvia from 73% to 52%. In an attempt to preserve the Latvian language and avoid ethnic Latvians becoming a minority in their own country, Latvia's strict language law and draft citizenship law have caused many non-citizen resident Russians concern over their ability to assimilate, despite Latvian legal guarantees of universal human and civil rights regardless of citizenship.

Written with the Latin alphabet, Latvian is the language of the Latvian people and the official language of the country. It is an inflective language with several analytical forms, three dialects, and German syntactical influence. The oldest known examples of written Latvian are from a 1585 catechism. The Soviets imposed the official use of Russian, so most Latvians speak Russian as a second or first language while the resident Slavic populace generally speaks Russian as a first language.

HISTORY

Since 9,000 BC ancient peoples of unknown origin had inhabited Latvia, but by 3,000 BC the ancestors of the Finns had settled the region. A millenium later, pre-Baltic tribes had arrived and within time evolved into the Baltic Couranian, Latgallian, Selonian and Semigallian groups. These tribes eventually formed local governments independently from the Finno-Ugric Livian tribe until the thirteenth century, when they were conquered by the Germans, who renamed the territory Livonia. German sailors shipwrecked on the Daugava River in 1054 had inhabited the area, which led to increasing German influence. Founded by the Germanic Bishop Alberth of Livonia in 1201, Riga joined the Hanseatic League in 1285 and shared important cultural and economic ties to the rest of Europe. However, the new German nobility enserfed the peasantry and accorded non-Germanic peoples only limited trading and property rights.

Subsequent wars and treaties ensured Livonia's partition and colonization for centuries. The Commonwealth's successes during the Livonian Wars (1558-1583) united the Latvian-populated duchies of Pärdaugava, Kurzeme and Zemgale, but the Polish-Swedish War (1600-1629) granted Sweden acquisition of Riga and the Duchy of Pärdaugava, minus Latgale, leaving Latvia again split ethnically. In turn, victory over Sweden in the Great Northern War (1700-1721) gave Russia control over the Latvian territories. From 1804 onwards, a series of local decrees gradually weakened the grip of German nobility over peasant society, and in 1849 a law granted a legal basis for the creation of peasant-owned farms.

Until the 1860s, there still was little sense of a Latvian national identity, as both serfdom and institutional controls to migration and social mobility limited the boundaries of the peasants' intellectual and social geography. The large baronic estates caused a lack of available farmland for an increasing population, creating a large landless, urban class comprising about 60% of the population. Also in the face of stricter Russification policies, the Baltic German clergy and literati began to take a more benevolent interest in the distinctive language and culture of the Latvian peasantry. These patrons (with such Lettish names as Alunans, Barons, Krastins, Kronvalds, Tomsons and Valdemärs) soon formed the Young Latvian Movement, whose aim was to promote the indigenous language and to publicize and counteract the socio-economic oppression of Latvians.

By 1901 "Jauna Strava" had evolved into the Latvian Social Democratic Party. Following the lead of the Austrian Marxists, the LSDP advocated the transformation of the Russian Empire into a federation of democratic states (to include Latvia) and the adoption of cultural autonomy policy for extra-territorial ethnic communities. In 1903 the LSDP split into the more radically internationalist Latvian Social Democratic Worker's Party and the more influential Latvian Social Democratic Union (LSDU), which continued to champion national interests and Latvia's national self-determination, especially during the failed 1905 Revolution in Russia.

The onset of WW I brought German occupation of the western coastal province of Kurzeme, and Latvians heroically countered the invasion with the establishment of several regiments of riflemen commanded by Czarist generals. As a defensive measure, Russia dismantled over 500 local Latvian industries, along with technological equipment, and relocated them to central Russia. The sagging military campaign generally increased Latvian and LSDU support for the Bolsheviks' successful October Revolution in 1917, in the hopes of a "free Latvia within free Russia." These circumstances led to the formation of the soviet "Iskolat Republic" in the unoccupied section of Latvia. In opposition to this government and to the landed barons' German sympathies stood primarily the Latvian Provisional National Council and the Riga Democratic Bloc. These and other political parties formed the Latvian People's Council which on November 18, 1918 declared Latvia's independence and formed an army.

The new Latvian army faced rogue elements of the retreating German army and squared off in civil war against the Soviet Red Army, comprised greatly of the former Latvian Riflemen. Soviet power resumed in Latvia one month later on December 17 by order of the Latvian SSR, which forcefully collectivized all land and nationalized all industries and property. By May 22, 1919 the resurgent German Army occupied and devastated Riga for several days. In response, the Latvian army managed to win a decisive battle over the combined German-Red Army forces and thereafter consolidated its success on the eastern Latgale front. These developments led to the dissolution of the Soviet Latvian government on January 13, 1920 and to a peace treaty between Latvia and Soviet Russia on August 11 later that year. By September 22, 1921, Latvia was admitted to the League of Nations.

Having obtained independent statehood in which Latvians were an absolute majority, the Government headed by Prime Minister Ulmanis declared a democratic, parliamentary republic. It recognized Latvian as the official language, granted cultural autonomy to the country's sizeable minorities, and introduced an electoral system into the Latvian constitution, which was adopted in 1922. The decade witnessed sweeping economic reform, as war had devastated Latvian agriculture, and most Russian factories had been evacuated to Russia. Economic depression heightened political turmoil, and on May 15, 1934, Prime Minister Ulmanis dismissed the parliament, banned outspoken and left-wing political parties and tightened authoritarian state control over Latvian social life and the economy.

The effects of the infamous Molotov-Ribbentrop agreement of 1939 steadily forced Latvia under Soviet influence until August 5, 1940, when the Soviet Union finally annexed Latvia. On June 14 of the following year 15,000 Latvian citizens were forcibly deported and a large number of army officers shot. The subsequent German occupation witnessed the mobilization of many Latvians into Waffen SS legions, while some Latvians joined the Red Army and formed resistance groups; others fled to the West and East. By 1945 Latvia's population dropped by one-third.

After the war, the USSR subjected the Latvian republic to a scale of social and economic reorganization which rapidly transformed the rural economy to heavy industry, the strongly ethnically Latvian population into a more multiethnic structure, and the predominantly peasant class into a fully urbanized industrial worker class. As part of the goal to more fully integrate Latvia into the Soviet Union, on March 25, 1949 Stalin again deported another 42,000 Latvians and continued to promote the policy of encouraging Soviet immigration to Latvia. The brief "Krushchev thaw" of the 1950's ended in 1959, when the Soviets dismissed Latvian Communist Party and Government leaders on charges of "bourgeois nationalism" and replaced them with more aggressive hardliners, mostly from Russia.

"Perestroika" enabled Latvians to pursue a bolder nationalistic program, particularly through such general issues as environmental protection. In July 1989, the Latvian Supreme Soviet adopted a "Declaration of Sovereignty" and amended the Constitution to assert the supremacy of its laws over those of the USSR. Pro-independence Latvian Popular Front candidates gained a two-thirds majority in the Supreme Council in the March, 1990 democratic elections. On May 4, the Council declared its intention to restore full Latvian independence after a "transitional" period; three days later, Ivars Godmanis was chosen Council of Ministers Chairman, or Prime Minister.

In January 1991, Soviet political and military forces tried unsuccessfully to overthrow the legitimate Latvian authorities by occupying the central publishing house in Riga and establishing a "Committee of National Salvation" to usurp governmental functions. 73% of all Latvian residents confirmed their strong support for independence March 3 in a nonbinding "advisory" referendum. A large number of ethnic Russians also voted for the proposition.

Latvia claimed de facto independence on August 21, 1991 in the aftermath of the failed Soviet coup attempt. International recognition, including the USSR, followed. The U.S., which had never recognized Latvia's forcible annexation by the USSR, resumed full diplomatic relations with Latvia on September 2.

GOVERNMENT AND POLITICAL CONDITIONS

Latvia emphatically maintains that Russian troop withdrawals remain its highest priority and that its resolution will exponentially speed economic and political reform. Estimated Russian troop strengths now are less than 7,000 men.

In October 1991, the Latvian Supreme Council began deliberations on a citizenship law, which remains to be finalized. Under the accepted guidelines, those who were Latvian citizens in 1940, and their descendants, can claim citizenship. 48% of Latvia's population is ethnically non-Latvian, yet perhaps more than 85% of its ethnic Slavs can pass the residency requirement. The guidelines set naturalization criteria for conversational knowledge of Latvian, a loyalty oath, renunciation of former citizenship, a 16 year residency requirement and a knowledge of the Latvian constitution. Dual citizenship is allowed for those who were forced to leave Latvia during the Soviet occupation and adopted another citizenship. In addition, the resolution calls for excluding criminals, drug addicts, members of the Soviet army, and certain other groups from becoming citizens.

On March 19, 1991 the Supreme Council passed a law explicitly guaranteeing "equal rights to all nationalities and ethnic groups" and "guarantees to all permanent residents in the Republic regardless of their nationality, equal rights to work and wages." The law also prohibits "any activity directed toward nationality discrimination or the promotion of national superiority or hatred."

Significant portions of the 1922 constitution were temporarily reimplemented in autumn 1991, but a citizenship law and new constitution will not be adopted until sometime this autumn. The Government took a census in spring, 1993 to determine eligibility for citizenship. Parliamentary gridlock in the former Supreme Council halted passage of any substantive political or economic legislation.

The Saeima, a unicameral legislative body, is the highest organ of state authority. It initiates and approves legislation sponsored by the Prime Minister. The Prime Minister has full responsibility and control over his cabinet, and the President holds a primarily ceremonial role as Head of State.

In the June 5-6, 1993 elections wherein over 90% of the electorate participated, eight of Latvia's twenty-three registered political parties passed the four percent threshold to enter parliament. The Popular Front, which spearheaded the drive for independence two years ago with a 75% majority in the last parliamentary elections in 1990, did not qualify for representation. The centrist "Latvia's Way" party received a 33% plurality of votes and joined with the Farmer's Union to head a center-right wing coalition government.

Led by the opposition National Independence Party (LNNK), right-wing nationalists won a majority of the seats nationwide and also captured the Riga mayoralty in the May 29 municipal elections. Correctly anticipating that it would do poorly, the governing party "Latvia's Way" spent few resources to contest the elections. Its coalition partner, "Farmers' Union," did well in the countryside while former FM Jurkans' left-leaning "Concord for Latvia" took Eastern Latvia. CSCE and COE observers pronounced the elections free and fair, and turnout averaged just under 60%, despite general voter apathy.

The popular and effective Foreign Minister, Georgs Andrejevs, resigned in early June over poor health and over accusations that he and four other members of Parliament cooperated with the KGB prior to Latvia's independence.

A draft law on naturalization, based on recommendations from the Council of Europe, recently passed its second reading in the saeima.

Key Officials (as of June, 1994):

President	Mr. Karlis Ulmanis	(Farmers' Union)
Prime Minister	Mr. Valdis Birkavs	(Latvia's Way)
Deputy Prime Minister, Government Reforms	Mr. Maris Gailis	(Latvia's Way)
Deputy Prime Minister, Economics	Mr. Ojars Kehris	(Latvia's Way)
Deputy Prime Minister, Justice	Mr. Egils Levits	(Latvia's Way)
Foreign Affairs	(vacant)	
Defense	Mr. Valdis Pavlovskis	(Latvia's Way)
Interior	Mr. Girts Kristovskis	(Latvia's Way)
Finance	Mr. Uldis Osis	(Latvia's Way)
Educ., Cult., Science	Mr. Janis Vaivads	(Latvia's Way)
Agriculture	Mr. Janis Kinna	(Farmers' Union)
Transportation	Mr. Andris Gutmanis	(Latvia's Way)
Welfare	Mr. Janis Ritenis	(Farmers' Union)
Environment, Reg. Dev.	Mr. Girts Lukins	none
Minister-at-large	Mr. Edvins Inkens	(Latvia's Way)
Parliament Chairman	Mr. Anatolijs Gorbunovs	

Latvia maintains an Embassy in the United States at
4325 17th Street, Washington DC 20011 [tel: (202)726-8213].

ECONOMY

For centuries under Hanseatic and German influence and then during its interwar independence, Latvia used its geographic location as an important East-West commercial and trading center. Industry served local markets, while timber, paper and agricultural products supplied Latvia's main exports. Conversely, the years of Russian and Soviet occupation tended to integrate Latvia's economy to serve those empires' large internal industrial needs.

Today, Latvia's economy still remains heavily dependent upon the markets of the states of the former Soviet Union. Other than in peat, timber and gravel, Latvia is deficient in most natural resources and relies upon trade with its former Soviet neighbors to provide for 91% of its energy needs. Freed prices, including once-rationed food items and fuel, now are reaching market levels, and most small businesses and farms either have been privatized or are operating as such. Industrial production dropped 35% in 1992, and the urban, resident non-citizen Russian work force which dominates Latvia's highly diversified but inefficient industrial sector may face significant unemployment and economic displacement once Latvia undertakes deeper necessary reforms.

As a result, Latvians' standard of living and purchasing power has fallen catastrophically. As a new member, Latvia received critical loans from the IMF and World Bank, as well as from G-24 nations, in order to stave off critical energy, medicinal and feedgrain shortages and financial shortfalls caused by the disruption of traditional Soviet markets.

The monetary situation has stabilized, with monthly inflation less than 2%, in accord with IMF plans, and hard currency reserves in excess of \$320 million. In late 1992, U.S. investment totaled \$82.7 million. On March 5, Latvia began issuing its own freely convertible currency, the lats, which recently replaced the interim currency, the Latvian ruble. Private businesses are booming, with over \$75 million in foreign investment last year, and the Government has recreated over 50,000 private farms. Comprising 48% of the populace, ethnic Slavs control over 75% of the economy, and the current government probably will not pass any other significant privatization legislation or economic reforms until after the June elections.

DEFENSE

Latvia's defense concept is based upon the Swedish-Finnish model of a rapid response force composed of a mobilization base and a small group of career professionals. The armed forces consist of border guards, mobile riflemen, special units, and an air force and navy whose status has not fully been determined financially or administratively. The "zemessardze," or home guard, is an autonomous volunteer paramilitary organization which also performs traditional national guard duties and assists the border guards. Special independent Interior Ministry, intelligence, and civil defense units also exist. Active-duty defense forces stand at 9,000 men. There is a mandatory one-year draft period of active duty, and alternative conscription for conscientious objectors is available.

FOREIGN RELATIONS

Latvia became a member of the United Nations on September 18, 1991 and is a signatory to a number of U.N. organizations and other international agreements. It also is a member of the Conference on Security and Cooperation in Europe and of the North Atlantic Coordinating Council. Latvia is unaffiliated directly with any political alliance but welcomes further cooperation and integration with NATO, European Community and other Western organizations. It also seeks more active participation in United Nations peacekeeping efforts worldwide.

Latvia maintains Embassies in the United States, Belarus, Belgium, Denmark, Estonia, Finland, France, Germany, Lithuania, Sweden, the United Kingdom, and Russia. It also operates missions to the United Nations in New York City and a Consulate General in Australia. Honorary consuls are located in Australia, Austria, Belgium, Canada, Greece, India, Israel, Italy, Korea, Moldova, Norway, Switzerland, Taiwan, and Venezuela.

Relations with Russia are improving, primarily because Latvia and Russia signed a troop withdrawal agreement on April 30 calling for the withdrawal of Russia's remaining 7,000 troops from Latvia no later than August 31, 1994. Latvia has agreed that Russia may continue to operate the Skrunda radar facility under CSCE supervision strictly for a four-year period. Latvia lacks a citizenship law, and Russia expresses concern for how Latvia's language law and proposed citizenship law may affect Latvia's ethnic Slavs, who comprise 48% of the population. In turn, Latvia is interested in the welfare of over 210,000 ethnic Latvians still resident in Russia. Neither country allows for dual citizenship.

The United States established diplomatic relations with Latvia on July 28, 1922. The U.S. Legation in Riga officially was established November 13, 1922 and served as the headquarters for U.S. representation in the Baltics during the interwar era. The Soviet invasion forced the closure of the legation on September 5, 1940, but Latvian representation in the United States has continued uninterrupted for over seventy years. The U.S. never recognized the forcible incorporation of Latvia into the USSR, and views the present Government of Latvia as a legal continuation of the interwar republic. Latvia has enjoyed Most-Favored-Nation (MFN) treatment with the U.S. since December, 1991. It annually receives approximately \$6 million in humanitarian and medical aid, technical assistance and professional training, along with about \$38 million in feed grain credit from the U.S. since 1991.

Further Information

These titles are provided as a general indication of material published on this country. The Department of State does not endorse unofficial publications.

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For information on economic trends, commercial development, production, trade regulations, and tariff rates, contact the International Trade Administration, U.S. Department of Commerce, Washington, D.C. 20230 at (202)482-4915, or any Commerce Department district office. For information on business opportunities, call the Commerce Department's East European Business Information Center at (202)482-2645.

Travel Notes

Customs: Latvian tourist visas may be obtained at certain road bordercrossings and at Riga Airport. However, the U.S. Embassy strongly recommends that all visitors obtain visas from the Latvian Embassy in Washington DC (or in major Western European capitals) before departure. The Embassy charges a \$10 mail processing fee for visas. Visitors are encouraged to register at the U.S. Embassy. Lithuanian visas are also valid for entry into Latvia.

Unlimited hard currency, 1 liter of alcohol, 200 cigarettes, and foodstuffs valued at less than one month's minimum wage (3,000 rubles) may be imported. \$125 worth of goods not regulated by Latvian or international law requiring special permission may be imported. Export regulations cover hard currency (in unrestricted amounts) and foodstuffs worth less than ten monthly minimum wages). Articles purchased in Latvia for hard currency must be accompanied by a receipt.

Climate and clothing: Latvia's climate enjoys seasons of almost equal length. Riga and the coast are temperate, with pleasant, cool summers and damp winters; eastern Latvia is continental, with warmer summers and harsher winters.

Health: Medical care does not meet Western standards and faces severe shortages of basic medical supplies, including disposable needles, anesthetics and antibiotics. Recent disruption of energy supplies has decreased the availability of heat and hot water. Raw fruits and vegetables are safe to eat, but avoid drinking unpasteurized milk and tapwater.

Transportation: Several international airlines, including SAS and Lufthansa, provide service between European cities and Riga Airport. Train service is available via Moscow, St. Petersburg and Warsaw/Frankfurt, and a bus line connects the Baltic capitals with Warsaw. Bus and taxi services within the capital and its environs are good. Taxis are inexpensive and available at stands or may be ordered by phone. Rental cars are available. Gasoline prices are reaching market rates.

Telecommunications: Improved telephone and telegraph services are readily available at standard international rates. Riga is 7 hours ahead of eastern standard time.

Work week: 40 hours. Most stores and shops are closed on Sunday, open Monday-Friday from 10:00am - 6:00pm and on Saturday from 9:00am - 1:00pm.

National holidays: Businesses and the U.S. Embassy may be closed on the following Latvian holidays: January 1--New Year's Day; Good Friday; Easter Sunday; May 1--Labor Day; June 24--Midsummer; November 18--Independence Day; December 24-26 (Christmas). The U.S. Embassy also will be closed on U.S. federal holidays.

Tourist attractions: Latvia offers a variety of interesting historical and architectural monuments, museums, picturesque scenery and places of interest. Riga features all the appeal of an Old World European capital, with cathedrals, castles and town walls from the Middle Ages and tree-lined boulevards. Also of note are Riga's Freedom Monument and its Outdoor Museum of Ethnography portraying Latvian life through the centuries. Jurmala's seaside resorts are popular for sandy beaches and mudbaths. Numerous castle and church ruins as well as lovely national parks, such as the wildlife refuge in Ligatne, dot the countryside.

Currency, Weights and Measures: The transitional national currency is convertible with major Western monies, but some vendors still accept Western cash for purchases. Traveler's checks and some major credit cards can be used primarily at large banks and Western hotels. Latvia uses the metric system.

Crime: By U.S. standards, Latvia has a low rate of violent crime. However, the introduction of a market-oriented economy has resulted in an increase in street crime, especially at night near major hotels and restaurants frequented by foreigners. Penalties for possession, use and dealing in illegal drugs are strict, and convicted offenders can expect jail sentences and fines.

Principal U.S. Officials

Ambassador	Ints M. Silins
Economic Officer	Jonathan Bemis
Political Officer	Scott Dean
Administrative Officer	Susan Grazina
Consular Officer	Jeffrey D. Rathke
AID Director	Baudouin de Marcken
Public Affairs Officer	James Kenney

The U.S. Embassy in Latvia is located at Raina Boulevard 7, Riga [tel. (371-2)213-962].