

The Europeanization of Latvia: Becoming good Europeans?

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Introduction

Before May 2004 there were many unknown variables about the future of the European Union after the so-called big bang enlargement. How would the decision-making function? What policies would the new member states support or object? How would EU membership change the newcomers? This paper aims at addressing these questions analyzing some cases where changes can be seen or written down to Latvia's EU membership.

The article is divided in two parts. The first is devoted to politics and has three subparts. The first subpart looks at the Europeanization of Latvian national politics analyzing party programs, the public opinion, two legislative cases where EU standards had to be implemented, as well as the impact the EU membership has had on the naturalization of non-citizens. The second subpart looks at the Europeanization of Latvian politics within the EU, i.e. looking at cases where Latvian officials (among the officials of other new member states) have succeeded in lobbying their positions on EU policy or institutional issues. The third subpart discusses the Europeanization or normalization of Latvia's relations with Russia.

The second part of the article addresses Latvia's economy. First the basic economic data are analysed attempting to see whether Latvia is on her way to achieve greater prosperity – the average living standard of the EU. This section also looks at the so-called Irish problem or the outflow of labour from Latvia to the old EU countries.

Part I: Europeanization of Latvian politics

National level

Political parties and European issues

All governments since Latvia regained its independence in 1991 have been pro-EU, with no political party taking the side of the EU-skeptics.¹ When following the 1995 parliamentary elections there were doubts about the continuation of European integration Latvia's president asked all parties represented in Saeima to sign a declaration supporting Latvia's EU integration.

One could have expected to see EU accession issues dominating the pre-election campaigns of 2002 when the accession negotiations entered the final stage and Latvia was just months away from signing the accession treaty. However, party programs were rather abrupt on European affairs (Ozolins 2002). Aside from their support of Latvia's EU membership, all parties elected in Saeima in 2002 focused on the conditions for Latvian farmers, production quotas and EU structural funds (finances available to the poorest regions of the EU to help them develop). The Christian conservative Latvia's First Party (Latvijas pirmā partija, abbreviation LPP) in its program said that EU membership was not an end in itself. Only the liberal party Latvia's Way (Latvijas Ceļš, abbreviation LC) – that was in power since 1993 and to large extent steered Latvia in the EU – had written about European integration from the perspective of a new EU member state. Paradoxically, the party did not receive enough votes to make it to Saeima.²

¹ A Eurosceptic party was formed before the parliamentary elections of 2006, but it received only 0,37% of votes not coming close to reaching the 5-percent limit necessary for entering Saeima. Source: Latvia's Central Election Commission

² Latvia's Way got 4.9% of votes, just 0,1% too little to be elected. Source: Latvia's Central Election Commission

After the EU accession European affairs have taken a larger place in the programs of political parties for the October 2006 election. But not all parties currently represented in the Latvian parliament demonstrate a deep interest in European topics. The dominating issue now is the use of EU structural funds. All parties promise to increase the standard of living to the EU level. But only a few parties mention their position on the future of Europe or EU enlargement.

The already-mentioned liberal party LC has not updated its 2002 election program in its official website. Hence the program still writes about country's EU membership as a goal still to be reached. The Christian conservative LPP – that ran for election in alliance with LC – writes about European issues almost solely from the angle of EU structural funds. Thus, in its short program for the 2006 parliamentary elections LPP/LC alliance³ says that it will use EU structural funds to stimulate the export sector of Latvia; that it will shift a large proportion of EU funds to the less advanced regions, especially Latgale - one of the poorest regions in the EU. The program also states that the alliance is for a transparent division and use of EU structural funds in the interests of the state.

The other issue in connection to the EU that the LPP/LC program mentions is direct payments to farmers. The alliance “will fight for quicker equaling of direct payments between the farmers of Latvia and the EU”⁴. Hence, LPP/LC demonstrates ignorance to the fact that the amounts of direct payments paid to the farmers of the new EU member states are determined in the Accession Treaty and thus is not changeable.

The only statements in LPP/LC program not linked to EU's budgetary questions is a promise to achieve that “Latvia's interests will be taken into account in the EU's energy policy”; that EU's unity should be strengthened; that a program for balanced and fast EU development should be implemented; and, that the security of EU's eastern border should be strengthened.

The ruling conservative People's Party (Tautas Partija, abbreviation TP) says that one of the most important tasks for the parliament is to increase the capacity and competency of Latvia's institutions in order to secure that EU funds are used. According to the TP, this is the first task in relation to the EU. Thus, again, the EU structural funds or the discourse that EU is first and foremost a cash machine seems to prevail. Among the other tasks TP mentions joining the Euro zone and the Schengen area. In this context it is paradoxical that until March 2007 the ruling party did not take the necessary steps in order to decrease inflation, the only obstacle that stops Latvia from adopting Euro.⁵

TP program also mentions the future of the EU saying that Latvia should “participate in working out of the vision” for the future of the EU. But TP does not enlighten us with its own view on this question. The party only says that at the center of the European progress and success is its cultural and linguistic diversity and the common spiritual and intellectual traditions. In similarly vague statements, the party says that Latvia should effectively defend her national interests at the same time strengthening the EU both internally and on the global scene.

However, TP program also covers a wide range of specific issues such as EU enlargement, EU energy policy, EU's expenditure and foreign affairs. On EU enlargement TP says that it supports the working out of a concept of special partnership so that the EU can have a more intense cooperation with its partners. TP promises to analyse EU's expenditure in connection to EU's priorities, it mentions the significance of the subsidiarity principle, as well as liberal market rules enhancing EU's competition. The party also supports the establishment of a common EU energy policy guaranteeing the security and diversity of energy resources. TP stresses that EU's common foreign and defence policy should be coordinated and responsible. In addition, TP is the only party that mentions that it wants “wide and ongoing discussion with the society on the goals and tasks of the EU”.

Another coalition party, the nationalistic For Fatherland and Freedom/ LNNK (Tēvzemei un Brīvībai/ LNNK, abbreviation TB/LNNK) – does not even mention the EU in its short program for 2006

³ LPP/LC is one of the four government coalition parties.

⁴ “Latvijas Pirmās Partijas programma 2006”, (LPP program 2006) http://www.lpp.lv/new/data/file/LPP_programma_2006.doc#_Toc41898977 last accessed in March 2007

⁵ “Tautas Partijas programma 9.Saeimas vēlēšanām”, (TP program for the 9th Saeima elections) 2006 <http://www.tautaspartija.lv/jpg/programma2006.pdf> last accessed in March 2007

parliamentary elections. But European issues appear in party's long program. Thus, TB/LNNK mentions EU's common foreign and defence policy, EU's neighbourhood policy based on democratic values, EU enlargement, Lisbon strategy and EU-Russia relations.⁶

On EU enlargement TB/LNNK says that the so-called absorption capacity of the EU should be taken into consideration when accepting new member states. In addition, the party says that, "each future EU enlargement should be decided by Latvia people in a referendum", thus following the example of France.

The party is one of the few who also declares a clear vision for the future of Europe. According to TB/LNNK, the EU should develop as a union of nations where decisions are taken by national governments instead of EU institutions. Thus, according to TB/LNNK, Latvia should "fight against the federalization of the EU" and support the equality of all member states.

The fourth coalition party, the left of centre Farmers' and Green's Union (Zaļo Zemnieku Savienība, abbreviation ZZS) that consists of two parties – the Green Party and the Farmers' Union – is rather ignorant of European issues. For example, the Green Party's program published online still writes about the necessity to fight for fair conditions for Latvia's EU accession.

The joint program of the two parties – ZZS program – includes a few sentences on EU structural funds, as well as a statement that EU should develop into a union with an integrated economic, monetary and common defence system.⁷

The opposition party conservative New Era (Jaunais Laiks, abbreviation JL) again stresses the use of EU structural funds, but also covers a wider range of EU issues. Among its long-term goals the party states the aim to strengthen EU's capacity and unity, the further integration and liberalization of the common market, as well as improving the efficiency and democracy of EU's administration, and the equality and solidarity of the member states.⁸

Among the short-term goals JL stresses the need for a solution in the crisis surrounding the Constitutional Treaty. In addition, JL proposed to put forward the following priorities for Latvia's interests in the EU: a truly free service market, energy security and common foreign policy, the Northern dimension, and the EU's budgetary reform.

JL program also mentions joining the Euro zone and Schengen area, and securing faire decisions on these issues, thus again seemingly ignoring the fact that these issues are laid out in the Accession Treaty and first and foremost depend on Latvia's performance, not on EU's decisions.

JL also wants to see an EU institution set in Latvia as well as the establishment of an institute on European policy analysis in Latvia to give "strategic and tactic recommendations on EU decisions in line with Latvia's interests". JL will also support EU's future enlargement if it "increases stability and security in Europe".

Another opposition party Harmony Center (Saskaņas Centrs, abbreviation SC) mentions the EU very briefly in three respects. Firstly, SC program says that the interests of Latvia's businessmen should be lobbied in EU institutions. Secondly, SC has a whole section of its program devoted to EU structural funds. Thirdly, Latvia "should become the initiator of EU's economic and political cooperation with Russia and the CIS".⁹

Finally, the opposition left-wing party For Human Rights in a United Latvia (Par Cilvēka Tiesībām Vienotā Latvijā, abbreviation PCTVL) mentions a variety of issues linked to the EU in its program. PCTVL thinks that Latvia should fight for EU directives that give the Latvian companies maximally easy conditions for development. Latvia should also fight for the possibility "to use products from

⁶ "Apvienības TB/LNNK pamatnostādnes ārējās, drošības un aizsardzības politikā", (TB/LNNK position on foreign security and defense policy) <http://www.tb.lv/index.php?id=407> last accessed in March 2007

⁷ "ZZS programma" (ZZS program), <http://www.lzs.lv/?sad=velesanas&asad=programma> last accessed in March 2007

⁸ "Partijas Jaunais Laiks programma – vērtību deklarācija" (The program – declaration of values of New Era), <http://www.jl.lv/page.php?id=2617> last accessed in March 2007

⁹ "Saskaņas centra priekšvēlēšanu programma", <http://www.saskanascents.lv/index.php?text&id=62&level=1> last accessed in March 2007

outside the EU that don't meet the European standards but are much cheaper, first and foremost petrol and pharmaceutical products".

PCTVL calls for a "balanced pro-European policy strengthening the relations with the most developed and influential EU member states". The party thinks the EU should have a strategic cooperation with Russia building a "common political and economic area from Lisbon to Vladivostok".

PCTVL also has a clear position on the future of Europe. The EU is "a necessary transition" to a more closely integrated and fairer community of European peoples surrounded by a fortress that would "secure Europe from vulgarization". PCTVL thinks that the EU should have mechanisms for the direct representation of ethnic minorities and regions in EU institutions because "by definition national structures are not capable of defending the interests of ethnic minorities (keeping their language and culture). PCTVL sees a united Europe as the only chance to win in the competition against America and East Asia.

Public opinion

Contrary to the prevailing EU-enthusiasm in the political elites, the public opinion in late 90s until the referendum on Latvia's EU accession has been more sceptic for several reasons. Firstly, the scepticism was a result of the low trust in government and politicians. Secondly, the phenomenon was due to the lack of individual arguments of EU benefits in the public debates, as the ruling elites talked about state gains and losses. And thirdly, the message of politicians mainly included positive aspects of EU membership while the possible negative impact was subdued. Thus, the public refused to follow the persuasion campaign that did not enable it to make well-grounded decisions on country's EU integration. (Akule 2001)

When Latvians had to vote on country's EU membership in September 2003, the majority approved of it. Nevertheless, Latvian public was one of the most skeptic - 66,97% of voters supported Latvia's EU accession and 32,25% were against. Only Estonians and Maltese disapproved of their country's EU membership more.

After the EU accession Latvia continued the path of being one of the most skeptic EU member states. According to the latest polls of February 2007 from the public opinion research center SKDS, 28,4% of Latvians supported country's EU membership while 25,4% were against it. The remaining part of the population (42,3%) supported the statement that Latvia's EU membership was "neither a good nor a bad thing".

A range of factors can explain this EU-skepticism. Firstly, it's a reaction to the price hikes with wages increasing at a slower pace. Just a few months after the 2004 enlargement, Latvia like most of the other newcomers saw an increase in prices for most products and services which many people wrote down to EU membership although the EU was not to blame in most of the cases. Increasing energy prices contributed the most, while Latvia's EU membership was only responsible for price hikes on services where the value added tax had to be increased in line with EU standards. Wages increased at a relatively similar pace only in sectors selling products and services, for example, in retail and construction. At the same time people employed in the state sector like teachers, policemen and doctors, or people depending on state help like pensioners had to pay higher prices with the same salary. This highlights the winners and losers of the transition – the older the generation the less it gets out of the EU whereas they are not excluded from covering the huge costs of EU membership (pensioner having to finance the introduction of EU standards while he won't be able to enjoy EU membership on his skin – travelling, studying, working abroad).

Second reason for EU skepticism is linked to EU standards and reforms that have been badly managed or communicated. For example, many blame the EU for problems with the distribution of EU structural funds although in reality it is a responsibility of the national government because the funds are administered nationally. In 2007 when Latvian sugar factories were forced to close down because of EU's sugar reform, many again blamed the EU, despite the fact that the reform was a reaction to pressure from the World Trade Organization about the EU subsidizing its sugar producers. Another critical issue already before Latvia's EU accession was the direct payments for farmers, i.e.

the fact that the farmers of the new EU member states will be entitled to the same amount of EU subsidies received by the farmers of the EU-15 only in 2013. For certain groups the belief that Latvia went from one Union (Soviet) to the other (European) also plays a role.

Finally, EU-skepticism is also linked to the large outflow of labor force from Latvia. Although free movement of labour is one of the four fundamental freedoms of the EU, many in Latvia see the negative consequences of too many people using this freedom. Several sectors feel a dramatic shortage of labour. Moreover, in many cases it is one or even both parents leaving the country with the children staying in Latvia, creating a social problem. Although the example of Ireland - where people returned after having lived abroad for years - is quoted often, it is not certain that the Irish scenario will certainly apply to all Latvians having left. This is a sensitive topic for many in the country of 2.3 million-population worried about the preservation of its culture and language.

Thus, factors such as the improving quality of life, the ability to travel more, the increasing number of tourists, foreign investments, economic growth, job possibilities elsewhere in the EU, and the amount of EU structural funds available seem to have had a lesser impact on the public opinion.

Specific cases where European traditions clash with local politics

The rights of the homosexual minority

In the summer of 2006 Latvian parliament was responsible for unflattering international criticism and headlines that "Lawmakers in Latvia have defied the European Union" from BBC. Amending the labour law, the parliamentarians did not include sexual orientation in its anti-discrimination provisions. That was a blatant violation of the EU's Employment Equality Directive (EU 2007/78EC) for which Latvia risked being fined by the European Commission as the only EU member state violating this directive.

The law was passed with 46 votes against 35, with three abstentions in the 100-seat Saeima. Parliamentarians from the Christian conservative LPP, nationalistic TB/LNNK, the Greens' and Farmers' Union, leftist Harmony Center, as well as several independent MPs voted against the ban on discrimination on grounds of sexuality. Lawmakers from the ruling People's Party, opposition center-right New Era party, as well as several MPs from the Harmony Center supported the bill.

The heated parliamentary debates included statements from Janis Smits - a member of the Christian conservative LPP and currently the head of the human rights committee in the Latvian parliament - that the amendment would "open the gate for pedophilia, pederasty, bestiality and other forms of perversion". Other members of the LPP called homosexuality "a sin" and homosexual people as "degenerate".

Local and international non-governmental organizations were alarmed. For example, Amnesty International reminded the Latvian authorities that discrimination based on sexual orientation is a human rights violation. But Latvia's president Vaira Vike-Freiberga sent the law back to the parliament asking them to bring it in line with EU standards and human rights. Only after this pressure the parliament included a ban on discrimination on the grounds of sexual orientation in the law in September 2006.

But this episode took place in a series of events relating to the rights of homosexual community. In July 2005, the Latvian authorities initially withdrew permission to hold a Gay Pride march. After an official complaint to the administrative court the march was allowed to go ahead, but the participants were both physically and verbally insulted. In July 2006 - just a few weeks after the first vote on labour law in the parliament - the march was banned because of alleged threats of violence against the participants. With the march not taking place, the non-governmental organizations representing homosexual community organized other activities, but again the participants of these events were attacked both verbally and physically. The organized protesters from the anti-Gay Pride movement No Pride threw eggs and human excrement at them, while the present policing did not provide them with proper protection. It is important to stress that the Minister of Interior Jaundzeikars - a member of the LPP - did not resign from his post but also expressed "an understanding" that it might

be difficult for policemen to protect homosexual people because the policement might find them "inappropriate".

Interestingly, that the same Saeima in June 2006 had already ratified the Constitution establishing a Constitution for Europe that says that the EU " is founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities. These values are common to the Member States in a society in which pluralism, non-discrimination, tolerance, justice, solidarity and equality between women and men prevail." ¹⁰

The status of non-citizens

Another case where the Latvian lawmakers demonstrate a low level of Europeanization is the case with the status of the non-citizens of Latvia in relation to the satus of long term residents of the EU.

Non-citizens, the vast majority of them Russian, are people without Latvian citizenship or the citizenship of another country. This legal status was created as a transitional measure for permanent non-Latvian residents most of whom arrived in Latvia during the Soviet-era and lost the citizenship of Soviet Union in 1991 when Latvia regained its independence. Latvian leaders then decided not to grant the so-called "automatic" citizenship to all permanent residents and introduced a naturalization procedure according to which a person has to pass language and Latvian history exams in order to receive country's citizenship. Non-citizens enjoy no polical rights. They can't stand as candidates or vote in national or municipal elections. Until January 2007 they also could not freely travel to other European countries without a visa.¹¹

The Directive 2003/109/EC about the status of the third-country nationals that are permanent inhabitants of the EU (into force since January 2006) does not give rights to free movement of persons or more political rights to the non-citizens of Latvia. However, in May 2006 when the directive was transcribed into Latvian law, the majority of parliamentarians played their nationalistic cards.

The EU directive stipulates that after 5 years of legal residence a third country national is entitled to nearly the same free movement rights as a EU citizen, including equal treatment and the right to take up residence in any member state conditional on sufficient resources in order not to become a burden on the social assistance system, and on sickness insurance. The permanent resident has a right to equal treatment including access to employment, employment conditions, education (including study grants), tax benefits, social security, as well as access to public housing, public goods and services. These rights are extended to family members.

In the attempt of the Latvian parliament to bring Latvia's legislation in line with this directive the following two problems arose. Firstly, Saeima agreed that to receive the status of the permanent resident of the EU, the person would need to pass a Latvian language test. Secondly, the non-citizens would also need to do the necessary paperwork to prove that they have lived in Latvia continuously for at least 5 years.

Latvia's president sent the law for a repeated reading stating that the law made Latvia's non-citizens equal to any foreigner living in the country. Vaira Vike-Freiberga stressed that Latvia has promised to guarantee non-citizens a special status and rights and therefore, according to her, it was inconsistent to put non-citizens in the same shoes as any other foreigner. Firstly, the law requests non-citizens to prove that they have lived in Latvia continuously for at least five years, as if their status of non-citizen was not enough¹². Secondly, Latvian president also found inappropriate the request of Latvian language knowledge because the point of having a status of a permanent resident of the EU is to enjoy a certain package of rights in all EU member states, not only in Latvia.

¹⁰ Article I-2 "The Union's values", Constitutional Treaty

¹¹ As of January 2007 non-citizens still need to request a visa for traveling to the UK and Ireland.

¹² Non-citizen's passports were given out to people who had lived in Latvia already before it regained inpedence in 1991, and their children.

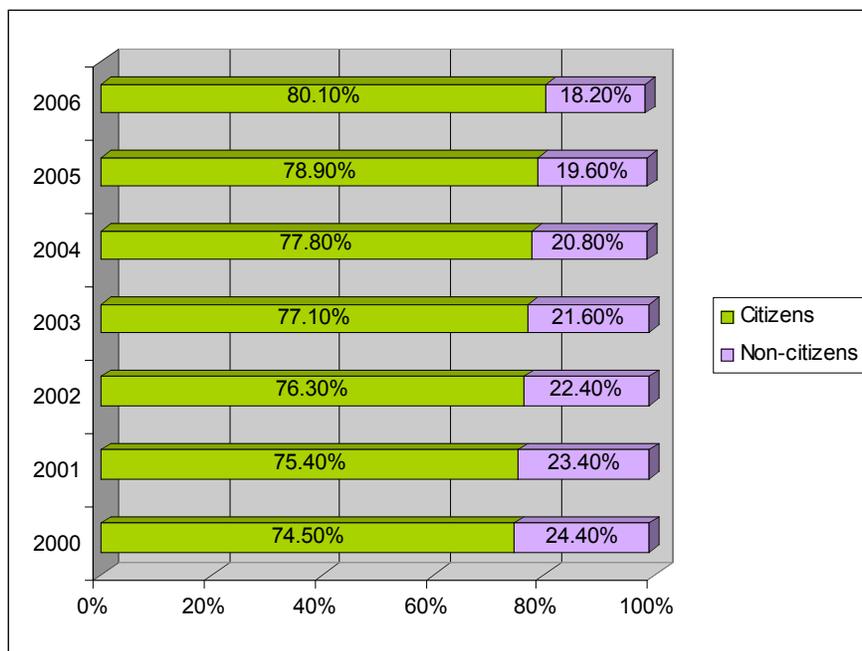
However, the parliament disregarded president's criticism and left the law in place as it is. So those non-citizens who are not eligible or who do not go through the application procedures for the long term resident status in Latvia will continue to be treated according to national law, but their status in the EU remains undetermined.

These two cases seem to confirm the expectations of some authors suggesting that the newcomers might give less priority to reforms in the field of protection of minorities after EU accession. The main reason for this seems to be the fact that reforms are no longer a precondition for EU accession. Thus, unless member states breach EU law, the Commission can't influence policy decisions in the field of minority rights (Morris 2003).

Naturalization of non-citizens: has EU citizenship been a pull factor?

Before Latvia became a member of the EU, many non-citizens believed that the EU would force the country to introduce more liberal laws applying to them. This included calls for the abolishment of the status of non-citizens giving them the citizenship of Latvia without the need to go through a naturalization procedure. Some politicians from the opposition claimed that the EU would never accept a country with so many non-citizens, or that Latvia would be forced to give non-citizens more political rights.

However, this was not the case. As a result, having realized that acquiring Latvia's citizenship is the only way how to enjoy the rights of EU citizens, more and more non-citizens have gone through the process of naturalization. In February 2003 there were approximately 500,000 non-citizens or about 21,6% of the population in Latvia, according to the Naturalization Board. In 2006 the number had dropped to approximately 418,000 or 18,2% of the population, with half of them living in Riga. Thus, Latvia's EU membership seems to have had a positive impact on the naturalization of the mostly Russian-speaking non-citizens. As the graph shows, there is a stable tendency in the speed of naturalization.



Source: Naturalization Board

Europeanization of Latvian politics within the EU

Achievements

Before May 2004 it was predicted that the EU would become friendlier to the United States. For example, the new member states would prefer a stronger cooperation between the EU and NATO instead of seeing a development of the European Security and Defense Policy (ESDP) as somehow weakening NATO and transatlantic ties. In fact, the 2006-2011 strategy for Latvian foreign affairs explicitly says that Latvia supports the strengthening of the military capacity of European countries and the EU, "based on the consideration that the ESDP is not an alternative to NATO, the ESDP's role has to develop in harmony with transatlantic relations, avoiding duplication and securing a close cooperation between the EU and NATO".¹³

Other predictions on the impact of EU enlargement on EU policy-making also turned out to be true. Thus, Latvia was among the most active new EU member states in securing that there are no cuts in the funds available for newcomers. When EU leaders worked on the financial perspective of 2007-2013, EU-25 divided in two groups of countries: one (especially net contributors) insisted on keeping the EU's expenditures within the limits of one per cent of EU's Gross National Income, the other (including the Commission and the European Parliament) insisted that 'more Europe costs more', hoping to increase the expenditure to around 1.24% of EU's GNI. Great Britain, at the time leading the EU presidency, belonged to the first group of countries, also including France, Germany, Austria, Sweden and the Netherlands (Smith 2006). New member states, including Latvia, belonged to the second group. In the debates including the British rebate and reform of common agricultural policy, the financing of the 2004 enlargement surfaced as one of the problems with the UK and Germany – strong supporters of EU enlargement – willing to cut the costs. One proposal worked out by the UK included a 10 percent-cut in the structural funds. The argument was that the EU-10 would not absorb all the funds anyway, as demonstrated by the first results of 2004-2006.¹⁴

Unsurprisingly, all of the newcomers reacted angrily. Leaders of nine out of ten new EU member states¹⁵ signed a letter to UK's Prime minister Tony Blair saying: "We will not be prepared to accept reductions in allocations for the new member states."¹⁶ Latvian Prime Minister Aigars Kalvitis also stressed that Latvia and the other newcomers would not accept this deal that harmed countries needing more support for their development.¹⁷

Finally, the deal was secured due to Germany's Chancellor Angela Merkel who acted as a mediator. The new member states not only secured the funds promised but also received a greater flexibility in how the funds are used (Palmer 2005).

A similar argument about the impact of new member states can be made about the services directive. Latvian government repeatedly stressed that the proposals pushed by the more protective EU-15 were not in the interests of Latvian companies. The proposals did not include the country of origin principle that would allow Latvian firms to provide service in other countries in accordance with the requirements of their own (in this case Latvian) legislation. According to the Latvian government, that would prevent the aim of the services directive - the creation of a unified EU services market - being achieved.¹⁸

When the Finnish presidency in late 2006 secured a deal and the European Parliament approved the directive, Latvia and other new member states cheered despite the fact that the principle of the country of origin was removed. The directive now states that it does not affect such features as labor

¹³ "Latvijas ārpolitikas pamatnostādnes 2006-2010.gadam (Informatīvā daļa)", Ministry of Foreign Affairs, 2005 <http://www.mfa.gov.lv/lv/Arpolitika/pamatnostadnes/> last accessed in December, 2006, pp. 11

¹⁴ The newest and poorest EU member states have spent only a quarter of the bloc's regional aid package put aside for them in 2004-2006, with Cyprus, the Czech Republic and Poland scoring the worst results. Source: *New members too slow to spend EU aid*, EU Observer, Lucia Kubosova, 21 September 2006

¹⁵ According to Reuters, the one country that had not signed the letter was Slovakia, to which the UK had reportedly promised extra funds for decommissioning nuclear power stations.

¹⁶ *Blair Seeks Smaller EU Budget, Baltics Unhappy*, Reuters, Patrick McLoughlin, 1 December 2005

¹⁷ *Blair's budget plan under fire*, BBC, 1 December 2005

¹⁸ Latvian Economics Minister in discussions on EU services Directive and common energy policy, 14 March 2006, MFA press release.

law's rules on working time, minimum wages, holidays and the right to strike – that will still be those in force in the country where the service is being provided. Latvia among other countries intensively worked on securing that all EU states have the duty to screen all legislation applying to services. So Latvian government thought that the deal agreed still “gave a value added to implementing free movement of services”.¹⁹

Latvia is also one of the strongest supporters for a common European energy policy and a need to find alternative energy sources to decrease the dependency from Russia. This argument became popular in the EU after the energy crisis in January 2006, as approximately 30% of natural gas used in the EU is imported from Russia. The Russian oil dispute with Belarus of January 2007 further strengthened the perception of Russia as an unreliable energy provider. In addition, due to historical reasons a part of Latvia's population is very sensitive to being dependent on Russia although Latvia is the most dependent on Russian energy out of the three Baltic States.²⁰ Not surprisingly, Latvia supported the Green Paper on Energy, pointing out that it was important that a unified policy on the security, competitiveness and sustainability of energy supplies was being discussed in Europe.²¹ Many of Latvia's political parties have mentioned energy security and European energy policy in their programs. The declaration of the Latvian government also says that the cabinet will strengthen “Latvia's energy supplies security by participating in formulating a common EU energy policy”.²²

Latvian officials as well as Latvian members of the European Parliament have also been active on stressing the need for further expansion of the European block in the overall atmosphere of the so-called enlargement fatigue. Thus, Latvia supports further EU enlargement and, according to the official statement's there seems to be no differentiation of the candidates in question, i.e. whether Latvia supports speedy accession of the Balkan countries before the accession of Turkey.

In addition, Latvia's government backs the Latvian construction company Laval (“Laval un partneri”) against Sweden's trade unions in a court case that will have profound implications for the extent to which member states can protect themselves from cheaper workers from other EU countries. The European Court of Justice is currently looking into the case on the row between Latvian company Laval and a Swedish trade union, with the firm accusing the Swedes of causing its bankruptcy through their union protests. The incident dates back to 2004 when the trade unionists urged Laval - building a school in the Swedish city of Vaxholm - to pay higher Swedish wages to its workers. As the firm refused to do so - arguing that the minimum wage was not imposed across Sweden while their workers were not members of that particular trade union - the unionists pursued a blockade of the construction site and forced the company to leave. Laval's representatives argued that the row was based on protectionist grounds as the Latvian workers took jobs away from their Swedish counterparts, stressing that some protesters in Vaxholm literally shouted “Latvians, go home!” The Swedish trade union on the other hand maintained that Laval breached Swedish laws as the labour conditions are determined through collective agreements in the country so the firm should have signed up to them.²³ The decision is expected later in 2007.

Latvia's position on the Constitution: supporters of intergovernmentalism

Before the EU accession, the new member states were expected to hold the concept of sovereignty very dear even though the act of accession to the EU does mean that they had agreed to give up a certain amount of self-determination. In most of the cases their Constitutions had to be amended inserting the so-called “Community clauses” permitting the transfer of the part of sovereign powers to the EU, direct effect and supremacy of the EU law. However, the new member states, especially the

¹⁹ *Ziņojums par nozaru politiku virzību Somijas prezidentūrā un plānoto attīstību Vācijas prezidentūrā (2006.gada jūlijs – 2007.gada jūnijs)*, 15 January 2007, Ministry of Foreign Affairs

²⁰ Latvia is the only Baltic country that depends on energy imports. Up to 50% of power consumed in Latvia comes from Lithuania, Estonia and Russia. Source: Latvia's Ministry of Economy

²¹ Latvian Economics Minister in discussions on EU services Directive and common energy policy, Ministry of Foreign Affairs press release, 14 March 2006.

²² Declaration of the Intended Activities of the Cabinet of Ministers, 7 November 2006

²³ EU labour law case to stir passion between ‘old’ and ‘new’ states, EU Observer, Lucia Kubosova, 10 January 2007

eight Central and East European countries, were pronounced to be “more attached to the concepts of sovereignty regained after Soviet rule” (Vadapalas, 2004).

With regards to the Constitutional Treaty, authors stressed that many states – not only the newcomers - were unlikely to “shed off their histories of national autonomy and jump in, naked as it were, into a unitary monolith that remains in the process of being created” (Buchanan 2004: 35). One has to remember here that in most of the cases for EU-10 their histories of stable national autonomy are very short.²⁴

The newcomers were also predicted to reject the idea of core Europe fearing to become not much more than a free-trade periphery of the core group (Kanz 2001). Rejection of ‘core Europe’ also resembles the fear to being overruled by big countries, something that many of the newcomers have bad memories of.²⁵

Therefore EU-10 were expected to go in the footsteps of UK, “the Champion of State Rights in the Community process” (Weiler 1999: 222) that has, however, had to accept the voting prerogatives of the large member states because it accepts the rules of the game. This would mean that the EU-10 were more likely to reinforce existing trends in EU politics like growing conflict over EU’s budget, declining persuasiveness of any *grand projet*, and the dissipation of the goal of “United States of Europe” as a widely-held ideal for Europe (Moravcsik and Vachudova 2002). The newcomers, this approach argues, had their hands full with policies towards joining the already existing European projects such as the Schengen agreement and EMU. Effort was also necessary to adjust to the end of the transitional periods won in the accession negotiations, that is to say, full EU membership without any rebates. Therefore the newcomers were expected to strengthen the status quo.

Turning from expectations to evidence, Latvia’s position on several issues in the Constitutional treaty shows that Latvia was more in favour of intergovernmentalism stressing the equality of member states (Akule 2005). Latvia’s representatives in the Convention on the future of Europe supported the request of keeping the 6-monthly rotating presidency in the European Council and one Commissioner per member state. The latter issue seems to have been a very strong priority of the Latvian government as it was one of the four demands of the Latvian position in intergovernmental conference on the Constitutional treaty.²⁶ Moreover, Latvia was one of the member states insisting that the principle of one Commissioner per member state would be kept till 2014, and this has been included in the Constitutional treaty.

There is another reason for this preference of the status quo apart from the sensitivity towards being marginalized and losing sovereignty. Before 2004 Latvia (and most of the other EU newcomers) had for many years observed and worked together with the EU, seeing how it functions and expecting to enjoy similar clout once accession was complete. Hence, for some the changing of the rules²⁷ when they became full members of the EU seemed as unfair ‘taking away’ of something that they expected to enjoy (at least for some time). Therefore it seems reasonable to assume that the big bang enlargement has strengthened the status quo of the EU when the institutional reforms are concerned.

Outside the EU: Latvia’s relations with Russia

EU’s relations with Russia have become more complicated due to the newcomers’ positions, with Poland’s veto on a new EU-Russia treaty deal being a good example, despite the fact that the current Partnership and Co-operation Agreement between EU and Russia runs out in 2007. When the

²⁴ The Central and East European Countries and Slovenia regained their independence in 1990s; Malta got autonomy from Great Britain in 1964 and Cyprus is from 1974 a divided island with problems of its own kind.

²⁵ The Molotov-Ribbentrop Pact of August 1939 in a secret appendix to the pact Estonia, Latvia, Lithuania, Poland (as well as Finland and Romania) were divided into spheres of interest of the Soviet Union and the Nazi Germany (all countries were then subsequently invaded by the Soviets, the Nazis, or both). The other four Central and East European Countries were also oppressed by the Soviet Union.

²⁶ “Latvia’s position in IGC” Riga, 30 September 2003, as published in the website of Latvian Foreign Affairs ministry www.mfa.gov.lv

²⁷ Introducing a permanent president of the Council, end to the rotating presidencies and end to the principle of one Commissioner per member state.

Russian president Vladimir Putin met the EU leaders in October 2006, EU's disunity on how to continue cooperating with Russia made news in many international media.²⁸ But paradoxically one could say that relations between Latvia and Russia have normalized since Latvia joined the EU.

The following events reflected the state of play of Latvia-Russia relations in 2004. In April 2004, Russia asked a first secretary of the Latvian Embassy in Moscow to leave the country for engaging in "activities incompatible with the status of a diplomat and harming the interests of the Russian Federation." That expulsion came less than a week after Latvia expelled Petr Urzhumov, a second secretary at the Russian Embassy in Riga, for allegedly trying to steal NATO secrets.

Also in 2004 several thousands of Russian-speaking pupils, parents and teachers protested against the education reform requesting an increase in the amount of classes in highschools conducted in Latvian. The reform aims at strengthening Latvian language knowledge of Russian-speaking ethnic minority hence improving the social integration of the Latvian- and Russian-speaking communities. In practice the reform meant that as of September 2004 gradually more classes (60% of the classes) had to be taught in Latvian, with the rest of the classes still conducted in minority languages. This gave Moscow another reason to talk about alleged human rights violations of the Russian minority in Latvia.²⁹

Latvia reacted with several statements. For example, Latvia's minister on Social integration Nils Muiznieks said that Russia has tried to use Russian-speaking minority in Latvia "not only as a smokescreen to divert attention from atrocities in Chechnya, but also as a bargaining chip" or, that "by placing the status of Baltic Russians on the Russia-EU agenda, Russia hopes to receive other, unrelated benefits, such as preferential trading arrangements and an easing of the visa regime for Russian citizens in the EU".³⁰

Another reason for conflict was the term 'occupation' and whether that could be used for the way Soviet Union took over the Baltic States. Whereas in the Baltic countries most people call the events in 1930s and 1944 as Soviet occupation and many statesmen have asked for Russia's apology, Moscow has a very different perspective. For example, in May 2005 the official position of the Russian Foreign Ministry concerning the occupation of the Baltic countries by the Soviet Union said: "...The term 'occupation' cannot be used for a legal assessment of the situation in the Baltic countries in the late 1930s because there was no state of war between the USSR and the Baltic states and no military actions were being conducted, and the troops were introduced on the basis of an agreement and with the express consent of the authorities that existed in these Republics at the time. In addition, throughout the period when Latvia, Lithuania and Estonia were part of the Soviet Union, there were national bodies of power, with the exception of the time when that part of the USSR territory was occupied by Germany...These authorities, as represented by the Supreme Soviets of the corresponding Republics, made decisions in 1990 that led to their secession from the USSR. If one were to question the legitimacy of the power bodies of the Soviet period, the question arises of the legitimacy of the promulgation of independence by the Baltic Republics. Accordingly, any claims, including demands for material compensation for alleged damage, which was the result of what happened in 1940, are groundless."

In April 2004 nobody could predict when the border treaty between Latvia and Russia would be signed, although Latvia had started to negotiate the treaty in 1991 and Latvia's eastern border in May 2004 became the EU's external border. Both Latvia and Estonia claimed to have been ready to put ink on the paper for years, pointing at lack of political will in Moscow. As one Russian diplomat in 2004 said off the record, border treaties are not signed between countries that are not friendly, and with the problems of Russian minority in Latvia, the relations between Riga and Moscow were rather icy.³¹

²⁸ See, e.g. "EU disunity plays into Putin's hands", Conor Sweeney, published in European Voice, November 2006

²⁹ See e.g. Statement by H.E.A. Ambassador Yuri V. Fedotov, Deputy minister of Foreign Affairs of the Russian Federation, at the 61st Session of the UN Commission on Human Rights, Geneva 17 March 2005

³⁰ See e.g. "Russians in Latvia - History, Current Status and Prospects - Lecture by Minister Nils Muiznieks to Tübingen University (Germany), 8 November 2004, published on MFA website <http://www.am.gov.lv/en/policy/4641/4642/Muznieks/>

³¹ In practice the 217 km long border between Latvia and Russia was functioning smoothly with established borderlines and controls operating. This is why neither the EU nor NATO demanded the solving of the issue before the accession of Baltic countries.

The most contradicting issue with the border treaty was the reference to Abrene county belonging to Latvia till 1944, now Pytalovo of Pskov Oblast of the Russian Federation. Shortly before the treaty was scheduled for signing in May 2005, the Latvian government claimed that the Constitution of Latvia does not allow it to sign the border treaty in any other way than by adopting a unilateral declaration containing a reference to the 1920 Peace Treaty between Latvia and Russia under which the Abrene county (now Pytalovo) belongs to Latvia. The government said the declaration was meant to solve the contradictions in the 1923 Latvian Constitution, according which Abrene/Pytalovo district is part of Latvia. Russia interpreted the declaration as a territorial claim.³² At the EU-Russia Summit on 10 May 2005 Russian President Vladimir Putin called on the Latvian side to “stop political demagogy and begin constructive work”, and the border treaty was not signed.³³

But in 2007 the situation in Latvia-Russia relations is quite different. The education reform has been implemented and the protests have ended. Several meetings between high-ranking officials have taken place in 2006. Also in 2006 the head of the Russian Orthodox Church, Patriarch Alexius II of Moscow and All Russia visited Latvia. However, there were no official visits of the presidents and prime ministers, only meetings in between other diplomatic agendas such as UN General Assembly or ministerial session of the Council of the Baltic Sea States. The president of Latvia Vaira Vike-Freiberga (the only of the Baltic States’ presidents) also participated in the celebration of the 60th anniversary of the defeat of Nazism in Moscow in May 2005.

Moreover, in March 2007 the government of Latvia authorized Prime Minister Aigars Kalvitis to sign the border treaty with Russia that is likely to happen at the end of March 2007. Only three ministers from the nationalist For Fatherland and Freedom/LNNK party voted against the measure as they found it unconstitutional.

Part II. Europeanization of Latvian economy

Convergence with the EU-15?

When in 2003 the Economist Intelligence Unit calculated that Latvia would need 58 years to reach the average EU living standards³⁴, most governments of the EU newcomers were sceptic about these predictions, expecting annual economic growth rates from 2% in Malta to up to 7% in the Baltic countries.

The economic performance of Latvia since 2003 shows that the earlier estimates had certainly been cautious. As the table shows, Latvia has for several years been among the fastest-developing countries in the EU, with the data of 2006 placing Latvia at the front of the EU-27 in terms of economic expansion.

	Latvia's GDP growth, %	EU-25 average GDP growth, %	Latvia's inflation, %	EU-25 average inflation, %
2002	6.5	1.2	2.0	2.1
2003	7.2	1.3	2.9	2.0
2004	8.6	2.4	6.2	2.0
2005	10.2	1.7	6.9	2.2
2006	11.9	2.8	6.6	2.2

Source: Latvia's Central Bureau of Statistics, Eurostat

³² Latvian Border Treaty With Russia moves forward, The Baltic Times, 18 January 2007

³³ Border Treaty between the Russian Federation and the Republic of Latvia, Information note, European Commission, DG External Policies Delegations Europe, 8 June 2006 http://www.europarl.europa.eu/meetdocs/2004_2009/documents/fd/d-ru20060615_07/d-ru20060615_07en.pdf

³⁴ According to the calculations of the Economist Intelligence Unit, it would take the following number of years for these countries to catch the average EU living standards: Czech Republic – 39, Estonia – 31, Hungary – 34, Latvia – 58, Lithuania – 53, Poland – 59, Slovakia – 38, Slovenia – 31, Cyprus – 21, Malta – 29. The Economist Intelligence Unit data of 2003 are based on the assumption that these countries will keep up their current GDP growth rates.

In 2006 the economic activity was led by trade, which soared 18.9%, construction (14.8%), transport and communications (9.8%) and manufacturing (6.8%).

At the same time of this rapidly increasing growth, Latvia is a victim of consumption-led inflation, and with energy prices set to rise there are no signs that it will relent. Experts estimate 6-6.5% inflation for 2007.³⁵

Until March 2007 the government preferred to stress growth – willing to maintain annual GDP growth in the 7-10% range - particularly for the sake of catching up to the rest of Europe. The pressure on the government to curb inflation in 2006 did not result in any concrete deeds because that would require unpopular decisions that the government did not want to take in election year. As a result, Latvia's huge current account deficit, accelerating inflation and loose monetary policy made the international ratings agency Standard&Poors lower the outlook for Latvia's long-term economy from stable to negative.³⁶

The biggest problem for the Latvian economy is labor shortage as a result of which wage growth outpaces the increase in productivity. Real wages have grown by about 14% in the first six months of 2006, while the average productivity has increased only by 8%. In fact, the wage hikes during 2006 were the biggest in the last 10 years. According to the Latvian Statistics Bureau, in 2006 the average monthly wage increased by 23,1%, outpacing the productivity. The biggest wage increase was recorded in the construction sector.

In addition, the combination of easily available bank loans and optimism about the current income growth leads the push for consumption, decreasing the amount of finances saved or invested. According to the data of the Bank of Latvia, in 2006 every month the banks in Latvia gave out loans in the value of 300 million Lats, while Latvians deposited only approximately 100 million Lats³⁷. Most of the loans are absorbed by the construction sector, thus leaving the export business in shadow. But increasing production costs and decreasing finances available force Latvia's export sector to lose competitiveness, being replaced by increasing imports. That again increases inflation, as well as the current account deficit.

In March 2007 the government finally passed a series of measures aimed at curbing the inflation. Measures include a balanced budget (without a deficit or with a surplus), increasing taxes on real estate transactions and personal income from such deals, and battling the current lending boom by Latvia's banks. As a result, the Bank of Latvia has announced that a deeper Europeanization of the Latvian economy – the introduction of Euro - could happen by 2012.

The "Irish problem": outflow of labor

The free movement of workers was one of the principles that all acceding countries insisted on. Many governments reassured the EU-15 that the European salaries would not tempt large masses of their citizens. Nevertheless, in May 2004 only three countries of the EU-15 opened their labour markets to the workers from the Central and Eastern European countries.³⁸ But despite the restrictions many citizens of the new member states used one of the four fundamental freedoms of the EU. Large gaps in per capita income and wages - in combination with geographical proximity and established historical and cultural ties - gave high incentives for east-west mobility.

³⁵ Optimism overheating Estonia, Latvia's economy, Fary Peach, The Baltic Times, 14-20 December 2006

³⁶ *Aģentūra Standard&Poors pārskata Latvijas nākotnes redzējumu no stabila uz negatīvu*, Diena, Zaiga Dumina, 20 February 2007

³⁷ According to Eurostat data, Latvians save only 1,8% of their income, which is the second lowest number among the EU member states, with the EU-average being 12,2%. Moreover, Latvijas krājbanka in 2006 concluded that on average Latvians are only one monthly wage away from bankruptcy, i.e., when someone loses his job, he can live on the savings only for one month. If, however, that someone also has a mortgage on real estate, he automatically gets debts. Source: Aiga Pelane, Ingunā Ukenabele, Republika, 9-15 March 2007

³⁸ Since May 2004 the markets were opened in Sweden, Ireland and the UK. As of May 2006 Finland, Spain, Portugal and Greece joined them. France and Luxembourg abolished work permits only in sectors where they face labour shortages. The Netherlands planned to open up its labor market from 2007. Denmark will gradually open up until 2009. Italy has doubled the quota for work permits issued to foreigners. Only Austria and Germany continue to maintain the same restrictions as from May 2004, and they intend to keep their labor markets regulated until 2011.

Figures provided by the Ministry of Economics show that at the end of 2005 about 40,000-50,000 or approximately 5% of Latvia's work force had chosen better-paid jobs in other EU countries. The actual number of emigrants may be even higher, as family members often accompany jobseekers and illegal employment is possible.³⁹ According to data, the majority of Latvian emigrants work in Ireland. The next favorite destinations are the UK, Norway, Germany and Sweden (Indans et al 2006).

But surveys warned of a bigger outflow of labour from Latvia. In December 2005 an opinion poll revealed that about 139,000 to 450,000 Latvians in the working age (15–74) were considering going abroad for work in the next two years⁴⁰. This seems to go in line with the estimates of the Bank of Latvia - that a "worst case scenario" of current demographic and emigration trends over the next 10 years is that by 2015 some 200,000 will disappear from the Latvian labor market.⁴¹

Data from the European Commission suggest that most of the immigrants from the new EU member states are better educated than the average of the foreign workers (from other EU member states or third-country nationals) in the host societies. For example, only 21% of the new EU citizens migrating to other countries have secondary school education, while among the migrant workers from other EU countries or third countries every third person (31%) has only finished secondary school.⁴²

From the perspective of Latvia as a sending country, it is particularly alarming to find that Latvians working abroad tend to have jobs requiring lower qualification than they possess. A research about Latvians in Ireland included examples of economists or bank clerks working as waitresses or picking strawberries (Indans et al 2006). Thus, Latvians working abroad not only contribute to their host country's GDP - instead of Latvia's GDP⁴³ - but also waste their qualification in most of the cases received and financed by Latvia.

The resulting shortage of labour is particularly felt in the booming construction sector, with companies seriously considering importing workers from abroad. Migration experts also agree that economic and demographic trends force Latvia to have an open immigration policy (Indans 2006). But the majority of Latvians are hostile to guest workers – Latvians have the most negative attitudes towards immigrants in EU-27.⁴⁴ This is mostly a legacy of the Soviet immigration policies⁴⁵ as a result of which close to 20% of Latvia's population was born abroad - considerably more than in any other European country.⁴⁶

Unsurprisingly, in this environment immigration policy is a taboo for the governments, especially in 2006 election year. Therefore until now inviting guest workers is too complicating and expensive.⁴⁷ But in early 2007 the government seems to have succumbed to the pressure of the employers and has eased the bureaucratic restraints because not opening up to workers from other countries creates a risk to the sustainability of the current economic growth.

³⁹ *Report on the Functioning of the Transitional Arrangements set out in the 2003 Accession Treaty (period 1 May 2004-30 April 2006)*, Brussels, COM(2006), Communication from the Commission to the Council, the European Parliament, The European Economic and Social Committee and the Committee of Regions.

⁴⁰ *Sabiedrības attieksme pret darbaspēka migrāciju*, SKDS, December 2005

⁴¹ *Human resource sector thrown into crisis*, Todd Graham, The Baltic Times, Jan 3, 2007

⁴² *Report on the Functioning of the Transitional Arrangements set out in the 2003 Accession Treaty (period 1 May 2004-30 April 2006)*, Brussels, COM(2006), Communication from the Commission to the Council, the European Parliament, The European Economic and Social Committee and the Committee of Regions.

⁴³ They do send remunerations home, but migrant workers not only pay taxes, but also add to the consumption in the host country (they rent apartments, eat, etc) thus increasing the demand for services and products there. Thus, they contribute to the growth of the host country.

⁴⁴ *Ārvalstu darbaspēks Latvijā – scenāriji, iespējas, riski*, Ivars Indāns, Politika.lv, 20 June 2006

⁴⁵ The USSR moved workers - mainly Russians – to the peripheral areas of the Union, like the Baltic countries to work there and Russianize the local populations. As a result, today approximately 35% of Latvia's population is Russian.

⁴⁶ *Workers of the world, please come home*, Pauls Raudseps, published in European Voice, August 2006

⁴⁷ Companies need to pay guest workers at least the average salary in the country (approximately Ls 245 (370 Euro) in 2005, Source: Central Bureau of Statistics) in addition to having to go through complicated bureaucratic procedures.

Conclusions

The level of Europeanization of Latvian national politics is rather low as the issue of EU funds dominates the programs of Latvia's political parties. This reveals a widespread belief that the EU is foremost a source of funding – a cow to be milked, as the Latvians say – more than a set of values and developments that Latvia belongs to. As the party programs reveal, many politicians in Latvia use also Brussels as a scapegoat or solely a place where Latvia should ask for beneficial conditions. Only some parties look at the EU from a broader perspective having a vision for the future of Europe or standing up for EU's common energy policy.

Public discussions on topics as the future of Europe, the Constitutional treaty and EU enlargement are almost non-existent. But the EU-scepticism is rather stable despite the large benefits that EU membership has brought. In many cases in media European issues are labeled as foreign affairs also highlighting the perception that the EU is in Brussels, not in Latvia.

The level of Europeanization, i.e., application of European principles and standards, is rather low also when it comes to issues like the status of non-citizens and the rights of sexual minorities. For many politicians EU accession seems to have given the right to disobey as 'now we're in and we can do what we want' even if it means questioning or violating the human rights of minorities – one of the fundamental principles of the EU.

The fact that 2006 was an election year might be another factor explaining politician's willingness to act as the 'good guys' protecting the traditional family values. In the case of non-citizens and the status of EU's long-term residents the majority of politicians seem to have played on the nationalistic card allegedly protecting the Latvian language. Thus, they have also given another stick to the non-citizens for not having obtained Latvia's citizenship although EU membership seems to have had a positive effect on the naturalization process.

The fact that the Latvian president Vaira Vike-Freiberga criticized both steps, asking the parliament to bring laws in line with EU standards, indicates that the president is more Europeanized than the majority of the politicians.

At the same time, the results of the lobbying done by Latvian officials within EU institutions seem to prove that the level of Europeanization – active participation in EU policy-making - is rather high. Latvia has supported initiatives beneficial for the new member states. Among the proposals was the request to not undermine the principle of equality of member states in EU institutions in the Constitutional treaty.

When it comes to the Europeanization of Latvian economy the basic economic data demonstrate a continuous though slow convergence with EU-15. At the same time due to high inflation this fastest growing economy in the EU is unlikely to achieve a higher level of Europeanization, i.e., the introduction of Euro, sooner than 2012. Finally, the so-called "Irish problem" or the outflow of labor from Latvia demonstrates a high level of Europeanization of the Latvian society because individuals are using the economic opportunities the EU has brought. However, one could also argue that this demonstrates a low level of Europeanization of the structure of Latvian economy, as locals don't find enough attractive work places at home.

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