

# Latvia and China: Entering the Post-Optimism Period

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The year 2022 marks 31 years of diplomatic relations between the Republic of Latvia and the People's Republic of China. It has been a partnership characterised by diplomatic and economic relations more than any other sector. The growing influence of China has made Latvia and the whole Western world express caution regarding China's intentions globally. In order to demonstrate the changes in behaviour and the current policy goals from Latvia's perspective, this chapter covers the historic relations between the two, followed by an overview of economic cooperation, and an insight of how the relations have been perceived recently from the Annual Reports of the Minister of Foreign Affairs of the Republic of Latvia and Annual Reports on the Activities of Latvian State Security Service, additionally explaining survey data reviewed in recent years on the Latvian perception of China.

## Historical Relations Between Latvia and China

The People's Republic of China was one of the first countries to recognise the Baltic states, including Latvia, on 7 September 1991, after the nations had fully regained their independence from the Soviet Union on 21 August 1991. The relationship between the two countries did not start out as smoothly as China would have thought, while afterwards, the way for cooperation was ultimately found.

To establish diplomatic relationships, the People's Republic of China required its counterparts to adhere to the 'One China' principle (China's interpretation – there is only one sovereign state under the name of China

and Taiwan is an inalienable part of it), and Latvia was no exception<sup>112</sup>. However, the Latvian government created a twist within it for itself, pledging to adhere to a softer version of the ‘One China’ approach, namely, the ‘One China’ policy - a strategy used by most Western countries, yet differing from country to country. Not even a full month after Latvia had renewed its independence, on 12 September 1991, it had signed a Joint Statement of the Establishment of Diplomatic Relations with China, and from that moment on a trade agreement between the two was under way, cooperation in academic sector was being established, showing support for Latvia’s independence as well as its place and acceptance under the international structure.<sup>113</sup> It seemed like a great, clean start to diplomatic relations, however the government in Riga had different plans and they did not start out as smoothly as China would have anticipated. Latvia, as a small, newly independent country could not forget neither about the struggles of independence, nor the wallet of Taiwan. Possibly, as it had freshly started out its foreign relations, the nation had less experience and/or awareness of the political games between China and Taiwan.<sup>114</sup> In the meantime, Latvia, regardless of the promises made to China regarding the ‘One China’ approach when diplomatic relations were established, started to create contact with Taipei on economic and official levels as part of their own ‘One China’ policy.<sup>115</sup> It seems that the reason why Latvia had agreed to choose People’s Republic of China over Taiwan in the first place was due to fact that it had a larger role in the international arena and would therefore help Latvia to become a member of the United Nations, and this is exactly what happened – Latvia’s admission was backed by China without putting any obstacles in its way.<sup>116</sup>

While China cautiously looked at the events happening between Latvia and Taiwan, the *unwanted* relations continued to bloom. In November 1991, Latvia and Taiwan signed a memorandum for economic cooperation which included the exchange of trade offices, and from that moment on,

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<sup>112</sup> Jeļena Saburova, Latvija – Ķīna – Taivāna: Trīsstūris vai Aplis? Latvian Institute of International Affairs, 1993, <https://liia.lv/site/attachments/27/02/2012/LV-Kina-Taivana.pdf>, P. 9

<sup>113</sup> Ibid

<sup>114</sup> Czeslaw Tybilewicz, “The Baltic States in Taiwan’s Post-Cold War ‘Flexible Diplomacy’”, *Europe-Asia Studies* 54(5), 791-810, 2002, <https://doi.org/10.1080/09668130220147056>, P. 793

<sup>115</sup> Ibid, P. 793

<sup>116</sup> Ibid, P. 794 – 795

administrative works had been put in motion to establish a Latvian Trade Representation Office in Taipei, in a demonstration of the economic partnership between the two – Riga and Taipei.<sup>117</sup> Interestingly, it happened only two months after the signing of the Joint Statement between Latvia and China.<sup>118</sup> The memorandum between Taiwan and Latvia indicated that the trade representation office should carry Taiwan's full name (Republic of China); it also acknowledged that Taiwan is a sovereign country after all, which consequently left China furious.<sup>119</sup> To continue the sequence of events, in February 1992, a consulate was opened in Riga, the name of which the PRC found outrageous – the Consulate of the Republic of China<sup>120</sup>, elevating relations from economic to diplomatic and official levels, representing a bold move from Riga government's side as it had breached the agreement with China in a way. An answer from China's side came fast and China responded by closing the embassy of the People's Republic of China, while formal but cold diplomatic ties were kept.<sup>121</sup> After some high-level official visits to Taipei, the situation started to change as Latvia might have felt that it could gain more with China than Taiwan. One of the reasons why the change from Taiwan to China occurred was due to Taiwanese promises of its “*dollar diplomacy*” while no real tangible effects were reached.<sup>122</sup>

After understanding the mistake and in order to renew and maintain some kind of relationship with China, in 1992 Latvian politicians started to change their narrative, which previously had been a part of its ‘One China’ policy, and argued that consular relations were not the same as diplomatic ones, therefore taking away their responsibility of opening Taiwan's consulate and China leaving its embassy in Riga due to some carelessly chosen

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<sup>117</sup> Jeļena Saburova, Latvija – Ķīna – Taivāna: Trīsstūris vai Aplis? Latvian Institute of International Affairs, 1993, <https://liia.lv/site/attachments/27/02/2012/LV-Kina-Taivana.pdf>, P. 10

<sup>118</sup> Ibid, P. 9-10

<sup>119</sup> Czesław Tybilewicz, “The Baltic States in Taiwan's Post-Cold War ‘Flexible Diplomacy’”, *Europe-Asia Studies* 54(5), 791-810, 2002, <https://doi.org/10.1080/09668130220147056>, P. 795

<sup>120</sup> Jeļena Saburova, Latvija – Ķīna – Taivāna: Trīsstūris vai Aplis? Latvian Institute of International Affairs, 1993, <https://liia.lv/site/attachments/27/02/2012/LV-Kina-Taivana.pdf>, P. 11

<sup>121</sup> Ibid, P. 12

<sup>122</sup> Czesław Tybilewicz, “The Baltic States in Taiwan's Post-Cold War ‘Flexible Diplomacy’”, *Europe-Asia Studies* 54(5), 791-810, 2002, <https://doi.org/10.1080/09668130220147056>, 791-810, <https://doi.org/10.1080/09668130220147056>, P. 792

wording without actual meaning behind it.<sup>123</sup> After walking on thin ice for some time, it cracked, and for a while Latvia was left with no warm relations with either of the Chinas. In the year 1994, Taiwan understood that it had lost this game, when Latvia signed a joint communiqué of relation normalisation with Beijing on 28 July, and, at the same day, the Taipei government was forced to change the name of the Taiwan Consulate to the Taipei Mission in Riga. The new name struck a balance, as it kept a certain level of exchanges with Taiwan, but still assured China's acceptance, as long as relations were not official.<sup>124</sup> As a result, the investment and trade routes with Taiwan were kept open, allowing Latvia and Taiwan to continue their relations in a less official manner.<sup>125</sup> This practice, widespread all over the world, has been present in Latvia ever since.

After two years of relative silence and the cold shoulder from China's side, a thawing of relations finally came. The People's Republic of China re-opened their embassy in Riga in August 1994, and from that moment on, both countries gradually exchanged some high-level meetings, showing that the past was in the past and as long as Taiwan was not involved relations between Latvia and China could grow.<sup>126</sup> It seems that at the time China was very alert about Latvia's actions while still acknowledging the need to continue relations in China's favour. Thus, after seeing Taiwan's activity in the region, China needed *a win* in the Baltic states to make sure that other post-soviet countries would not follow in the footsteps of Latvia when it came to Latvian 'One China' policy.<sup>127</sup> In the year 1996, both countries started

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<sup>123</sup> Jeļena Saburova, *Latvija – Ķīna – Taivāna: Trīsstūris vai Aplis?* Latvian Institute of International Affairs, 1993, <https://liia.lv/site/attachments/27/02/2012/LV-Kina-Taivana.pdf>, P. 20 - 21

<sup>124</sup> "Latvijas Republikas un Ķīnas tautas Republikas kopīgais komunikē par attiecību normalizēšanu", *Latvijas Vēstnesis*, 28 July 1994, <https://www.vestnesis.lv/ta/id/239588-latvijas-republikas-un-kinas-tautas-republikas-kopigais-komunike-par-attiecibu-normalizesanu>

<sup>125</sup> Czeslaw Tybilewicz, "The Baltic States in Taiwan's Post-Cold War 'Flexible Diplomacy'", *Europe-Asia Studies* 54(5), 791-810, 2022, <https://doi.org/10.1080/09668130220147056>, 791-810, <https://doi.org/10.1080/09668130220147056>, P. 792

<sup>126</sup> Indulis Bērziņš, "Speech at the Chinese People's Institute for Foreign Affairs", Beijing, *Latvijas Vēstnesis*, 13 June 2000, <https://www.vestnesis.lv/ta/id/8109>

<sup>127</sup> Czeslaw Tybilewicz, "The Baltic States in Taiwan's Post-Cold War 'Flexible Diplomacy'", *Europe-Asia Studies* 54(5), 791-810, 2022, <https://doi.org/10.1080/09668130220147056>, 791-810, <https://doi.org/10.1080/09668130220147056>, P. 803

cooperation through culture and education programmes,<sup>128</sup> and continued with economic cooperation eventually leading to today's levels. It is worth mentioning that the first high-level official visit from Latvia to China was in the year 1994, while the first high-level official visit of China in Riga was in the year 1999,<sup>129</sup> indicating the seriousness of the situation between the two countries – China took a long time to see if Latvia and its actions were worthy of such visit. Moreover, China's government made sure that no high-level visits would take place in Riga while the other two Baltic states were visited by Beijing's officials during the years 1993 and 1994 when tensions were highest.<sup>130</sup> Meanwhile, the administrative works put forward were not enough to open the Latvian Trade Representation office in Taipei and therefore, it was never fully materialised due to mostly financial issues that Latvia faced during its first years of renewed independence.<sup>131</sup>

The decision of choosing to be China's friend led to China's support for the geopolitical direction of Latvia and other Baltic states. China backed the transatlantic and EU orientation of the Baltics, not trying to undermine their candidacy for inclusion in the EU and NATO.<sup>132</sup> Figure No. 1 presents an overview of the historical timeline of relations between Latvia and China during the first years of independence.

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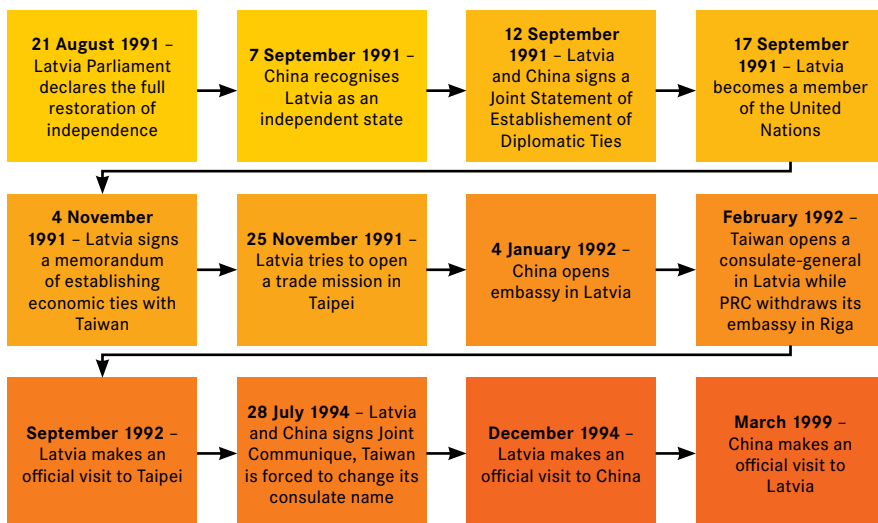
<sup>128</sup> Indulis Bērziņš, "Speech at the Chinese People's Institute for Foreign Affairs", *Latvijas Vēstnesis*, 13 June 2000, <https://www.vestnesis.lv/ta/id/8109>

<sup>129</sup> "Latvijas Republikas un Ķīnas Tautas Republikas divpusējās attiecības", *Latvijas Republikas Vēstniecībā Ķīnas Tautas Republikā*, 15 October 2020, <https://www2.mfa.gov.lv/china/latvijas-un-kinas-divpusejas-attiecibas>

<sup>130</sup> Czeslaw Tybilewicz, "The Baltic States in Taiwan's Post-Cold War 'Flexible Diplomacy'", *Europe-Asia Studies* 54(5), 791-810, 2022, <https://doi.org/10.1080/09668130220147056>, P. 791-810, <https://doi.org/10.1080/09668130220147056>, P. 803

<sup>131</sup> *Ibid*, P. 800

<sup>132</sup> *Ibid*, P. 805-806



**Figure 1.** Historical relations between the Republic of Latvia, People’s Republic of China and the Republic of China (Taiwan).

Current interviews with policymakers suggest that there is no acknowledgement on the way how the relationships started between China and Latvia and the length of such is still counted from the first time relations were established and has still been represented as from year 1991. The relations between Latvia and China had experienced a rough patch since 1992 until 1994; however, afterwards, in China’s mind, diplomatic mistakes were corrected, and the partners returned to their original course diplomatically and economically, leading Latvia to the place where it is now – included in the Western world.

## Economic Relations Between Latvia and China

As with most countries, Latvia also has a negative trade balance with China. It is important to mention that China is not one of the largest export destinations for Latvia, however, any economic activity for a small country is of great importance due to globalisation processes, scarcity of resources and most of all, economic growth possibilities. When it comes to Latvian

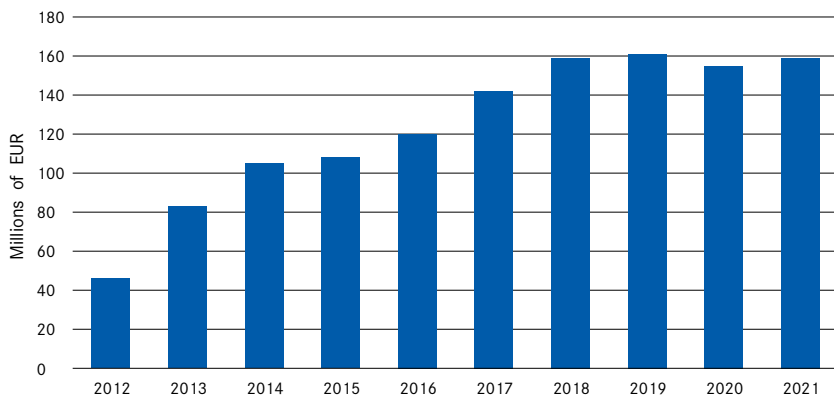
politics, economic opportunities are closely tied with Western values, which might put some barriers and caution on the trade destination for the greater good – freedom. In order see a bigger picture, it is important to look through economic indicators such as imports, exports and foreign direct investment and how they are entangled with politics.

To start with the exports from the Latvian market to China, Latvians mostly export to China wood or its particles, natural minerals and machinery, with up to EUR 159 million in value.<sup>133</sup> Within a ten-year span, the export value has increased almost four times. Therefore, an indication of economic dependence on the Chinese market is present, which could possibly lead to favourable conditions for China when it comes to policy decisions. Overall, one can see a steady growth in the export market to China while there is a slight decrease of the economic flow starting from 2020. It is important to mention that China is not one of the top Latvian export partners, as in the year 2021 it constituted only 0.97% of the total export market Latvia had to offer<sup>134</sup>. For an overview of the economic trends of Latvian exports to China, in value of millions in Euro, refer to Figure No. 2 below.

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<sup>133</sup> “Foreign trade with China, 2005 – 2022”, Central Statistical Bureau of the Republic of Latvia, <https://eksports.csb.gov.lv/en/years/countries-selected/export/2021/TOTAL/CN>

<sup>134</sup> “Foreign trade in goods, by partner”, Central Statistical Bureau of the Republic of Latvia, <https://eksports.csb.gov.lv/en/years/countries/export/2021>



**Figure 2.** Latvia’s exports to China, millions of EUR (source: Latvian Central Statistical Bureau<sup>135</sup>).

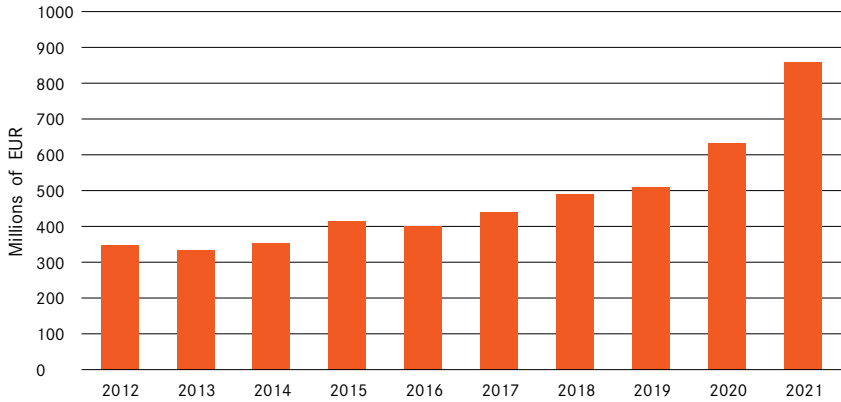
Looking at the imports to Latvia from China, Latvians mostly imported machinery, plastics, metals, optical instruments, and textiles, with up to EUR 859 million in value.<sup>136</sup> The imports from China to Latvia have grown more than two times since 2012. Afterwards, a steady increase of goods can be seen until 2020, reaching EUR 634 million, while in the year 2021 the import market from China soared by 25%. It is essential to indicate that China is included in the top 10 main import partners for Latvian economy in 2021, taking 6<sup>th</sup> place in it, standing at over 4.41% of the total Latvian import market overall.<sup>137</sup> For an overview of the economic trend of Latvian imports from China, in value of millions in Euro, refer to Figure No. 3 below.

<sup>135</sup> “Exports and imports by country, country group and territory (euro) – Flow of goods, Countries and Time period”, Official Statistics portal, [https://data.stat.gov.lv/pxweb/lv/OSP\\_PUB/START\\_\\_TIR\\_\\_AT\\_\\_ATD/ATD060/table/tableViewLayout1/](https://data.stat.gov.lv/pxweb/lv/OSP_PUB/START__TIR__AT__ATD/ATD060/table/tableViewLayout1/)

<sup>136</sup> “Foreign trade with China, 2005 – 2022”, Central Statistical Bureau of the Republic of Latvia, <https://eksports.csb.gov.lv/en/years/countries-selected/export/2021/TOTAL/CN>

<sup>137</sup> Central Statistical Bureau of the Republic of Latvia, “Foreign trade in goods by partner”, Central Statistical Bureau of the Republic of Latvia, <https://eksports.csb.gov.lv/en/years/countries/import/2021>

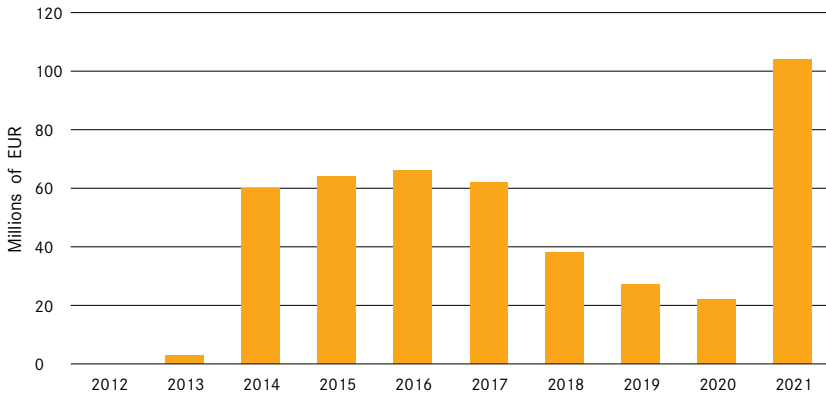




**Figure 3.** Latvia’s imports from China, millions of EUR (*source:* Latvian Central Statistical Bureau<sup>138</sup>).

As regards Foreign Direct Investment (further FDI), China started to significantly invest in the Latvian market (exceeding one million euros) in the year 2013, and the number grew considerably starting from 2014 till 2017. Then, in 2018, investments plummeted by almost half and continued a downward trend till 2020. In the year 2021, the investments saw a sudden five-time increase, skyrocketing from EUR 22 million to EUR 104 million compared to the previous year. This is a clear sign that Chinese companies are interested in the Latvian market more than ever before. The high surge in FDI could also be a response from Chinese entrepreneurs on the issues between Lithuania-China and Taiwan, moving their capital to the Baltic state next door to avoid any problems or difficulties that they could face due to the political games between the three. For an overview, see a timeline of FDI from China in Latvia in Figure 4 Below.

<sup>138</sup> “Exports and imports by country, country group and territory (euro) – Flow of goods, Countries and Time period”, Official Statistics portal, [https://data.stat.gov.lv/pxweb/lv/OSP\\_PUB/START\\_\\_TIR\\_\\_AT\\_\\_ATD/ATD060/table/tableViewLayout1/](https://data.stat.gov.lv/pxweb/lv/OSP_PUB/START__TIR__AT__ATD/ATD060/table/tableViewLayout1/)



**Figure 4.** Foreign Direct Investment from China in Latvia, millions of EUR (*source*: Bank of Latvia<sup>139</sup>).

To continue, after looking at the data for FDI from Latvia to China, it was evident that the Latvian entrepreneurs are reluctant to invest in China, as the year 2021 was the first year where the FDI went over one million euros.<sup>140</sup> This could be a sign that entrepreneurs from Latvia do not see China as a safe place for investment or believe it to be too far culturally and economically, while looking at the data from China’s investments in Latvia, it seems not to be the case.

Overall, one can see that there is more dependence within the last ten years as economic growth in imports and exports has been present, however, when examined more closely, in the last three years, there is a decline in exports and imports to and from China, including a decline in foreign direct investments, indicating that there might be some problems or explanations to the decrease of trade in the political field, while the year 2021 seems to indicate otherwise. As regards FDI, Chinese companies seem to be more present in Latvia than ever before. It is important to keep in mind that the large increase in investments could carry security threats to Latvia and

<sup>139</sup> “Foreign Direct investment in Latvia”, Bank of Latvia, Statistical database, <https://statdb.bank.lv/lb/Data/128/128>

<sup>140</sup> Ibid

therefore, the Western world. Considering the decrease in the last years, it is important to look for some explanations for it in the political field.

The newly created economic expansion platform China International Import Expo country exhibition has been present since 2018, as a forum and bridge through which China is trying to link itself with the rest of the world, where it is interested in it. Till now, Latvia has participated two times, in 2019 and 2020, while in 2021 the country decided against taking part in it.<sup>141</sup> The decision of not participating in such an international export forum could be a sign of Latvians being careful in looking for an expansion of economic relations with China, while Expo Dubai was still chosen as a better option for economic development opportunities – signalling policy change in the international trade arena. In the meantime, as one of the main industries where both countries see great opportunities is transport and logistics, Latvia participated in the China International Fair for Trade and Services in 2021.<sup>142</sup> It is important to emphasise that trade in the transport and logistics sector among the two countries has seen an increase of 98% between the years 2016 and 2020.<sup>143</sup> This might be the reason why the government of Latvia reaffirmed readiness to continue cooperation in the transport and logistics sector on the same day as when Latvia's withdrawal from the Cooperation format between China and Central and Eastern European Countries (known as "16+1") forum was announced.<sup>144</sup> Taking into account the fact that for Latvia and the Baltic states as such, China is not the largest economic partner, it does not carry significant financial

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<sup>141</sup> "Latvian-Chinese relations in view of the 2021 China International Import Expo", Weekly Briefing of China-CEE Institute, China-CEE Institute, November 2021, <https://china-cee.eu/2021/12/01/latvia-economy-briefing-latvian-chinese-relations-in-view-of-the-2021-china-international-import-expo/>

<sup>142</sup> "Sino-Latvian trade in transport and logistic services expands - VIA LATVIA participates in the CIFTIS 2021", Ministry of Transport of the Republic of Latvia, <https://www.sam.gov.lv/en/article/sino-latvian-trade-transport-and-logistic-services-expands-latvia-participates-ciftis-2021>

<sup>143</sup> Ibid

<sup>144</sup> Una Aleksandra Bērziņa-Čerenkova, "Mild Wording but Harsh Timing: Latvia and Estonia's Exit from the "16+1"", China Observers in Central and Eastern Europe (further CHOICE), 12 August 2022, [https://chinaobservers.eu/mild-wording-but-harsh-timing-latvia-and-estonias-exit-from-161/?\\_thumbnail\\_id=6011](https://chinaobservers.eu/mild-wording-but-harsh-timing-latvia-and-estonias-exit-from-161/?_thumbnail_id=6011)

dependence over them.<sup>145</sup> Consequently, they are able to support causes and values they believe in, such as human rights or rule of law, as there might be more to gain and less to lose than those countries that are dependent on China's investments or trade and therefore, can try to find different routes for economic possibilities other than China. Thus, Latvia in its foreign policy has expressed its concerns to China when it comes to human rights issues, challenges to the existing international order, or economic coercion – the case of Lithuania will be described further in this book – while at the same time the emphasis on the importance of the 'One China' policy is still maintained from the Latvian side.<sup>146</sup>

Economic relations go hand-in-hand with diplomatic relations and political decisions. Overall, although unevenly characterised with some decreases and some surprising surges, the economic dependence in a larger timeframe between Latvia and China has increased. Some of the fallout can be written off due to the pandemic while there are some other problems evident from the political point of view. One thing is clear, Latvia is looking for ways to minimise dependence from the economic powerhouse that is China.

## **Current Relations between Latvia and China**

This section will look at recent events in terms of foreign policy goals and challenges between Latvia and China. Furthermore, an analysis on Latvia's Annual Reports of the Minister of Foreign Affairs of the Republic of Latvia will be carried out over a 5-year time frame, from the year 2016 till the year 2021, to assess the development of events and changes between the two countries from Latvia's foreign policy view. In addition, Annual Reports on

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<sup>145</sup> Annual Report of the Minister of Foreign Affairs on the accomplishments and further work with respect to national foreign policy and the European Union 2020, Ministry of Foreign Affairs of the Republic of Latvia, P. 16, 2020, <https://www.mfa.gov.lv/en/media/2221/download>

<sup>146</sup> "Representative of Latvian Foreign Ministry, Juris Štālmeistars, meets with Special Representative of China for Cooperation between Central and Eastern European Countries and China", Embassy of the Republic of Latvia in the People's Republic of China, 12 May 2022, <https://www2.mfa.gov.lv/en/china/current-events/69101-representative-of-the-latvian-foreign-ministry-juris-stalmeistars-meets-with-special-representative-of-china-for-cooperation-between-central-and-eastern-european-countries-and-china>

the Activities of Latvian State Security Service for the same timeframe will also be analysed.

To start, it is important to mention that the “16+1” format created by China and launched in 2012, is a platform where heads of government normally meet to discuss future, mostly economic, cooperation possibilities between China and Central, Eastern European Countries. All these years Latvia gladly participated in the format while the narrative from Latvia’s side changed in the year 2021, when Latvia and other Baltic states decided to send ministers – lower-level officials – to show their stance on the perceived importance when it comes to the foreign relations agenda and China’s actions world-wide.<sup>147</sup> The move signalled the need to hold on to the Western values that are regarded highly in the Baltic community. During an interview in early February 2022, Chairman of the Foreign Affairs Committee and Latvian Parliament member Rihards Kols, indicated that, at that time the “17+1” format had become unattractive for Latvia as it provided promises while no real actions or tangible benefits had been taken or received in order to keep the forum going and appealing to Eastern Europe.<sup>148</sup> In addition, he mentions that it is unfair to ask for the ‘One China’ policy as the forum divides Europe, while there is no one EU policy when it comes to China’s relations with the EU member states.<sup>149</sup> Therefore, it seemed that Latvia’s foreign policy had started to shift towards a more common one with the EU, and the manifestations of it started to change as well, as Latvia declared leaving the format during the summer of 2022.<sup>150</sup> The press release of the announcement to leave the format was very short and to

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<sup>147</sup> Una Aleksandra Bērziņa-Čerenkova, ““Go with the Devil You Don’t Know”? Latvians Still believe in Economic Cooperation with China”, Foreign Policy Research Institute, 7 April 2021, <https://www.fpri.org/article/2021/04/go-with-the-devil-you-dont-know-latvians-still-believe-in-economic-cooperation-with-china/>

<sup>148</sup> Andrius Balčiūnas, 10 February 2022, “Latvian MP on Lithuania’s Taiwan mission: do you want to foster ties or just ‘piss off China’?” Lithuanian National Radio and Television, 10 February 2022, <https://www.lrt.lt/en/news-in-english/19/1612407/latvian-mp-on-lithuania-s-taiwan-mission-do-you-want-to-foster-ties-or-just-piss-off-china>

<sup>149</sup> Ibid

<sup>150</sup> “Latvia ceases its participation in the cooperation framework of Central and Eastern European Countries and China”, Ministry of Foreign Affairs of the Republic of Latvia, 11 August 2022, <https://www.mfa.gov.lv/en/article/latvia-ceases-its-participation-cooperation-framework-central-and-eastern-european-countries-and-china>

the point, indicating that Latvia would continue cooperation bilaterally and through the EU-China policy narrative, with an emphasis on international law and human rights,<sup>151</sup> thus taking on the previously mentioned Western narrative. It seems that the main motive for leaving the format was a call for deeper EU-China policy, not a division between the EU member states. If looked at from a geopolitical point of view, Latvia will keep its foreign policy aligned with the EU and NATO values and ideas and will guard them at every cost. Especially, when it comes to threats that are placed on the western international system for security and wellbeing reasons.<sup>152</sup> Accordingly, if a threat has been felt from outside of the organisations of the Western block, in this case it was a divisive one, it is considered as foreign policy for Latvia to be as far from the threat as possible, as one can see in the exit from what currently remains as a “14+1” format. While there are no objections from the EU or NATO on the exit strategy from the forum, it is clear that Latvia is interested in economic cooperation with China, as long as it does not come at the expense of Western values – as it has been evident from the period even prior to Latvia’s accession to NATO and the EU.<sup>153</sup> To understand how and if the narrative has changed in the past years when it comes to relations with Beijing, the author will provide an examination of the Annual Reports of the Minister of Foreign Affairs of the Republic of Latvia and the Annual Reports on the Activities of Latvian State Security Service within the last years.

In 2016–2017, Annual Reports of the Latvian Minister of Foreign Affairs did not see China as a challenge in any way, including no challenges posed for a rules-based order. These years of foreign policy demonstrate a positive stance towards the “16+1” format with optimistic and tangible benefits

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<sup>151</sup> “Latvia ceases its participation in the cooperation framework of Central and Eastern European Countries and China”, Ministry of Foreign Affairs of the Republic of Latvia, 11 August 2022, <https://www.mfa.gov.lv/en/article/latvia-ceases-its-participation-cooperation-framework-central-and-eastern-european-countries-and-china>

<sup>152</sup> Sigita Struberga, “The Unknown Other? Perceptions of China in Latvia”, China Observers in Central and Eastern Europe (CHOICE), 13 May 2020, <https://chinaobservers.eu/the-unknown-other-perceptions-of-china-in-latvia/>

<sup>153</sup> Indulis Bērziņš, “Speech at the Chinese People’s Institute for Foreign Affairs”, Latvijas Vēstnesis, 13 June 2000, <https://www.vestnesis.lv/ta/id/8109>

coming from cooperation with China in terms of trade and investment.<sup>154</sup> According to the Annual Report on the Activities of Latvian State Security Service, in the year 2017, there were no indications of China's threat or intelligence present in Latvia,<sup>155</sup> while, in the year 2016, China was posed as an alternative to Russian transit projects within the context of "16+1"<sup>156</sup> – here as well, no threats seemed to be present at that time, only a positive image of China was put forward. It is important to indicate that during the summer of 2017, China and Russia conducted naval military drills in the Baltic Sea and afterwards, China showed off its warships by dispatching them to the port of Riga.<sup>157</sup> At the time it was considered as part of positive cooperation with China and not a threat to the Baltic countries.<sup>158</sup> If something similar happened starting from 2020, it might be considered as a security risk.

Looking through the year 2018 of the Annual Report of the Latvian Minister of Foreign Affairs, one can see that China has emerged as a threat, while no separate paragraph of China posing challenges has been indicated. Present are concerns about the rules-based order when it comes to trade with China,<sup>159</sup> while at the same time, the "16+1" format seemed to be of high importance in the field of transport and logistics.<sup>160</sup> This does not come as a surprise as even leaving the previous "16+1" format, there is still

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<sup>154</sup> Annual Report of the Minister of Foreign Affairs on the accomplishments and further work with respect to national foreign policy and the European Union (2016–2017), Ministry of Foreign Affairs of the Republic of Latvia, P. 22, 2017, <https://www.mfa.gov.lv/en/article/annual-report-accomplishments-and-further-work-respect-national-foreign-policy-and-european-union-2016-2017>

<sup>155</sup> Public report on the activities of Latvian Security Police in 2017, Latvian Security Police, April 2018, <https://vdd.gov.lv/uploads/materials/19/en/annual-report-2017.pdf>

<sup>156</sup> Public report on the activities of the Security Police in 2016, Latvian Security Police, P. 29, April 2017, <https://vdd.gov.lv/uploads/materials/20/en/annual-report-2016.pdf>

<sup>157</sup> "Ķīnas karakuģi pēc kopīgām mācībām ar Krieviju piestājuši Helsinku ostā", TVNET/LETA, 2 August 2017, <https://www.tvnet.lv/4563293/kinas-karakugi-pec-kopigajam-macibam-ar-krieviju-piestajusi-helsinku-osta>

<sup>158</sup> Ibid

<sup>159</sup> Annual Report of the Minister of Foreign Affairs on the accomplishments and further work with respect to national foreign policy and the European Union 2018, Ministry of Foreign Affairs of the Republic of Latvia, P. 20, 2019, <https://www.mfa.gov.lv/en/media/2223/download>

<sup>160</sup> Ibid, P. 22

an expressed interest to maintain economic relations in exactly that sector, creating a somewhat inconsistent strategy between the Latvian governmental bodies. In addition, no signs of any military or cyber threats posed by China seem to be present at that time. The Annual Report on the Activities of Latvian State Security Service for the year indicates some issues with China related to data security of individuals while no other agenda from China's side seems to be present.<sup>161</sup> It is important to indicate that the cooperation with China, overall, in 2018 seems to have both positive and negative connotations.

The year 2019 of the Annual Report of the Latvian Minister of Foreign Affairs refers to China after the paragraph dedicated to Russia, indicating the seriousness of the threat. It is noteworthy to remember that this was the time when the Trump administration was in place and large disagreements between the US and China on trade relations had started to take place. Therefore, a huge impact on economic wellbeing when trading with China is felt in the policy report.

To continue, cyber-security has been one of the biggest challenges when it comes to China, including investments in strategic infrastructure that led to other security concerns.<sup>162</sup> In addition, the caution about the Belt and Road initiative has been present as well, implying that Latvia, the EU and NATO should be careful accepting goods that China has to offer as it might come with a higher cost later.<sup>163</sup> Consequently, it is evident that Latvia had started to look for other investments, coming from more Western destinations as indicated in the 2020 and 2021 Reports as well. It is important to mention that the 2019 Report does not recognise China's military expansion, while more emphasis is put on investments of China in strategic infrastructure and problems with trade relations that the US and the EU face when it concerns China. According to the Annual Report on the Activities of Latvian State Security Service for 2019, the China threat was

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<sup>161</sup> Annual Report on the activities of the Latvian State Security Service in 2018, Latvian State Security Service, P. 10-12, April 2019, <https://vdd.gov.lv/uploads/materials/2/en/annual-report-2018.pdf/>

<sup>162</sup> Annual Report of the Minister of Foreign Affairs on the accomplishments and further work with respect to national foreign policy and the European Union 2019, Ministry of Foreign Affairs of the Republic of Latvia, P. 2-3, 2020, <https://www.mfa.gov.lv/en/media/2222/download>

<sup>163</sup> *Ibid*, P. 3



mostly based on its rise in the technological field that could lead to security issues regarding information and data created and collected by the Western organisations.<sup>164</sup> It is essential to indicate that no separate sub-chapter in the report is left to explain the threats of China posed in Latvian society.

The same as in 2019, in the Annual Report of the Latvian Minister of Foreign Affairs 2020, a separate paragraph for China is present which indicates that tensions have become more and more prominent with each coming year. However, it is essential to indicate that Russia covers the first paragraph of international tensions, and the next two are directed at China, which expressed concerns for issues such as human rights, the rules-based order as well as China's actions in South China Sea, trade relations and climate change issues.<sup>165</sup> As there are fewer military threats in the 2020 policy than presented in 2021, there is still a recognition of China being a responsible leader when it comes to arms control.<sup>166</sup> It is important to mention that cybersecurity has not been one of Latvia's top priorities in its foreign policy when it comes to China, while arms control feels like an issue, indicating military security threats coming from Beijing.<sup>167</sup> Additionally, the 2020 report expresses the need to indicate that the "17+1" format is meant for economic cooperation and not for other political purposes, signifying that the Latvian government had some structural problems with the format for what it had become, present as early as the year 2020.<sup>168</sup> According to the Annual Report on the Activities of Latvian State Security Service for 2020, it has been observed that China tried to carry out two information influence activities, both designed to show China in a better light, first as being a superpower, and second as having greater chances of successfully dealing with the pandemic due to its political system that poses greater advantages

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<sup>164</sup> Annual Report of the activities of Latvian State Security Service in 2019, Latvian State Security Service, P. 5, March 2020, <https://vdd.gov.lv/uploads/materials/1/en/annual-report-2019.pdf>

<sup>165</sup> Annual Report of the Minister of Foreign Affairs on the accomplishments and further work with respect to national foreign policy and the European Union 2020, Ministry of Foreign Affairs of the Republic of Latvia, P. 3-4, 16, 2021, <https://www.mfa.gov.lv/en/media/2221/download>

<sup>166</sup> Ibid, P. 24

<sup>167</sup> Ibid

<sup>168</sup> Ibid, P. 16

than the Western built system.<sup>169</sup> Moreover, in 2020, Latvia received greater amounts of Chinese intelligence activities than in 2021, as it could be related to keeping a positive image in the shadow of COVID-19.<sup>170</sup> It is important to mention that starting from the year 2020, the importance of China in the Security report is visibly growing, introducing a special paragraph with the name *China's information influence activities*<sup>171</sup> as well as spreading the mentions around the text.

In the Annual Report of the Latvian Minister of Foreign Affairs 2021, China has been identified as “a cooperation partner, an economic competitor, and a systemic rival at the same time”<sup>172</sup>, having the same wording as used by the EU when it comes to China policy. It is important to emphasise that relations with China were under the section “the geopolitical situation, processes, challenges”, right after the paragraph where concerns regarding relations and actions of Russia were expressed, positioning China as one of the top foreign policy challenges for the year and the future. In the meantime, it is stated that EU-China cooperation presents a larger role for the future direction of the Latvian foreign policy, including the Western and NATO stance altogether when it regards cooperation between Latvia and China bilaterally. This means that there will be little room for bilateral relations, as the focus has been shifted to common policy goals with the West. Furthermore, the policy clearly indicates that Latvia plans to seek alternate economic opportunities posed by the Western world in order to minimise the negative balance of trade when it comes to trade and security issues with China, as well as alternative investment routes to the Belt and Road initiative,<sup>173</sup> meaning that China as an export destination is not that

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<sup>169</sup> Annual Report on the activities of Latvian State Security Service (VDD) in 2020, Latvian State Security Service, P. 29, March 2021, <https://vdd.gov.lv/uploads/materials/8/en/annual-report-2020.pdf/>

<sup>170</sup> Annual Report on the Activities of Latvian State Security Service (VDD) in 2021, P. 7, April 2022, <https://vdd.gov.lv/uploads/materials/30/en/annual-report-2021.pdf/>

<sup>171</sup> Annual Report on the activities of Latvian State Security Service (VDD) in 2020, Latvian State Security Service, P. 29, March 2021, <https://vdd.gov.lv/uploads/materials/8/en/annual-report-2020.pdf/>

<sup>172</sup> Annual Report of the Minister of Foreign Affairs on the accomplishments and further work with respect to national foreign policy and the European Union 2021, Ministry of Foreign Affairs of the Republic of Latvia, 2022, P. 5, <https://www.mfa.gov.lv/en/media/5240/download/>

<sup>173</sup> Ibid, P. 5

attractive anymore – this phenomena can be seen in the economic indicators and in the choice of economic expos, too. In addition, the 2021 policy recognises that there are more and more apparent cyberthreats coming from China as well,<sup>174</sup> indicating the need for security in the digital sector and a common policy with the West. To continue, also reported are needs for a shared NATO policy when it comes to China’s investments in critical infrastructure, as well as calls for an increasing military and technology sector.<sup>175</sup>

Due to China’s rapid expansion in military, trade and other sectors, Latvia is not fully supporting China’s actions in the international arena as had been expressed through diplomatic routes previously, namely – China should take up a role as a responsible leader that highly guards human rights and the rule-of-law and to have a say on the war that is happening in Ukraine right now,<sup>176</sup> as well as it should find a way to involve itself in greater arms control for the world to be convinced that China could be one of the *good and responsible world leaders*.<sup>177</sup> This indicates that Latvia acknowledges in its foreign policy the threats that are posed by China in different directions – military, trade, rules-based order, and Western values. According to the Annual Report on the Activities of Latvian State Security Service, in the year 2021, China continued to extend its information campaigns to advertise its aims in the international area that include challenging NATO and the EU with an aim to show that China is the one that can

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<sup>174</sup> Annual Report of the Minister of Foreign Affairs on the accomplishments and further work with respect to national foreign policy and the European Union 2021, Ministry of Foreign Affairs of the Republic of Latvia, 2022, P. 12, <https://www.mfa.gov.lv/en/media/5240/download/>

<sup>175</sup> Ibid, P. 19

<sup>176</sup> “Representative of Latvian Foreign Ministry, Juris Štālmeistars, meets with Special Representative of China for Cooperation between Central and Eastern European Countries and China, Embassy of the Republic of Latvia in the People’s Republic of China”, 12 May 2022, <https://www2.mfa.gov.lv/en/china/current-events/69101-representative-of-the-latvian-foreign-ministry-juris-stalmeistars-meets-with-special-representative-of-china-for-cooperation-between-central-and-eastern-european-countries-and-china>

<sup>177</sup> Annual Report of the Minister of Foreign Affairs on the accomplishments and further work with respect to national foreign policy and the European Union 2021, Ministry of Foreign Affairs of the Republic of Latvia, 2022, P. 22, <https://www.mfa.gov.lv/en/media/5240/download>

help to stabilise the chaos in the international agenda.<sup>178</sup> Moreover, it is forecast that Chinese intelligence activities will rise in the near future.<sup>179</sup> The importance of China presented in the report is described in a subchapter called “China’s Information Influence Measures” within the “Information Space Security”<sup>180</sup> section, indicating the seriousness of the threats posed by Beijing in 2021. As the Latvian government is taking China more seriously, it is time to look at whether Latvian society sees that as well.

A 2021 survey indicates that the respondents had either neutral or more positive feelings towards China.<sup>181</sup> Looking at data that were collected in the year 2020, Latvians had their feelings more aligned with neutrality.<sup>182</sup> This could be an indication that during the pandemic, China had greatly pushed its positive image in Latvia. During a survey in 2021, Latvians acknowledged that they know too little of Chinese activities in Latvia, therefore have not been able to formulate their own opinion of China.<sup>183</sup> Thus, there is a need for wider education from Latvia’s government side of China and its actions world-wide. While the outlook of most of the respondent’s regarding China was neutral, Latvians cannot imagine that a Chinese person could enter their lives by marrying into the family or become a member of the Latvian political scene.<sup>184</sup>

When asked in 2021 to say the first word that comes to the mind of Latvians when thinking of China, they were overpopulation, mass production, cheap

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<sup>178</sup> Annual Report on the Activities of Latvian State Security Service (VDD) in 2021, P. 24, April 2022, <https://vdd.gov.lv/uploads/materials/30/en/annual-report-2021.pdf>

<sup>179</sup> Ibid, P. 9, 32

<sup>180</sup> Ibid, P. 32

<sup>181</sup> Una Aleksandra Bērziņa-Čerenkova, Richard O. Turcsanyi, Matej Šimalčík, et.al., Latvian public opinion on China in the age of COVID-19, Central European Institute of Asian Studies, 2021, P. 6, <https://ceias.eu/wp-content/uploads/2021/03/LV-poll-report.pdf>

<sup>182</sup> Mārtiņš Kaprāns, Inta Mieriņa, Andris Saulītis, Intercultural stereotypes and prejudices in Latvian society, University of Latvia, 2020, P. 26, [https://www.integration.lv/uploads/files/informativie-materiali/lu\\_petijums\\_sapc.pdf](https://www.integration.lv/uploads/files/informativie-materiali/lu_petijums_sapc.pdf)

<sup>183</sup> Žaneta Ozoliņa, Inna Šteinbuka, “Eiropas nākotne – Latvijas skatījums, European Policy Research Institute”, 2021, P. 17, [http://eppi.lza.lv/wp-content/uploads/2021/12/Eiropas-na-kotne\\_raksts-A4\\_08.12.21.pdf](http://eppi.lza.lv/wp-content/uploads/2021/12/Eiropas-na-kotne_raksts-A4_08.12.21.pdf)

<sup>184</sup> Mārtiņš Kaprāns, Inta Mieriņa, Andris Saulītis, Intercultural stereotypes and prejudices in Latvian society, University of Latvia, 2020, P. 22, [https://www.integration.lv/uploads/files/informativie-materiali/lu\\_petijums\\_sapc.pdf](https://www.integration.lv/uploads/files/informativie-materiali/lu_petijums_sapc.pdf)

products, big country and great wall<sup>185</sup>. In the year 2020, Latvians associated Chinese with being hardworking and being able to come up with new, technological solutions while at the same time, Latvians believe that Chinese people living in Latvia were not loyal to Latvia,<sup>186</sup> therefore, an indication of Latvian society being cautious of trusting Chinese seems to be present. It is important to mention that looking at the comparison above, Latvians believe in Chinese technology while in one of the surveys during the Covid-19 pandemic, Latvians would not choose a vaccine that was manufactured in China while the European vaccines seemed to be most suitable<sup>187</sup>. Thus, the threat in medicine seems to be present, while technological advancements at a low cost is acceptable. To continue, it seems that Latvia has not fully acknowledged the authoritarian regime in China, as in 2021, 23% of Latvian society were not sure if the Chinese regime could be an inspiration for the Latvian government,<sup>188</sup> showing that there is a gap in knowledge about it or that Latvians do not link the regime with human rights. Thus, 52% of Latvians in a 2021 survey believed that human rights are consistently violated.<sup>189</sup> It is important to mention that in a survey from 2021, only 10% of Latvians believe that China could be the most suitable strategic partner for Latvia, indicating that other countries would be more suitable or could carry less risks.<sup>190</sup> Furthermore, another survey from 2021 suggests that there are more negative perceptions of China's actions such as Chinese military power, China's influence on democracy in other countries, China's impact on the global environment, while the same survey, more neutral to a rather positive outlook, was allocated to trade

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<sup>185</sup> Una Aleksandra Bērziņa-Čerenkova, Richard O. Turcsanyi, Matej Šimalčík, et.al., Latvian public opinion on China in the age of COVID-19, Central European Institute of Asian Studies, 2021, P. 7, <https://ceias.eu/wp-content/uploads/2021/03/LV-poll-report.pdf>

<sup>186</sup> Mārtiņš Kaprāns, Inta Mieriņa, Andris Saulītis, Intercultural stereotypes and prejudices in Latvian society, University of Latvia, 2020, P. 36, [https://www.integration.lv/uploads/files/informativie-materiali/lu\\_petijums\\_sapc.pdf](https://www.integration.lv/uploads/files/informativie-materiali/lu_petijums_sapc.pdf)

<sup>187</sup> Pētījums par sabiedrības attieksmi pret COVID-19, SKDS pētījumu centrs, August 2021, P. 52, <https://www.mk.gov.lv/lv/media/10646/download>

<sup>188</sup> Dominika Hajdu, Katarína Klingová, Daniel Milo, Miroslava Sawiris, "GLOBSEC Trends 2021: Central and Eastern Europe One Year into the Pandemic", GLOBSEC, 2021, P. 9, <https://www.globsec.org/publications/globsec-trends-2021/>

<sup>189</sup> Ibid, P. 29

<sup>190</sup> Ibid, P. 20

with China, Chinese investment and the Belt and Road initiative.<sup>191</sup> As long as economic ties are involved, China is perceived as a friend, while other issues that could in some ways hurt the Western world or its values are perceived in a more negative light.

To conclude the sub-chapter, it is evident that Latvia supports Western political thought and is looking for a direction that is more oriented towards a common China policy of the EU and NATO. As regards the Annual Reports of the Latvian Minister of Foreign Affairs and Annual Reports on the Activities of Latvian State Security Service, China has started to pose a threat for Latvia since 2019. The threats are mostly in relation to data security, cyber security, Chinese trade and investment in critical infrastructure, Chinese military expansion, human rights violations and rules-based order. As regards Latvian opinion on China, it is rather neutral. Thus, an indication for state-wide education in the topic seems to be present. China seems to be a far-off issue for the Latvian society, and the threats it poses it might be overlooked due to the hopes for the gains that come from China's perception of an economic and technological powerhouse in Latvia.

## Conclusions

When looking at the relations between Latvia and China, one must admit – they started out on thin ice but found their way back to the originally intended track, at least from China's side. Since then, Latvia still acknowledges the "One China" policy in its diplomacy. During the years from 1999 until 2018, it seems that the relations were stable and steadily developing, without any huge fallouts or successes. Nevertheless, it is important to acknowledge that entering the new millennium, China did not place any obstacles regarding Latvia and other Baltic states becoming a member of the EU and NATO, leading to having a safer neighbourhood around them and the possibility to be saved in the event of security being challenged.

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<sup>191</sup> Dominika Hajdu, Katarína Klingová, Daniel Milo, Miroslava Sawiris, "GLOBSEC Trends 2021: Central and Eastern Europe One Year into the Pandemic", GLOBSEC, 2021, P. 20, <https://www.globsec.org/publications/globsec-trends-2021/>

As regards trade relations between the two, they have grown by each year; however, as of 2019, one can see a downward trend in trade and foreign direct investment between the two, while in the year 2021, the investment from China seems to be skyrocketing.

Latvia seems to be adapting a more careful foreign policy when it comes to trade, diplomatic relations and security issues in the last few years. There is a feeling of threats coming from China since 2018 and it is significantly rising each year – taking one of the top places in Latvian foreign policy for international challenges in 2021. Consequently, it is evident that Latvia is looking for ways to minimise reliance on China due to globalisation and interdependence processes and therefore, trying to find other investment routes that would be more suitable for its economy and values. The notion of China not following the rules set out by the Western world is visible in the foreign policy, described as security risks in all forms important to a small country such as Latvia – trade, human rights, arms control, and values that it believes in.

Looking closely at the official documents, it can be concluded that over the last years, Latvia has been trying to choose a path where the relations between Riga and Beijing are left in the hands of the EU, NATO and other big players of the Western world, to increase a sense of national security in all of its forms.

The main reason why Latvia is turning away from China is that the models of cooperation and bilateral relations created by China could potentially hurt Latvia's economy and more importantly – security. Looking at the sociological surveys over the recent years, one can conclude that the younger generation might be the most vulnerable to Chinese intelligence while overall Latvians carry a neutral opinion of China. Therefore, the Latvian society might not be aware of the risks that China can bring while the Government actions seem to be right on it. It seems that the Latvian government should work more on educating people on China's actions within their country, in the Baltic region, and world-wide.