

Small State Theory and China in Latvia's Foreign Policy

Küçük Devlet Teorisi ve Letonya Dış Politikasında Çin

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Abstract

While relations between Latvia and China have developed rapidly in recent years and cooperation in various fields has become closer, the two countries have also faced certain difficulties. Bilateral relations have not progressed as expected, particularly following the establishment of the China-Central and Eastern Europe Cooperation Mechanism (CEEC). Although this initiative was beneficial in strengthening economic ties, it has hindered Latvia from adopting a more accommodating stance toward China politically. There are several reasons for this lack of progress. Since the US-China rivalry directly influences Latvia's foreign policy, the country seeks to bolster transatlantic cooperation to its advantage. In this context, the small Baltic state of Latvia's alliance with the US and the EU as a counterbalance to China becomes the focal point of this study. This paper first examines the small state theory to provide a clearer understanding of Latvia's position as a small state. It then analyzes the development of bilateral relations between Latvia and China since the establishment of their diplomatic ties. In conclusion, the paper discusses the obstacles hindering the growth of bilateral relations as identified by both China and Latvia.

Keywords: China, Latvia, China-Central and Eastern Europe Cooperation Mechanism, Small State

Öz

Letonya ve Çin arasındaki ilişkiler son yıllarda hızla gelişirken ve çeşitli alanlarda iş birliği yakınlaşırken, iki ülke bazı zorluklarla da karşılaşmıştır. Özellikle Çin-Orta ve Doğu Avrupa İş birliği Mekanizması'nın (CEEC) kurulmasının ardından ikili ilişkiler beklendiği gibi ilerlememiştir. Bu girişim ekonomik bağların güçlendirilmesi açısından faydalı olsa da Letonya'nın siyasi olarak Çin'e karşı daha uzlaşmacı bir tutum benimsemesini engellemiştir. Bu ilerleme eksikliğinin birkaç nedeni vardır. ABD-Çin rekabeti Letonya'nın dış politikasını doğrudan etkilediğinden, transatlantik iş birliğini kendi yararına olacak şekilde güçlendirmeye çalışmaktadır. Bu bağlamda, küçük Baltık devleti Letonya'nın Çin'e karşı bir denge unsuru olarak ABD ve AB ile ittifakı bu çalışmanın odak noktası haline gelmektedir. Bu makale ilk olarak Letonya'nın küçük bir devlet olarak konumunun daha net anlaşılmasını sağlamak için küçük devlet teorisini incelemektedir. Daha sonra Letonya ve Çin arasındaki diplomatik ilişkilerin kurulmasından bu yana ikili ilişkilerin gelişimi analiz edilmektedir. Sonuç olarak, makale hem Çin hem de Letonya tarafından tanımlanan ikili ilişkilerin ilerlemesinin önündeki engelleri tartışmaktadır.

Anahtar Kelimeler: Çin, Letonya, Çin-Orta ve Doğu Avrupa İş birliği Mekanizması, Küçük Devlet

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Introduction

Latvia meets the criteria typically associated with a small state. The ability of small states to influence the international community is contingent on factors such as domestic politics, geographical location, and membership in international organizations. Although the international circumstances change, historically, Latvia has been characterized by its geographical location at the intersection of great powers. The country has endeavored to reconcile the interests of these great powers through political and diplomatic means. Latvia's distinctive geographical position, nestled between Russia and Western Europe, alongside its relatively brief history as a player in the international arena, renders it susceptible to external political and economic influences. After gaining independence in 1991, Latvia had joined several important international organizations by 2004. It has engaged in organizations and initiatives such as the UN, EU, NATO, OECD, "17+1" cooperation, "Belt and Road Initiative," and Nordic and Baltic Regional Cooperation. According to the theory of small state diplomatic strategy, small states are inclined to adopt a multilateral diplomatic strategy and actively engage in both multilateral and regional cooperation mechanisms (Soobramanien and Gosset, 2015: 12). Latvia's strategic participation in such organizations has been a crucial aspect of its foreign policy as a small state.

China and Latvia established official relations after Latvia gained independence. Since 2012, Latvia has participated in the 17+1 cooperation format, which has encouraged the development of Sino-Latvian relations. However, Latvia's withdrawal from the format in 2022 led to tensions. In this context, this study aims to explore the motivations behind Latvia and China's desire to develop cooperation and to identify the potential challenges their relationship may face in the future. This article is divided into three parts: The first part briefly reviews the logic and strategies of foreign policy of small countries within the framework of small state theory. The second part examines Latvia's relations with China by integrating Latvia's foreign policy approaches with applicable theories. The third and final part of the article discusses the current and prospective factors that could impede the growth of Sino-Latvian relations. This study employs a qualitative research approach to examine Latvia's foreign policy towards China within the framework of small state theory. Initially, a comprehensive review of existing literature on small state theory and foreign policy strategies of small countries is conducted. This involves identifying and analyzing key theoretical concepts and frameworks to contextualize Latvia's foreign policy. Subsequently, a case study method is employed to provide an in-depth analysis of Latvia-China relations, focusing on historical and contemporary interactions between the two countries, particularly in diplomatic, economic, and cultural exchanges. Data for this analysis is gathered from secondary sources, including government documents, policy papers, official statements, and reputable news sources, as well as relevant academic articles and reports. The analysis integrates theoretical perspectives from small state theory with empirical data on Latvia's foreign policy actions and strategies towards China. Furthermore, a thematic analysis is conducted to identify and discuss current and prospective factors that could impede the growth of Sino-Latvian relations. This involves examining geopolitical dynamics, economic dependencies, and domestic political considerations influencing Latvia's foreign policy towards China.

Literature Review: Small State Theory

Small state theory has garnered significant attention in international relations, providing a nuanced understanding of how smaller nations navigate the complex dynamics of global politics. Keohane categorizes states according to their systemic role in the international system as system-determining (powerful states that shape the system), system-influencing (those that influence the system through alliances and cooperation), and system-ineffective (incapable of influencing the system) (1969:295). Great powers generally dominate the global system, while middle powers legitimize the system through multilateral and cooperative initiatives (Jordaan, 2003). Small states, positioned at the bottom of the power hierarchy, are considered system-ineffective (Handel, 1990:10). They lack significant influence in the global system according to this classification. The most criticized aspect of small state theory is the lack of a generally accepted definition to date. Therefore, researchers have not been able to reach a consensus in small state studies and have employed different criteria. Therefore, they have resorted to quantitative, qualitative, and perceptual models for defining small states.

In the small state literature, some researchers have used four criteria based on quantitative data to classify and define small states within the international system hierarchy. In the first phase, most of the studies have predominantly defined small states using quantitative criteria such as population size, geographical area, gross domestic product (GDP), and military expenditure (power) (Hey, 2003:2; Crowards, 2002: 160). Among these quantitative criteria, population size has been the most preferred quantitative criterion for defining small states. Population is paramount for military capabilities through manpower availability and national defense, as well as for economic purposes, providing labor and fostering development (Thorhallsson, 2006: 9).

While some researchers define states with a population of up to 1 million as small states, others define states with a population of less than 10 million or 15 million as small states (Maas, 2009: 75-76; Thorhallsson, 2006: 8-9; East, 1973: 557). However, population size alone is an inadequate criterion for the definition of a small state. States with a large population may not have a large economy or a large military capacity at the same time. For instance, Bangladesh, while having a sizable population, is regarded as a small and weak state. In contrast, Australia is seen as a medium-sized state or power despite having a much smaller population size than Bangladesh. Crowards (2002: 149-173) argues that it is not sufficient to classify countries according to the size determined based on a single criterion. Therefore, the size of the economy (GNP), military capacity, and area are also commonly used criteria in quantitative definitions. The economic size and defense capacity of countries such as Kazakhstan, Mongolia, Libya, and Chad, which have a large area in terms of land area, are quite low compared to Sweden. Therefore, the use of other quantitative criteria is not sufficient to define small states and distinguish them from large states. According to these criteria, the United Arab Emirates, Burundi, Singapore, and Rwanda could all fall into the same category (Galal, 2020:42).

Another group of researchers suggests that states should not be defined as small solely based on quantitative criteria, but rather on their perceived role within the international hierarchy (Keohane, 1969: 296; Handel, 1990: 48). Elman (1995, 171) defines a small state strictly in terms of power, using terms like weak and small interchangeably.

However, being labeled as a small state does not necessarily equate to being weak. Australia, for instance, is considered a military and economic power, albeit smaller in influence compared to the US. Steinmetz and Wivel propose that a small state is essentially the weaker party in an asymmetric relationship" (2010, 6). It's imperative to note that smallness cannot be a general characteristic of a state. A state can be feeble in one area while strong in another. Despite criteria among small states, a prevailing perception associates their behavior in the international arena with weakness and dependency (Vital, 1967:67). Consequently, small states may be compelled to adopt passive strategies due to economic disparities and limited opportunities. The inadequacy of considering quantitative and qualitative criteria in defining and categorizing small states have prompted the emergence of alternative methodologies. Nonetheless, notable distinctions exist among these states. In sum, despite efforts to define small states based on quantitative, qualitative, and perceptual factors, a consensus remains elusive. Typically, a state is regarded as small due to factors such as a small population and land area, constrained economic and military capabilities, and limited influence in international and regional affairs. These various approaches aim to comprehend and predict the foreign policy behavior of small states.

In the small state studies, the Commonwealth of Nations has listed the primary security challenges facing small states as geopolitical fragility, absence of easily defendable territory, limited informational resources, need for technical assistance, requirement for technical support, economic reliance, and environmental issues (McLean, 1985). Small states avoid conflict and uncertainty within the international system. This is because they lack capacity due to constrained military strength, modest populations, economies, and landmasses. They do not pursue risky policies due to their limited capabilities (Kassimeris, 90). While large countries wield undeniable influence over these processes, small states have minimal capacity to shape the structure and functional processes of the international system. In order to counterbalance their lack of structural power, small states cultivate specific-issue influence (Kingdon, 1984:84). Forming strong ties with a major power serves as a strategic deterrent against potential interventions (Thorhallsson, 2018:21). Seizing upon power rivalries among major nations presents a significant diplomatic opportunity for small countries (Wei, 2014:231). For small countries, the regional approach holds greater political and economic significance compared to larger countries, representing a crucial and effective policy choice enabling them to engage in international affairs while safeguarding and advancing their interests (Wei, 2014: 245).

Given these strategic considerations, it is essential to examine how these theories play out in practice. One pertinent example is Latvia, one of the three Baltic states. This article outlines the shifts in foreign policy stance represented in Latvia's relations with China, one of the three Baltic states, in an attempt to examine and synthesize the theory of small state diplomacy and its distinct characteristics in foreign strategy.

Development of Latvia-China Relations

Following Latvia's independence from the Soviet Union, diplomatic ties were established with China, which was among the first countries to recognize Latvia's independence. Even when recognizing newly independent countries, China has insisted on adherence to the 'One China' policy as a condition for establishing diplomatic ties. China has stipulated

that the acknowledgement of Taiwan as an integral part of China, the sole sovereign state, is necessary. Of the three Baltic states, only the Latvian government has opted to modify its stance and committed to a more flexible interpretation of the 'One China' policy (Vitkus, 2019: 312). As part of its 'One China' policy, it has begun to establish contacts with Taipei on an economic and official levels (Tubilewicz, 2002:793). The aim is to set up a consulate in Riga operating under the name of the Republic of China and to establish a Latvian Trade Representative Office in Taipei (Tubilewicz, 2007:85). China has been angered by the shift in relations from an economic to a diplomatic and official level. In retaliation, China has shut down its embassy (Tubilewicz, 2002:803). Latvia renamed the consulate Taipei Mission to retain economic and business ties with Taiwan, as it could not afford to sever its relationship with China (Tubilewicz, 2002:803). Consequently, there has been a temporary halt in Chinese contacts between 1992 and 1994 (Tubilewicz, 2007:84). Although Chinese officials have visited both of the Baltic states during these years, they did not make any official trips, particularly to Riga (Tubilewicz, 2002:803). Latvia has opted to forge diplomatic ties with China instead of Taiwan, as China has held greater international influence and supported Latvia's bid for United Nations membership (Tubilewicz, 2007:79).

While Chinese President Jiang Zemin visited Latvia in 2002 as part of his tour of the three Baltic states, The Latvian President only made five trips to China, in 1994, 2004, 2008, 2009, and 2010 (Rode, 2022:17). During this time, Latvia's geopolitical objective was to play a role in Euro-Atlantic integration. This focus has been a significant factor in the slow progress of Latvia's relations with China. Latvia formally joined the EU on May 1, 2004, having complied with the requirements of the Copenhagen Treaty for membership (European Union, 2004). It also joined NATO as a full member in 2004 and has aggressively worked to strengthen ties with the alliance by deploying military forces to Afghanistan and Iraq and taking part in the Partnership for Peace program (Banka, 2022:165). Latvia has paid more attention to strengthening its integration with the EU and NATO. Given its limited resources and capabilities as a small state, Latvia has basically adhered to the EU's mainstream stance towards China. As one of the key NATO allies of the US, Latvia has prioritized enhancing its integration with both the EU and NATO. However, concerns about the costs incurred by the US in defending the Baltic states in the event of a Russian attack have raised doubts about Latvia's NATO membership. These doubts are fueled by the limited strategic significance of the Baltic states (Banka, 2022:165).

After the establishment of diplomatic relations between China and Latvia during this period, neither country prioritized economic cooperation with the other. The types of products traded and the volume of trade between the two countries were therefore unstable and variable. From 1993 to 2001, Latvian-Chinese trade relations were not active (Rode, 2022:18). However, they became more robust with China's admission to the World Trade Organization in 2001 (Rode, 2022:18). For China, multilateral and regional cooperation is a crucial part of its global strategy, emphasizing win-win cooperation in a new type of international relations. China's involvement in the "16+1" (renamed "17+1" format following Greece's accession in 2019) economic cooperation format with Central and Eastern European countries underscores the region's value within the context of South-South cooperation (Tzogopoulos, 2021: 71). China's interest in Central and Eastern

European countries is clearly influenced by their geographical position and logistical potential, with the region playing a pivotal role in China-EU relations.

The region is another important factor for China's future plans, such as the Belt and Road Initiative. Latvia was among the Central Eastern European member states that established the "16+1" cooperation framework in 2012 on Beijing's initiative (Tzogopoulos, 2021: 69). In fact, Latvia lacked an official, well-defined strategy regarding China until this year. It is only known that Latvia has an official strategy towards the EU and NATO, and its relations with China are primarily focused on economic grounds. Prior to the two states' official relations being established, trade flourished between China and Latvia; in 1960, China imported brown cattle from the Soviet Socialist Republic of Latvia (Song, 2009). The global financial crisis of 2007–2009 and the collapse of the Eurozone have led to a sharp decline in the GDP of the Baltic states, especially Latvia, and the Baltic states have therefore began to diversify their trade. In 2012, Latvia embraced the "16+1 format" for the first time, viewing it as a means of addressing its trade imbalance with China (Tzogopoulos, 2021: 69).

Trade with Russia, one of its principal allies, has diminished following the Ukrainian crises in 2014 and 2022 (Korovkin and Makarin, 2023:37). As a direct consequence of the 2014 Russia-Ukraine conflict, trade between Latvia and China was also affected (Korovkin and Makarin, 2023:39). Due to economic sanctions imposed by the EU on Russia, one of Latvia's largest trading partners, Latvia was compelled to halt the export of various food products to Russia and seek alternative markets (Foodunion, 2016). Consequently, this situation allowed certain Chinese food manufacturers to broaden their consumer base (Foodunion, 2016). Ten Latvian food manufacturing firms were granted licenses by China in 2015, enabling them to import dairy products including as cheese, ice cream, and milk powder (Foodunion, 2016).

The Baltic states offer a strategic advantage to Chinese investors due to their ports being situated along major transportation routes linking Europe and Asia, facilitating cooperation throughout the Baltic Sea region (Zasiadko, 2018). China serves as a significant trading partner for Latvia, creating demand for Latvian goods and services. Latvia's strengths lie in its geographical and economic positioning. The transport and logistics sector is one of the strongest industrial sectors in Latvia and is considered a key component of the Latvian economy. With three of the major ports and the largest airport in the Baltic Sea, Latvia is ideally situated as a transportation hub. The field that is thought to have the most potential for collaboration between China and Latvia is transportation and logistics. In the framework of a new type of international relations based on China's concept of win-win cooperation, on November 4, 2016, the Latvian and Chinese governments signed the Memorandum of Understanding on Cooperation within the Framework of the Silk Road Economic Belt and the 21st Century Maritime Silk Road Initiative (Hu and Wang, 2016). Still, there aren't any frequent freight trains running between Latvia and China (Zasiadko, 2018). In this context, the construction of the Rail Baltica project is essential, which aims to integrate the Baltic States into the European rail network (Zasiadko, 2018).

Latvia has expressed its support for China's Belt and Road Initiative, a massive infrastructure project that aims to improve connectivity and trade between China and

countries along the ancient Silk Road. Additionally, the two countries have also collaborated on global issues, such as climate change and sustainable development, by participating in international conferences and summits. Ināra Mūrniece, Speaker of the Latvian Parliament, at a meeting with Chinese President Xi Jinping in January 2018 stated that economic cooperation was the top priority of the relationship between the two countries (Latvijas Republikas Saeima, 2018). She acknowledged China as the driving force of global economic growth (Latvijas Republikas Saeima, 2018). The harmonization of infrastructure between China and Europe, along with trade and investment, were identified as mutual interests. The 'Belt and Road' initiative was highlighted as presenting new opportunities for the harmonization of China-EU infrastructure (Latvijas Republikas Saeima, 2018). In his 2018 Annual Report, Latvia's Minister of Foreign Affairs, Edgars Rinkevičs also highlighted the importance of China's Belt and Road Initiative in connecting Europe and Asia and noted that Latvia was eager to participate in this initiative and benefit from the increased connectivity it offers (Ārlietu ministrija, 2018). Overall, Rinkevičs emphasized the importance of a strong bilateral relationship between Latvia and China and expressed his commitment to further enhancing cooperation in various fields for the mutual benefit of both countries. Given China's expanding economic scale, it remains an attractive partner for numerous countries globally. Consequently, Latvia is keen on maximizing its economic gains through collaboration with China, just like many of other countries. From one perspective, it is evident that China offers Latvia economic cooperation opportunities while also benefitting from these collaborations. In the official discourse of Latvian representatives, economic cooperation is undoubtedly seen as a priority, with comparatively less emphasis placed on other areas of collaboration. Several factors have driven Latvia's increased interest in partnering China: first the rapid economic development of China; second, the growing influence of China over the global economy and politics; and third, the urgent need to expand the market for Latvian products against Russia following the financial crisis and economic sanctions since 2008 (IMF Country Report, 2023).

In terms of Latvia's exports to China, the country's top exports in 2012 included fruit, nuts, copper products, and wood and wood products; by 2023, its top exports have shifted machinery, natural minerals, and wood and wood products (Trading Economics, 2024). As seen in Table 1, over a ten-year period, the volume of exports has quadrupled. The export market has grown steadily since 2021, whereas the import market has experienced a slight decline. Despite China's relatively modest share in Latvia's overall export market, Latvia is becoming more and more dependent on the Chinese market. In 2022, it accounted for only 3.8% of Latvia's total export market (Trading Economics, 2024). Meanwhile, Lithuania (24%) and Estonia (10%) rank as the top two of the three Baltic states (Trading Economics, 2024). Germany (9.6%), Poland (9.5%), and Russia (6.9%) are other significant partners of Latvia's export market (Trading Economics, 2024).

When it comes to imports, Latvia imports textiles, metal, plastic, machinery, optical equipment, and mechanical devices from China (Trading Economics, 2024). Since 2012, Latvia's imports from China have more than doubled. Latvia's decision to exit the "16+1" format, which it has viewed as a cornerstone for its China policy, aimed at reducing its trade imbalance with China. This decision has been triggered by the format's failure to meet its initial economic expectations. The shift in relations between the two countries

has not directly affected trade growth between Latvia and China.

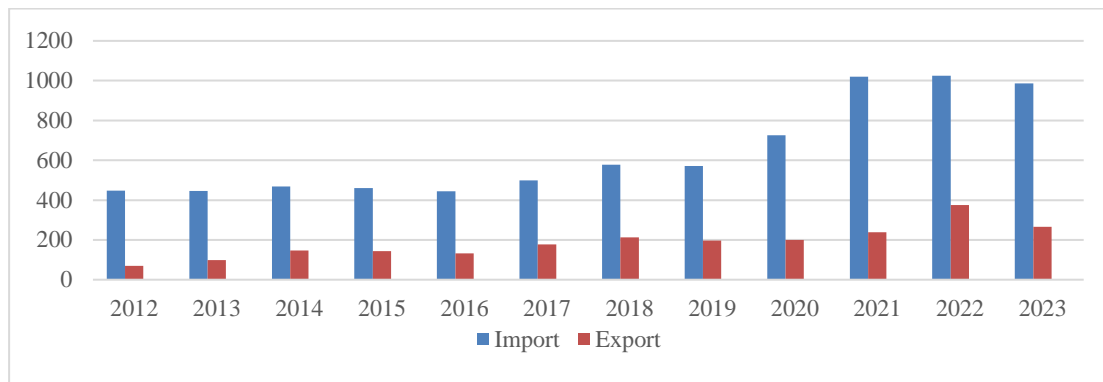


Table 1: Latvia's Trade Volume with China (2012-2023) (Million Dollars)

Source: Author's own work, based on the Bilateral trade between China and Latvia Trademap.org)

Concerns about potential risks and difficulties of dependence have increased as Latvia's trade, investment, and economic ties with China have grown more reliant. With Lithuania improving its relations with Taiwan and withdrawing from the "16+1" cooperation in 2021, Latvia was expected to maintain its relations with China in a balanced and cautious manner (Kante, 2022:44). However, a year later, Latvia also announced its withdrawal from the framework, expressing an intent to pursue "pragmatic and constructive" relations (Kante, 2022:44). Although the 2023 Annual Report of the Latvian Foreign Minister, advocating the EU position as a national approach, also mentions the desire for constructive relations with China, the conditions for cooperation have been made difficult in practice (Republic of Latvia Constitution Protection Bureau, 2023).

Latvia's continued discussions on issues such as human rights, Taiwan, and the Indo-Pacific strategy may lead to the perception that it will align with Lithuania. Due to the inherent drawbacks of small states, such as weak power and lack of resources, Latvia's need to constantly adjust its resource allocation, and changes in the situation and environment in the process, flexibility and pragmatism are important features of the foreign strategy of small states like Latvia. Despite the fact that China is not regarded as one of Latvia's most significant economic allies, it is now crucial to make sure that China's influence in its relations with Lithuania does not impact or reflect on Latvia. Despite the economic dependency between Latvia and China having adverse effects on their ties, there are other significant issues to consider.

Limitations and Threats to Cooperation

The advancement of Latvia-China relations is hindered and slowed by several key factors. Economic challenges, such as trade imbalances and limited market size, pose significant obstacles. The influence of the US on Latvia's foreign policy, driven by strategic alliances and security concerns, further complicates these relations. Additionally, Latvia's obligations and alignment with European Union policies create regulatory and strategic constraints. Lastly, the military relationship between China and Russia heightens Latvia's security concerns, given its proximity and historical tensions with Russia. These elements collectively impact the progression of Latvia-China relations. The following sections will discuss these factors in detail under their respective headings.

Economic Difficulties and Prospects

Latvia and China have different economic structures and challenges, which can impact their economic relationship. Latvia's economy is largely based on services and manufacturing, with a focus on industries like transportation, finance, and energy. Conversely, China's economy is renowned for its manufacturing sector and export-driven growth. An aging population, high levels of public debt, and a slow recovery from the global financial crisis have all contributed to Latvia's economic challenges in recent years (Rode,2022:63). These challenges have limited the country's economic growth and put pressure on its fiscal policy. China, on the other hand, has been facing its own economic challenges, including slower GDP growth, trade tensions with the US, and a shifting focus from export-led growth to domestic consumption. The imbalanced trade between China and Latvia is the primary obstacle impeding the growth of Latvia's relations with China (Rode,2022:63). Excessive economic reliance on any single trading partner, including China, makes Latvia economically vulnerable. Despite a progressive expansion of trade, Latvian exports to China remain quite limited. The majority of trucks traveling between China and Latvia are fully loaded with goods flowing from China to Latvia; however, very few goods are returned from Latvia to China due to the high cost of transportation and the difficulty Latvian companies have in ensuring a steady flow of cargo to meet the demands of Chinese buyers (Rode,2022:64). Additionally, China imposes stricter market access restrictions compared to the EU, and the frequent changes in regulations pose several challenges. Relations with China are crucial for EU policies and guidelines regarding external partners, even though Latvia is among the most open countries to investment and aims to enhance its economic attractiveness. For instance, the EU has enhanced its regulation of foreign direct investments through a distinctive investment control mechanism to protect its domestic market (Cheng, 2021). This move indirectly aims to hinder the Chinese technology company Huawei's ambitions to build 5G networks in Europe. Additionally, Latvia and the US governments have jointly released a declaration prohibiting Huawei from participating in the deployment of 5G networks (US Department of State, 2020).

Another challenge is the lack of direct investment from China in Latvia. While China has been investing in other European countries, such as Germany and the UK, its investment in Latvia has been relatively low (Struberga, 2020). This limits Latvia's ability to expand economically and develop, as Chinese investment could help in the construction of infrastructure and the creation of jobs (Scherrer and Thirion, 2018: 43). Real estate stands as the most common investment category among Chinese investors in Latvia. In exchange for making real estate investments, non-EU nationals have been able to apply for a permanent residence permit in Latvia since 2010 (Scherrer and Thirion, 2018: 43). Companies from China and Latvia may find it challenging to conduct business and invest due to differences in laws and business practices.

The US Pivot to Central and Eastern Europe

As a result of the "pivot to Asia" policy of the Obama administration, the US has mostly disregarded Central and Eastern Europe. The US has found itself adversely affected by its new global strategy, resulting in a decreased emphasis on Central and Eastern Europe within US strategic considerations (Handl, Koran, and Hynek, 2009:270). The US and

the countries of Central and Eastern Europe had rather strained relations during this time. According to Wess Mitchell, US rivals have expanded their economic, military, and political influence in the region while the US has largely ignored the competition for an extended period, being content with the existing post-war system (2018). Following Trump's election, the US has resumed its presence in Central and Eastern Europe, shifting its strategic focus to the East. Viewing the region as a critical pivot for managing great power competition, the US has aimed to leverage the imbalance of interdependence to confront actors posing challenges to its interests. The US "pivot" to Central and Eastern Europe involves not only military strategy but also investments in energy, security, diplomacy, and various other sectors in the region (Bindi, 2019).

The rise of "Eurosceptic" parties, the return of nation states, the emergence of multiple power centers in Europe, increasing concerns over Russian aggression, particularly in Ukraine, Germany's economic hegemony, and China's diplomatic relations have all contributed to the strategic alignment of the US with the region (Kai and Huiyin, 2023:250). The US has sought to enhance its military presence in the region through increased exercises, deployments, and partnerships with countries. Central and Eastern European countries in general, and Estonia, Lithuania, and Latvia in particular, rely on the US and NATO for security and the EU for economic stability. Baltic strategic thinking is deeply associated with the notion that the US provides security assurances (Banka, 2022:167). Since assuming office, the Biden administration has been pursuing a "coordinated separation" of allies and partners from China, restructuring the supply chain, and establishing an economic structure with democratic nations at its core, among other strategies (Zhao, 2022:5).

The US intervenes in the cooperation between the Baltic states and China. Historically, the US has been viewed as Latvia's primary strategic partner and guarantor of its security and sovereignty. Given that the US serves as Latvia's main security assurance, Latvia has consistently placed significant importance on maintaining strong diplomatic relations with Washington. By enhancing connectivity in the region between the Baltic Sea, Black Sea, and Adriatic Sea, the US hopes to promote economic development and increase cross-border energy, transportation, and digital infrastructure through the Three Seas Initiative (Soroka and Stepniewski, 2019: 24). This goal is in direct opposition to the infrastructure projects funded by China's Belt and Road Initiative. Launched in 2015, the US-led Three Seas Initiative was also chaired by Latvia last year (Soroka and Stepniewski, 2019: 24). In addition to being a key trading partner in energy (liquefied natural gas) and arms, the US is a strategic ally of the three states and a proponent of the China Threat Theory (Kai and Huiyin, 2023:250). The US aims to curb China's growing involvement in the region, especially in the technological and strategic sectors of these countries. In recent years, Latvia has intensified its collaboration with the US in various areas, including security, defense, and technology. The 5G security agreement signed in 2020 reflects Latvia's commitment to working with the US to address security concerns related to Chinese companies' involvement in critical infrastructure projects (Cerulus, Roussi and Pollet, 2023). Additionally, Latvia's strong partnership with the US has led to closer cooperation in areas such as defense and cyber security, with both countries working together to strengthen their mutual security interests. Latvia's relations with other countries are influenced by those with the US, particularly those with which the US has

tense relations.

Latvia's Ties with China and the EU: Strengthening Strategic Partnerships

The "16+1" format was launched by China in 2012 as a means of bringing together leaders of state to discuss the prospects for economic cooperation between China and Central and Eastern European countries (Tzogopoulos, 2021: 69). In 2022, Latvia declared its intention to withdraw from the format (Stankevicius, 2022). Latvia views NATO as the protector of its security and the EU as the guarantor of its economic stability; thus prioritizing alignment with EU foreign policy to safeguard its national interests. The revised "EU-China Strategic Outlook" from 2019 forms the basis for the EU's current China policy (Kruessmann, 2021:306). As an EU member country, Latvia aligns its policies and approaches with the overall strategic outlook of the EU. Latvia adheres to the 'One China' policy, but has repeatedly emphasized the importance of human rights that could potentially cause friction with China while developing its foreign policy.

China's involvement in port infrastructure in the Baltic states through the Belt and Road initiative poses additional security threats for the EU, Eastern and Northern Europe. The Commission presented "the 2020 5G Security Toolbox report" in order to impose security limits on the usage of Huawei's 5G equipment (Cerulus, Roussi and Pollet, 2023). Although Huawei or any other supplier is not mentioned by name in the report, it emphasizes the importance of improved security protocols and greater network resilience in 5G systems (Cerulus, Roussi and Pollet, 2023). Some EU states are hesitant to implement these restrictions because there isn't a legally binding agreement in place. Despite the lack of a legally-binding agreement, some EU countries, such as Latvia, have issued bans on Huawei's 5G devices due to security concerns (Kroet, 2024).

The EU has indeed developed an Indo-Pacific strategy announced in April 2021 (European Commission, 2024). This strategy is designed to increase the EU's presence and influence in the Indo-Pacific region, strengthen its partnerships with countries in the region, promote international cooperation and multilateralism, and address common challenges such as climate change, digitalization, and security. The EU has recognized that its Indo-Pacific strategy and the military displays in the Taiwan Strait could directly affect Europe's security and economy (European Commission, 2024). Latvia does not yet have an official Indo-Pacific strategy like Lithuania. Nonetheless, Latvia has demonstrated an interest to deepen its connections with countries in the Indo-Pacific region, notably in the fields of trade, security, and cultural exchange. In an effort to strengthen ties and collaborate with countries in the Indo-Pacific region, Latvia has taken part in regional forums and meetings in recent years. China has been closely monitoring the situation and is concerned about the possibility of Latvia adopting a similar strategy in the future (Kante, 2022:53). China views the Indo-Pacific strategy as an attempt to counterbalance its dominance in the region, hence it is mistrustful of any country that supports it. It is important to keep in mind that Latvia's foreign policy is governed by EU common policy, hence, any decision Latvia makes regarding the adoption of an Indo-Pacific strategy would need to be made in this context.

Military Cooperation between China and Russia

China and Russia have developed close cooperation and a strategic partnership, especially in Central Asia. The two countries have engaged in various forms of military

collaboration, including joint military exercises, technological cooperation, and arms sales (Kante, 2022:46). Overall, China and Russia's military cooperation is driven by their shared strategic interests and mutual goals. In the Baltic region, China and Russia have been collaborating more militarily in recent times as they aim to fortify their strategic alliance and oppose what they perceive to be NATO's expanding control over the area (Hsiung and Roseth, 2019: 176). For a small state such as Latvia, military cooperation between China and Russia is viewed as an additional obstacle. In 2017, China and Russia even conducted joint military exercises in the Baltic Sea (Hsiung and Roseth, 2019: 177). These exercises, known as "Joint Sea 2017," involved naval and air forces from both countries practicing coordination and cooperation in maritime security operations (Hsiung and Roseth, 2019: 177). The exercises have been seen as a display of the growing military ties between China and Russia, as both countries seek to strengthen their strategic partnership in the face of perceived threats from the US and its allies. The participation of Chinese forces in the Baltic Sea has also raised concerns among NATO members, which view the exercises as a signal of China's growing military ambitions and willingness to project its power beyond the Asia-Pacific region. Russian invasion of Ukraine has had an impact on Latvia both politically and in terms of security concerns. The invasion has raised concerns about the actions and intentions of Russia and China (Kante, 2022:50). Latvia, as a member of both the EU and NATO, has been supportive of Ukraine's sovereignty and territorial integrity. The Latvian government, along with its international partners, has condemned Russia's annexation of Crimea and its involvement in the conflict in Eastern Ukraine (Ārlietu Ministrija, 2014).

As a result of the invasion, Latvia has strengthened its defense capabilities and increased its military cooperation with other NATO members. Latvia reintroduced conscription in 2023 after being the sole Baltic country to cease compulsory military service in 2006 (Lindstaedt, 2024). The invasion has also had economic implications for Latvia. Russia has been a major trading partner for Latvia, however the implementation of economic sanctions as a response to Russia's actions has affected trade and investment between the two countries. These sanctions have posed challenges for their collaboration on various issues. Furthermore, the invasion has had an impact on the Russian minority, which comprises a significant portion of the population. Apart from their near proximity, 36% of Latvia's population is of Russian ethnicity (Vohra, 2023). The Russian population in Latvia has been a factor in shaping policies and attitudes towards Russia within the Latvian government and society.

Latvia's relations with Russia have predominantly remained at the level of economic cooperation, and diplomatic relations between the two countries have stagnated since 2014 and 2022. Russia's strategy involves substantial interference in the internal political systems of the Baltic states. The cooperation between Latvia and Russia through the Latvian Harmony Party and the United Russia Party has been complex and at times controversial. The Latvian Harmony Party and the United Russia Party in Russia are known to have economic links (Winnerstig, 2014:142). Latvian Harmony Party members are known to have connections with Russian energy companies, such as Gazprom, which have significant economic interests in Latvia (Winnerstig, 2014:142). Both parties work together to promote economic cooperation between Latvia and Russia, leading to increased trade volumes and investment flows between the two countries. However, this

cooperation has faced skepticism and criticism in Latvia, which is wary of Russia's intentions and influence in the region. Overall, the conflict in Ukraine has had a significant impact on relations between Latvia and Russia and has hindered their ability to work together on various issues. For this reason Latvia has distanced itself from China due to the conflict between Russia and Latvia and the collaboration between China and Russia.

Conclusion

Latvia and China have maintained diplomatic ties that dates back to 1991, when China recognized Latvia as an independent country following the collapse of the Soviet Union. Since then, the two countries have endeavored to establish robust political and economic relations, despite their geographical distance and cultural differences. Before the establishment of the 17+1 cooperation format in 2012, relations between the two countries had progressed slowly. However, the establishment of the 17+1 format has led to improvements in Latvia-China relations, fostering increased collaboration between the two countries. Given its status as a small state, Latvia is significantly influenced by the intricate dynamics among the US, China, Russia, and the EU within its foreign policy framework. Presently, Latvia places particular emphasis on bolstering its ties with the European Union (EU) and NATO. However, a notable challenge for Latvia lies in the absence of a coherent national strategy towards China. It is reasonable to argue that Latvia's persistent focus on Euro-Atlantic integration and its inability to develop a comprehensive China strategy are related given the US-China rivalry. China's pro-Russian stance and the ongoing Russia-Ukraine conflict limit Latvia's ability to prioritize China in its foreign policy. Latvia may align itself with the Indo-Pacific strategy, similar to the approach recently adopted by Lithuania. Given that Latvia is a small state with constrained resources for cultivating bilateral relations, it must regard the EU cooperation framework as particularly vital. The complexity of the global environment requires Latvia to expand the role of foreign policy and find new ways and forms of cooperation for Latvia, such as cooperation with countries that share common interests with Latvia. Since regaining its independence, Latvia has navigated the complexities of international relations as a small state, particularly in its dealings with major powers like China. The evolution of Latvian-Chinese relations will hinge on Latvia's strategic adaptability within the framework of the European Union and its approach to the burgeoning rivalry between the United States and China. Latvia's success in foreign affairs will depend on its diplomatic ability to leverage collective EU policies while maintaining a prudent stance amid global power dynamics.

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