



# SECURITY POLICE

ANNUAL REPORT FOR 2016



# **Public report**

## **On the activities of the Security Police in 2016**

Riga, April 2017



## Dear Reader,

The Latvian Security Police (DP) is one of three Latvian state security and intelligence services implementing state policy in the national security sphere and whose work is usually associated with high confidentiality. However, it is not possible to ensure national security without public participation, therefore it is important that Latvia's inhabitants are informed about certain processes and their impact on the national security. The DP has found in the last few years that active participation by the public has made a significant contribution to national security, therefore we are grateful to all inhabitants who provide information concerning important national security processes and events.



We now hand over to you the annual report on the DP's activities for 2016. The aim of this report is to inform you about the results of the service's activities over the past year insofar as this is permitted by counterintelligence methods and the need to protect information sources, as well as to provide a generally accessible evaluation of what we consider to be the most important processes and events of the past year which affected our national security.

The geopolitical situation arising from Russia's aggression against the territorial sovereignty of Ukraine, which caused tension in relations between NATO and European Union member states and Russia, has become even more complex and saw no improvement in the bygone year. As a result, there was an increase in both traditional espionage and information operations conducted by Russia against NATO and European Union member states, including Latvia. Concerns about the Kremlin's attempts to subvert democratic processes in the USA and other NATO and European Union member states continues a trend which our country has also encountered and about which we have informed you in previous reports. Therefore, these attempts to subvert democratic processes are not just in the agenda of the security and intelligence services of NATO and European Union member states – they affect the interests of all society.

Looking back in the bygone year, the hybrid threat created by Russia and its use of new and increasingly sophisticated influence measures underline the need to continue improving the system for protecting state secrets and intensifying counterintelligence activities to reduce the negative impact of such activities on Latvia's national security interests. Part of this hybrid threat includes so-called *soft power* instruments such as so-called *compatriot organisations*, which Russia systematically funds and otherwise supports to achieve its geopolitical aims. Hiding behind the freedom of expression and other democratic values, Russia funds its compatriot policy and other activists to spread messages favourable to it, thereby weakening links between Latvia's inhabitants and their own country, reducing trust in international security mechanisms and influencing internal political processes in Latvia to achieve its geopolitical aims in Latvia, and on an international scale. Experience in the Ukraine conflict clearly demonstrates Russia's unwillingness to follow established international law, and this cannot be ignored as just marginal behaviour.

In addition to threats from Russia, a high terrorism threat level remains in place in Europe, which also poses risks to our national security. In the last year, several major terrorist attacks were carried out in Europe, taking the lives of many innocent people. These attacks once again confirmed that *Daesh* is manipulating religion to commit crimes which affect the whole international community and are an affront to universal human values.

Although the terrorism threat level remains low in Latvia compared with other European countries, the consequences of radicalisation can also be felt in our country, as individual inhabitants of Latvia have joined the terrorist group *Daesh* in Syria. The so-called “returnees” are some of the biggest terrorism threats in Europe. There is also growing propaganda from terrorist groups calling for even more active terrorist activities in Europe. Therefore, curtailing terrorist propaganda is one of the greatest challenges in the counterterrorism sphere in both Europe and Latvia.

Due to the complex geopolitical situation, the last year was a very busy time for our agency. DP’s most visible public activities were the arrest of an inhabitant of Latvia for spying, as well as the detaining of the first “returnee”. In the last year, we have also prompted to review policy planning documents and legislation to strengthen national security. However, the core function of the DP remains counterintelligence activities to identify and avert threats to national security in a timely manner. DP informs high-ranking state officials and representatives of state and municipal institutions responsible for decision making about identified threats.

Looking back on the events of the last three years in the international and regional security environment, we can predict that this year the biggest challenges to our national security will once again be posed by Russia’s aggressive foreign policy and propaganda by terrorist groups. The threat of direct military invasion remains at a low level. Russia will continue to employ hybrid methods to further its geopolitical interests and increase its influence. Judging by the experience of other NATO and European Union member states, we cannot exclude possible attempts to influence municipal elections scheduled to take place in Latvia on 3 June, as well as the abuse of other democratic instruments to weaken Latvia’s constitutional order and national security system in the long term. Therefore, this year our service’s priorities will be ensuring that free and democratic elections take place, averting hybrid threats from Russia and limiting terrorist propaganda and radicalisation.

Latvia’s membership of NATO and the European Union and the support of our allies are important pillars of our national security. However, effective protection of our security and constitution is only possible through our own concerted efforts – our ability to critically evaluate international developments and events on the national scale and to reflect these events in various information resources, as well as making a personal contribution to strengthening our common security. Therefore, in conclusion I call on everyone to critically evaluate the present situation and to devote their energy to defending security in Latvia and internationally and protecting democratic values.

*Yours sincerely*

**N.Mežviets**

*Director General of DP*

# 1. Counterintelligence

One of the core functions of DP in the national security field is identifying activities by foreign intelligence services against the security of the state of Latvia in a timely manner, as well as protecting information important to national security, including information containing state secrets, in line with the competence stipulated in the law “On State Secrets”.

DP regularly informs Latvia’s high-ranking state officials and responsible institutions about the results of counterintelligence activities and uncovered threats. DP also organises informational, educational events to increase awareness of counterintelligence and risks and threats to national security. In the reporting period, DP held 36 such events within its sphere of competence for an audience of 50 officials of various state and municipal institutions.

## 1.1. Activities by foreign intelligence services in Latvia

As in previous periods, last year the greatest counterintelligence threats and challenges came from Russia’s special services – the Federal Security Service (FSB),<sup>1</sup> Foreign Intelligence Service (SVR)<sup>2</sup> and the Main Intelligence Agency of the General Staff (GU).<sup>3</sup> Although the SVR and GU are traditionally responsible for espionage in foreign countries, the risks to Latvia come from the FSB. This is mainly due to increasing FSB activities in neighbouring countries and the resources available for this service. Although services of other countries besides Russia have also been operating in Latvia, their activities and level of threat to national security is relatively low, therefore they are not evaluated in this report.



FSB logo



SVR logo



GU logo

1 In Russian – Федеральная служба безопасности.

2 In Russian – Служба внешней разведки.

3 In Russian – Главное управление Генерального штаба Вооружённых Сил Российской Федерации. Better known by the acronym GRU.

The methods employed by Russia’s special services to obtain information are still largely based on recruiting persons for secret collaboration as well as creating information agents networks. Latvia’s geographical proximity to Russia allows Russian services to organise their activities “from the territory”, i.e. obtaining intelligence-related information from inhabitants of Latvia making official or private visits to Russia or who have some direct or indirect connection to Russia (relatives, friends or colleagues in Russia). As a result, inhabitants of Latvia who regularly travelled to Russia (especially residents of border areas), entrepreneurs with business interests in Russia, persons in breach of excise goods regulations and Latvian state and municipal officials continued to be priority targets for Russian special services in 2016.



Illustrative image

However, it must be pointed out that the persons at the greatest risk of recruitment are those with openly declared sympathies to Russia and its policies, which ease the process of involving them in secret collaboration. Therefore, during the reporting period DP performed targeted and systematic work with members of the aforementioned high risk groups, informing them of the risk of recruitment by Russian special services and possible threats.

Obtaining classified information is only one of the tasks of Russian special services. They are equally interested in information available to a restricted audience (a professional or expert community) or even publicly available information useful for gaining a general view of the situation in Latvia and making strategic decisions. This relates to the fact that Russia’s special services are also used for furthering Russia’s foreign policy interests abroad, creating positions of influence, encouraging favourable public opinion, as well as spreading certain views and ideas. Such information is used for planning Russia’s foreign policy vis a vis Latvia and for implementing concrete measures to achieve desired results, for example creating negative opinions about Latvia’s membership of the Euro-Atlantic community, the military contingent presence from NATO allies in Latvia and similar issues of importance to Latvia’s national security and interests.

During the reporting period, DP identified several issues of interest to Russian special services, including:

- Defence and security issues (location, movements and resources of military units from NATO allies in Latvia, defence infrastructure objects, the situation and developments in Latvia's state security and law enforcement institutions);
- Social political processes (public attitudes toward institutions of state authority, relations between various ethnic groups, the situation leading up to the 2017 municipal elections);
- Economic processes and energy (the overall economic situation in Latvia, current economic projects, energy market liberalisation and diversification);
- Opinions in Latvia regarding international political events (attitudes toward international sanctions against Russia and Brexit).

DP considers that in 2016 the most aggressive and intensive activities against Latvia were conducted by the FSB, a sign of its increasing role compared with the other Russian special services. Considering the resources and capacity of the FSB to carry out espionage activities in countries bordering Russia, it is also able to organise the obtaining of information in Latvia of interest to the other Russian special services apart from the FSB. Latvia is mainly covered by the FSB's regional units in Pskov and Kaliningrad, and information obtained by DP also points to significant involvement by the St. Petersburg and Leningrad District units in activities against Latvia.

The organisational structure of the FSB includes associated officer and agent positions in Russia's state and municipal institutions, NGOs (especially those in international cooperation and in contact with foreigners), universities and scientific research institutions, as well as amongst business and media representatives. As a result, Russian subjects may be used as cover for obtaining information sought by special services as well as platforms for finding potential intelligence sources, which may subsequently be in secret collaboration to obtain information or perform specific tasks.

The operational capacity of the FSB was significantly increased by its subsidiary body the Russian Border Guard Service (RD), which is the first point of contact for Latvia's inhabitants traveling to Russia with Russian state officials. Russia's RD was used to monitor Latvian residents and to observe the general situation in the Latvian-Russian border area. Information held by RD officials regarding breaches by Latvian



FSB RD logo

residents while crossing the border (incorrectly formatted travel documents, breaches excise goods regulations, as well as fabricated infringements) may be used to pressure the respective persons into collaborating with Russian special services to provide information of interest to the services, on pain of various penalties.

Information obtained by DP during the reporting period indicated that the FSB continued displaying heightened interest in Latvian state and municipal officials, business people and NGO representatives involved in cross-border cooperation projects. Cross-border cooperation projects are traditionally used as cover by Russian special services, because such projects provide opportunities for official contacts with persons of interest and for arranging visits to Russia.

During the reporting period, one significant counter-intelligence activity was the arrest of an employee of State Joint-Stock Company "Latvijas Dzelzceļš", a 47-year-old resident of Latvia, under clause 85.1 of the Criminal Law.<sup>4</sup> This arrest was the result of systematic counterintelligence activity conducted by DP with a social group vulnerable to aggressive recruiting by Russia special agencies, i.e. Afghanistan War veterans. According to DP's information, the said person was recruited for secret collaboration in the territory of Russia, and resulted in systematic, long-term gathering under the instructions of Russian special services of military information and its handing over to Russian special services. This arrest was largely made possible by amendments to Section X of the Criminal Law, despite systematic informational countermeasures to the amendments organised by certain supporters of Russian policies in Latvia.

Amendments to the Criminal Law entered into force on 11 May 2016, which expanded the provisions of Section X of the Criminal Law "Crimes against the State", to ensure more effective protection of national security and interests against possible threats to the state of Latvia and its fundamental interests, or other threats to Latvia's national security. The said amendments also improved the protection of information important to the state against its illegal transfer to foreign countries, expressing clause 85 of the Criminal Law in a new redaction. DP reminds that gathering of information and transferring it to a foreign intelligence service under its instructions is a threat to Latvia and our allies and is a criminal offence. In the event that while you are in contact with a person connected with a foreign country, especially if you are in a foreign country at the time, heightened and atypical interest is shown in your professional activities, place of work and circle of

<sup>4</sup> For the unlawful gathering of information with the intent to give or giving it to a foreign country of foreign organisation directly or with the mediation of another person or illegally gathering other information or giving it to a foreign intelligence service under its direct instructions or with the mediation of another person.



acquaintances (especially state officials), you should immediately inform DP (24-hour number – 67208964). Failure to report such cases creates risks to our national security and increases the risk to other inhabitants of Latvia of manipulation by foreign intelligence services. DP guarantees that the information and its source will remain confidential.

## 1.2. Protection of state secrets

Pursuant to the law “On State Secrets”, state secrets are military, political, economic, scientific, technical or other information, which is included in a list approved by the Cabinet of Ministers and whose loss or illegal disclosure could cause harm to state security, economic or political interests. One of the main objectives of foreign security and intelligence services is to obtain information containing state secrets, thus allowing the respective foreign country to influence decision making on matters of socio-political, economic and military importance in line with its own interests. Therefore, illegal disclosure of information containing state secrets to third parties is a serious threat to Latvia’s national security and constitutional order.

In accordance with the competence of institutions stipulated in the law “On State Secrets”, DP, the Military Intelligence and Security Service (MIDD) and Constitution Protection Bureau (SAB) lead, coordinate, control and conduct measures for the protection of state secrets. Protection of state secrets involves a comprehensive range of measures to avert possible threats to Latvia’s national security, including political,

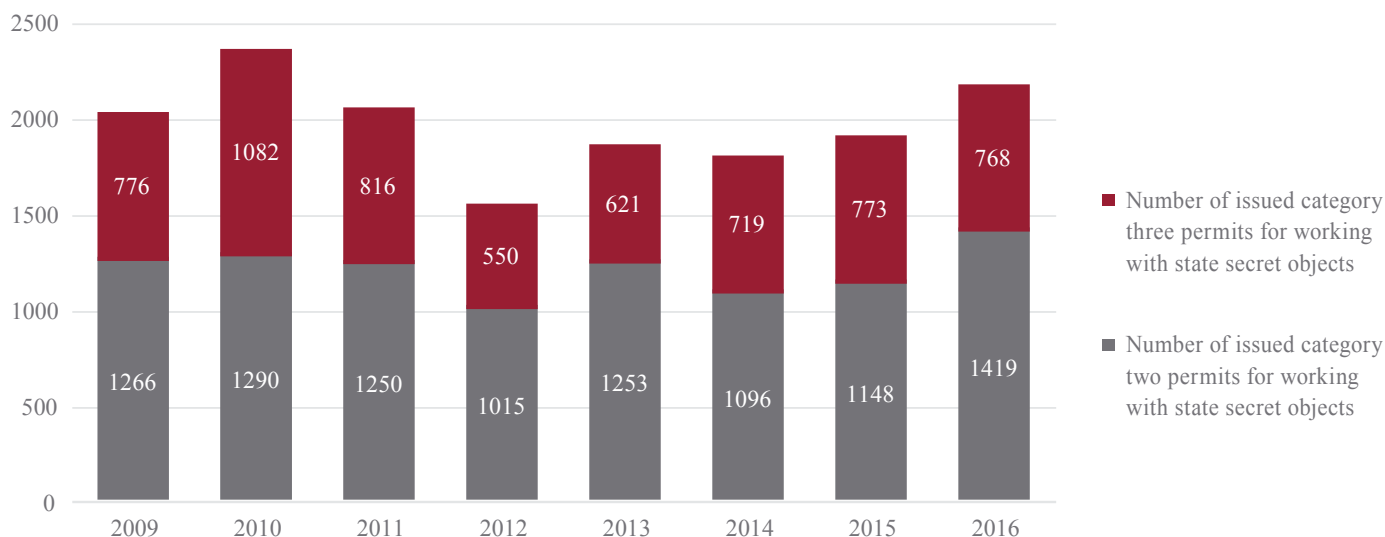
economic, social and military security, which is integral to guaranteeing Latvia’s independence, sovereignty, the integrity of its territory and existence of its state institutions.

In the sphere of protecting state secrets, DP performs special investigations on persons before they are issued with security clearances for access to state secrets (hereinafter – security clearances), inspects the compliance of the personnel and premises of existing institutions under its competence with confidentiality and state secret protection requirements as well as performing special investigations of merchants for issuing specific categories of industrial security certificates so that they can be eligible for tenders concerning state secret objects.

The constitutional review on certain provisions of the law “On State Secrets” commenced during the reporting period was concluded on 10 February 2017. The Constitutional Court ruled that access to state secrets is not a right enjoyed by all and the state has a broad scope to select measures for protecting state secrets. The court also indicated the need to improve the procedure for persons to appeal refusals to issue security clearances for access to state secrets or the annulment of such clearances, declaring specific provisions of the law “On State Secrets” as invalid from 1 July 2018. To improve the legal framework, the Ministry of Justice has created a working group which includes DP.

In 2016, DP issued a total of 2 187 security clearances, of which 1 419 were category two security clearances, (up to confidentiality level SECRET), and 768 were category three security clearances, (up to confidentiality level CONFIDENTIAL).

### DYNAMIC OF SECURITY CLEARANCES ISSUED BY DP



In 2016, DP made 32 rulings to reject issuing security clearances. Most refusals to issue security clearances, applied to law enforcement officials and security company employees working at critical infrastructure objects:

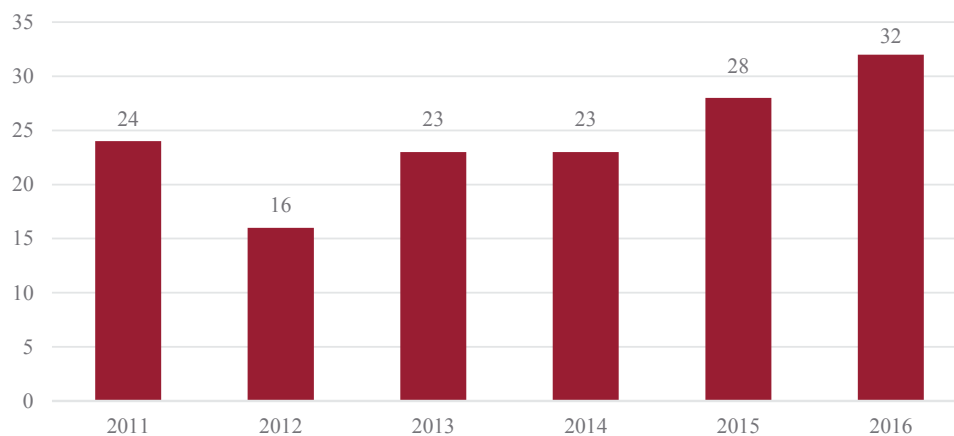
- Twenty refusals were made based on the persons failing to comply with clause 9.3.6. of the law “On State Secrets”, pursuant to which access to confidential, secret and top secret state secret objects is denied to persons for whom, in accordance with investigations, there are grounds for doubting their loyalty and ability to preserve state secrets. For example, during the course of the investigation they deliberately provided false information or deliberately hid or fabricated facts or failed to observe rules for protecting information containing state secrets;
- Ten refusals were made based on the persons failing to comply with clause 9.3.3. of the law “On State Secrets”, pursuant to which access to confidential, secret and top secret state secret objects is denied to persons tried and found guilty of deliberate criminal acts;

- Two refusals were made based on the persons failing to comply with clause 9.2. of the law “On State Secrets”, pursuant to which security clearances, may only be issued to citizens of Latvia.

As DP only issues category two and three security clearances, materials on 56 persons were sent to SAB to evaluate their compliance with receiving category one security clearances, (up to confidentiality level TOP SECRET). In addition, DP sent materials in 23 merchants to SAB to receive industrial security certificates.

Also of note during the reporting period was the cooperation meeting between Central and Eastern European countries and China held in Riga (hereinafter – “16+1”), for which DP checked additional 200 persons involved in organising the event.

### DYNAMIC OF SECURITY CLEARANCES APPLICATIONS REFUSED BY DP



## Conclusions and outlook

- During the reporting period, there were continuing threats to Latvia's national security from Russian special services, especially the FSB. Russian special services continued espionage activities against Latvia and inhabitants of Latvia from the territory of Russia as well as using the cover of various cross-border cooperation projects. Planning, organising and implementation by Russian special services of informational operations and other influence activities against Latvia is forecast to continue.
- Russian special services continued to demonstrate interest in Latvia's defence and security issues. Heightened interest by Russian intelligence services in the presence of NATO allies in Latvia (personnel, equipment, infrastructure, military vehicles and their locations etc.) accompanied by disinformation and discrediting campaigns is expected to continue.
- Russia's special services monitor and try to recruit both persons who have received security clearances, as well as any resident of Latvia who can provide useful information or help to facilitate future influencing activities. It is anticipated that Russia's security services will increase their focus on residents of Latvia making private or official visits to Russia or who have contacts with Russian subjects.
- Amendments to the Criminal Law have significantly improved the system for protecting state secrets in Latvia and the legal mechanism for protecting Latvia's independence, territorial integrity and constitutional order. Heightened interest by Russian special services in the application of the amendments to the Criminal Law and the revision of legal regulations pertaining to the law "On State Secrets" is expected to continue.
- Heightened interest by Russia's special services is expected in connection with Latvia's municipal elections in 2017 and events celebrating Latvia's centenary in 2018, with already-established influence channels set to be used to influence public opinion.
- Participation by Russia's special services is expected in informational operations and active measures aimed against the state of Latvia in order to influence public opinion in line with Russia's domestic and foreign policy interests.

## 2. Protection of the constitutional order

Protection of the foundations of Latvia's statehood – sovereignty, independence, territorial integrity and democratic system of government – is one of the core tasks of DP, for which DP performs counterintelligence and operational measures to identify and neutralise possible threats in a timely manner. However, Latvia's statehood cannot be protected without the participation of every individual, therefore a significant role is played by informing the public about processes, actions and events causing risks to the constitutional order. Therefore, DP not only participates in developing proposals and recommendations to improve policy planning documents and legislation to strengthen national security, it also briefs on the influence of various processes and events on protecting the constitutional order. Ensuring that Latvia's inhabitants are informed about and actively involved in identifying risks has increased the effectiveness of national security measures.

### 2.1. Russia's compatriot policy

During the reporting period, the so-called compatriot policy remained a cornerstone of Russia's attempts to gain humanitarian influence in countries with significant ethnic Russian population, and this remained a major risk to Latvia's constitutional order. In contrast to classic diaspora policy which aims to support and preserve the national and cultural identity of compatriots, Russia takes an instrumental view of this sphere. Compatriots are simultaneously viewed as implementers and supporters of foreign policy in their resident countries, giving an opportunity for Russia's institutions to secretly meddle in other states' domestic affairs, influence important decisions and weaken their national security systems in the long term.

Actions taken by Russian compatriots,<sup>5</sup> which align with Russia's foreign policy rhetoric and its interests in Latvia have been observed for a long time. Up to now, Russia has manoeuvred its so-called compatriot activists to oppose Latvia's membership of the Euro-Atlantic community, slander NATO, attempt to gain parity of status for the Russian language alongside Latvian, discredit Latvia on the international stage, change the institution of citizenship, legitimise Russia's aggressive foreign policy, popularise interpretations of history favourable to Russia and promote the idea of the so-called "Russian world".

During the reporting period, Russia's compatriot policy was hindered by funding shortages and other factors resulting from sanctions imposed by NATO and European Union member

<sup>5</sup> In this report, the term "Russian compatriots" refers to persons and groups of persons (organisations) who participate in their home countries in attempting to realise Russia's compatriot policies, spreading messages supporting or in alignment with Russia's policies, or otherwise supporting Russia's interests in their resident countries. In this report, the term "professional Russian compatriot policy activists" refers to the most publicly visible and active supporters of Russia's compatriot policies who have earned the enduring trust of Russia's institutions.

states. Under these conditions, DP believes that receiving funding or other benefits was increasingly linked to personal contacts with the implementers of compatriot policies and willingness to participate in campaigns to weaken Latvia as an independent and European country, with less emphasis on preserving Russian language and culture.

Therefore, the aims and objectives of Russia's compatriot policy as hidden, deceptive mechanisms of influence still present significant challenges and risks to Latvia's national security as well as the fundamental principles enshrined in the Republic of Latvia Constitution.

### 2.2. Factors and trends within Russia affecting compatriot policy

In 2016, the implementation of Russia's compatriot policies was negatively affected by the economic sanctions imposed on Russia by NATO and the European Union, restricting the ability of Russia's state institutions to directly or indirectly support compatriot policy. Funding reductions meant that Russia's state institutions tried to optimise cooperation mechanisms with compatriots abroad, to make them more effective in reserving and strengthening Russia's socio-political and economic influence in the resident countries. In this context, it was notable that Russia sought to make ethnic Russians living abroad more independent in their activities, acting in Russia's interests on their own initiative rather than relying on financial and organisational support from Russia.

Considering the priority placed on having the sanctions imposed by NATO and the European Union lifted, during the reporting period Russia's policymakers tried to increase the activity of foreign compatriots in lobbying for Russia's interests to promote economic cooperation between their host countries and Russia, as well as shaping public opinion to improve relations in areas such as culture and education. Promoting cooperation in culture and education was also used for increasing political tension and as cover for maintaining links with compatriots abroad. At the same time, greater emphasis was placed on the theme of protecting the so-called rights and interests of Russians living abroad, which is regarded as one of the most effective instruments for achieving Russia's foreign policy interests and objective abroad, including in Latvia. The most important measures for consolidating Russians living abroad centred on popularising the so-called Victory Day on 9 May and the associated "Immortal Regiment" (Russian – Бессмертный полк) campaign abroad, the scale of which is growing around the world every year. Russia also relied on Russians living abroad to legitimise its foreign policy interests in Ukraine and Syria.

Despite problems with the effectiveness of working with Russians abroad, compatriot policy will remain as one of Russia's



*“Rossotrudnicestvo” logo*



*“Fund to support and defend the rights of compatriots living abroad” logo*



*“Russkij mir” Foundation logo*



*Фонд поддержки публичной дипломатии им. А.М. Горчакова*

*“A.Gorchakov Fund for Supporting Public Diplomacy” logo*

foreign policy priorities. This was confirmed by the new foreign policy framework signed by Russian President Vladimir Putin on 30 November 2016.<sup>6</sup> Under this document, Russia’s foreign policy tasks include comprehensive and effective protection of the so-called rights and interests of Russian’s living abroad in their resident countries and increasing Russia’s role in the humanitarian sphere. Therefore, the activities performed under the cover of Russia’s compatriot policies will continue to pose risks to Latvia’s constitutional order.

### 2.3. Funding of institutions promoting Russia’s compatriot policies in Latvia

The work of Russian compatriots in Latvia is largely made possible through financial, organisational and coordinating support from institutions in Russia. The bulk of material and non-material support for Russian compatriot activists in Latvia continued to be provided by Federal Agency for the Commonwealth of Independent States, the organisation for Russians living abroad and international humanitarian cooperation “Rossotrudnicestvo”,<sup>7</sup> the “Fund to support and defend the rights of compatriots living abroad”,<sup>8</sup> the “Russkij mir” Foundation,<sup>9</sup> the “A.Gorchakov Fund for Supporting Public Diplomacy”,<sup>10</sup> as well as Russia’s Embassy in Latvia and the city administrations of Moscow and St. Petersburg. Experience in other countries and information available to DP demonstrates that the foundations involved in compatriot policy are also a cover for the activities of Russian special services.

Due to financial problems and possible wasting of funds in previous years, in 2016 the Russian foundations took greater care in evaluating applications for grants submitted by Russian compatriot organisations. It is notable that the decisive factors in securing support for a project included the applicant’s proximity to Russia’s state institutions and active participation

in implementing the open and hidden objectives of Russia’s compatriot policies. There was also a tendency by Russia’s non-governmental organisations to offer compatriots in Latvia the chance to participate in a variety of events (camps, forums, seminars, festivals etc.), compensating travel and accommodation costs partly or in full. Due to funding shortfalls, there were quotas for the number of participants from each country. As with the awarding of grants priority for participation in events organised by subjects of Russia was also given to loyal, well-connected compatriot policy activists, whose motivation was also not infrequently driven by personal and selfish motives, i.e. tourism and recreation.

Considering Russia’s limited financial resources for supporting compatriot policy activists in Latvia, in 2016 there was some degree of success in receiving support from Latvian enterprises doing business with Russia. This was most clearly seen with the so-called Victory Day celebrations on 9 May, which was largely made possible thanks to direct assistance from companies wishing to improve their business prospects in Russia.

During the reporting period, DP was involved in preparing amendments to the Association and Foundations Law, to revise legal regulations governing the termination of an association if its activities pose a threat national security, public order and safety or otherwise contravene the Constitution, laws or other regulations of the Republic of Latvia. These amendments also propose introducing monitoring and supervision mechanisms for cash flow for associations and foundations which consciously and deliberately perform the aforementioned actions against the state of Latvia. DP cautions that associations and foundations may be used as instruments for simulating civil society activities, implementing Russia’s compatriot policies in Latvia and conducting informational and other campaigns against Latvia. The classic functions of diaspora organisations (cultivating national identity, organising cultural events, studying and preserving cultural heritage etc.) do not of themselves threaten Latvia’s national security; on the contrary, they receive support from the state and municipalities.

6 In Russian – Концепция внешней политики Российской Федерации.  
7 In Russian – Федеральное агентство по делам Содружества Независимых Государств, соотечественников, проживающих за рубежом, и по международному гуманитарному сотрудничеству “Россотрудничество”.  
8 In Russian – Фонд поддержки и защиты прав соотечественников, проживающих за рубежом.  
9 In Russian – Русский мир.  
10 In Russian – Фонд поддержки публичной дипломатии им. А.М. Горчакова.



During the reporting period, the relatively large dependency of Russian compatriots in Latvia on material and non-material support from Russia was highlighted by extensive discussions over the duration of the tenure as ambassador to Latvia of Alexander Veshnyakov and possible changes to compatriot funding following his replacement by Evgeny Lukyanov.

#### **2.4. Characterisation of subjects involved in implementing Russia's compatriot policies in Latvia**

Russia's compatriot policies aim to organise Russian-speakers and those who use Russian on a daily basis into compatriot organisations, strengthening their ties with Russia and the so-called "Russian world". Russia is interested in strong, consolidated and pliable organisations of compatriots loyal to Russia, who would act in foreign countries to further its foreign policy interests and functions.

Russia's longstanding attempts to consolidate ethnic Russians living abroad have on the whole failed in Latvia. This is due to divergent interests between age groups and organisations, as well as a growing awareness of the real objectives of Russia's compatriot policy. The Russian compatriot scene in Latvia is fragmented, driven by individualism and competition for financial and other largesse from Russia's institutions. Russia's compatriot organisations function relatively autonomously from the umbrella organisation formally representing compatriots in Latvia "The Council of Civic Organisation in Latvia" (hereinafter – LSOP), and their level of activity depends on the initiative of each member. DP considers that the LSOP format is maintained artificially and is mainly used by Russia to create the impression that a process of coordinating and consolidating compatriots is actually happening. LSOP mainly functions as a platform for exchanging information and opinions, and is used by Russia's Embassy in Latvia and individual compatriot activists to disseminate information about current and planned projects and events and to conduct a campaign of discrediting the state of Latvia. The Russian Embassy performs unofficial supervision and coordination functions over LSOP and its affiliated organisations, providing a limited amount of material and non-material support and attempting to steer their activities in directions desirable to Russia.

During the reporting period, one of the most important issues for Russian compatriots in Latvia was attracting youth to their political activities. This was driven by Russia's desire to ensure continuity in compatriot policy and find the next generation of opinion leaders to promote Russia's foreign policy interests. Accordingly, during the reporting period young people from Latvia were invited to a wide range of events in Russia (forums, conferences, camps, educational programs, excursions). However, up to now the level of interest shown by young people in Latvia towards compatriot activities has been relatively low.

There were also ongoing efforts to attract young people from Latvia to study free of charge at higher educational establishments in Russia. DP cautions that young people in Russia may be subject to ideological indoctrination and may come to the attention of Russia's special services, thus putting them at counterintelligence risk.



*LSOP coordinator Viktors Guščins at the 16 March Latvian Legionnaire commemoration day in Riga*

#### **2.5. Manifestations of Russia's compatriot policies in Latvia**

During the reporting period, Russia continued using compatriot activists in Latvia to spread messages furthering its interests, as well as initiating or supporting various activities aimed at discrediting Latvia. The following themes dominated the rhetoric of Russian compatriot activists in Latvia in 2016:

- So-called defence of Russian rights ("massive repression and persecution of the so-called defenders of Russian rights", "discrimination against non-citizens", "Russophobia and the ethnocratic regime in Latvia", "threats to so-called Russian schools");
- Socio-political processes and interpretations of history ("rebirth of fascism and Nazism", "rewriting and falsification of history");
- Defence and security ("Latvia's growing aggression against Russia and preparations for war against Russia", "opposition to and slander against the stationing of NATO military contingents in Latvia).

DP regards the artificial propagation of these themes as an attempt to weaken the democratic structure of Latvia, create an impression that Latvia is a failed state which abuses human rights, and to discredit the state of Latvia as a whole. For its part, Russia used these false accusations, interpretations of events and disinformation as proof in formulating narratives it desires and accusations against Latvia. In addition to discrediting Latvia, Russia used compatriot activists to try and gain influence in the

cultural, educational, information and other spheres to influence people's views, values and priorities.

Attempts to shape the opinions of ethnic Russians regarding the “democratic deficit” in Latvia and the other Baltic countries is not new. Information available to DP indicates that during the reporting period the accent in this theme was placed on supposed constant threats faced by so-called defenders of Russian rights. This thesis was spread by representatives of several prominent Russian compatriot organisation in Latvia via a number of channels – media and propaganda outlets in Russia, compatriot coordination formats in Russia and international organizations (UN, OSCE) offering a platform for civil society and minority organisations. For example, after the State Education Quality Service ruled not to extend the accreditation and license of the educational programs offered by the private secondary school “INNOVA” connected with Russian compatriot policy activist Broņislavs Zeļčermans because its work and teaching process were found to infringe Latvian laws and regulations, there were attempts to create public controversy around this issue. B. Zeļčermans and his associates, including compatriot activists and pro-Kremlin persons, publicly spread the view that the aforementioned decision is not connected with the breaching laws and regulations governing educational institutions, but rather connected with the fact that individual “INNOVA” teachers have been involved in organising the “Immortal Regiment” campaign copied from Russia, thus the teachers have shown disloyalty to the state of Latvia. Therefore state institutions and DP took action against the existence of “INNOVA”.



At the so-called Victory Day event in Riga, 9 May 2016. From the right: Broņislavs Zeļčermans, Margarita Dragiļe, Aleksandrs Gapoņenko

As with so-called defence of Russian rights, interpretation of historical events is also traditionally exploited by Russia as a mobilisation instrument in both domestic and foreign policy. Historical interpretation is used to generate feelings of patriotism and belonging, and for reinforcing and spreading historical memory generated by Russia (particularly regarding the Second World War.) During the reporting period, the most visible activities undertaken by compatriot activists in this regard were

linked with the so-called Victory Day celebrations, which are exploited every year also to divide society and affirm the might of Russia. As in 2015, in 2016 compatriot activists in Latvia had a direct role in organising the “Immortal Regiment” campaign, which appears to be a growing phenomenon. DP cautions that Russia is attempting to spread this campaign to as many foreign countries as possible, with the aim of spreading Russia's version of historical memory about the Second World War and encouraging patriotism and loyalty to Russia. Notwithstanding competition between various Russian compatriot groups to organise and manage this event, an outward show of solidarity was achieved. The Riga event attracted several prominent Russian compatriot activists: the so-called anti-fascist leader in Latvia Josifs Korens, head of the “European Research Institute” Aleksandrs Gapoņenko, head of the “Non-Citizens Committee” and the “Institute of Rights “Conscentia”” Elizabete Krivcova, representative of the association “PEROM” Margarita Dragiļe, and B. Zeļčermans. In Daugavpils, the organisers of the Victory Day event included Russian compatriot activist, Daugavpils City Council deputy and member of the association “VVO” Jurijs Zaicevs, while in Jēkabpils it was the head of the “Jēkabpils Russian Association “Rodņik”” Natalja Čehova.



Elizabete Krivcova at the “Immortal Regiment” event on 9 May 2016 in Riga

During the reporting period, in the context of the promotion of historical memory propagated by Russia, the rhetoric of compatriot activists was replete with mentions of “the rebirth of fascism and Nazism” and “the struggle against the rewriting and falsification of history”. This niche issue continued to be addressed by the so-called anti fascists led by J.Korens, who after a pause once again protested against the Latvian Legionnaires commemoration day on 16 March as well as organising the so-called “Crossing of Lake Ķīšezers” event



The so-called “Crossing of Lake Ķīšezers” event in Riga's Mežaparks suburb on 15 October 2016. From right: Josifs Korens, Second Secretary at Russia's Embassy in Latvia Anna Hrapova, leader of the party “Union of Russians in Latvia” Tatjana Ždanoka and Attaché at Russia's Embassy in Latvia Alexei Domanov



in Riga's Mežaparks suburb on 15 October. Other compatriot activists also played an active role in propagating this thesis and its airing in the public space.

During the reporting period, there was a tendency for compatriot activists to simultaneously take part in measures to polarise the internal political situation, spread disinformation about the activities of NATO military contingents in Latvia and discredit Latvia's overall image, while also being involved in popularising the Russian language, culture and education in Latvia. These activists helped to legitimise Russia's increased presence in Latvia. DP believes that the motivation for taking part in such projects is mercantile, i.e. obtaining funding from Russia, developing contacts with representatives of Russia's state institutions and a desire for affirmation of personal activities. For example, in parallel to conducting an open campaign of disinformation against Latvia, A.Gapoņenko was also involved in organising humanitarian events on behalf of the association "Russian Community in Latvia", implementing the project "Days of Russian language and culture" a collaboration between "Rossotrudnicestvo" and the Moscow financial-industrial university "Synergy". To implement the project, A.Gapoņenko involved persons close to him, and as a result the project was formal in nature and attracted low levels of participation by members. According to information available to DP, participants were specially recruited for the activities carried out under this project to give it a large-scale impression in the eyes of its initiators and financiers.

Examples of disinformation spread by A.Gapoņenko:

- Women in Latvia demand that state authorities conclude an agreement with the USA obliging US soldiers to pay maintenance for their illegitimate children in the Baltic countries.  
Available at: <https://eadaily.com/ru/news/2016/06/28/zhenshchiny-latvii-trebuyutalimenty-s-amerikanskih-voennosluzhashchih>
- Latvia discriminates against Russian inhabitants and non-citizens: Available at: <https://www.youtube.com/watch?v=T8kX-O84L14>
- A.Gapoņenko is persecuted by DP for defending women's rights in Latvia; defending women's rights is a dangerous business in Latvia. Available at: <https://www.youtube.com/watch?v=hf0HuIcc2zg&feature=share>
- The risks involved in the Baltic States cooperating with the new US Administration: the Baltic States' political elites constantly provoke Russia by discriminating Russians, demanding compensation for losses inflicted by the Soviet occupation regime etc.; inhabitants of the Baltic States are being prepared for war with Russia; possible organising of provocations by Baltic States' intelligence services against Russian inhabitants to cause a conflict with Russia etc. Available at: [http://imhoclub.lv/ru/material/pribaltika\\_kak\\_zona\\_riska](http://imhoclub.lv/ru/material/pribaltika_kak_zona_riska)

*Vladimirs Lindermans speaking on the Russian TV channel "NTV" about the torch procession on Lāčplesis Day. Screenshot*



As funding from Russia's institutions for projects declined and the importance of information influence activities grew in shaping public opinion, in 2016 Russian compatriot activists increasingly oriented toward the virtual environment and implementing activities supporting Russian influence and propaganda (for example, the Russian information influence platforms "RuBaltic", "Baltnews", "Regnum") DP considers this to be linked to the importance of information influence and propaganda activities, while compatriot activists exploited it for personal profit. As a result, the agenda of compatriot activists in Latvia shifted to current social, political and economic developments in Latvia, with the activists using these to attract attention to themselves from the public and mass media, as well as promoting interpretations of events in a favourable light for Russia. Informational activities against Latvia were also an important area of activity for several pro-Kremlin oriented persons, including Vladimirs Lindermans and Jevgenijs Osipovs, who continued earning fees producing material for Russia's propaganda outlets. Adapting to Russia's foreign policy positions, compatriot activists got involved with the status of experts in shaping public opinion in favour for Russia, slander the NATO military contingent, cast doubts on the future of the European Union and spread other messages aligning with Russia's interests. DP considers that these activities are aimed at creating the image of an external aggressor confronting Russia.

## 2.6. Activities of right- and left-wing radicals and extremists

Threats to the constitutional order and national security do not just arise from the direct actions of foreign powers or their proxies; homegrown right- and left-wing radicals and extremists are also a threat.

During the reporting period, the threat to Latvia's national security posed by right-wing and especially left-wing radical and extremist individuals and organisations remained at a low level. In Latvia, such persons and organisations are fragmented, numerically insignificant and relatively isolated. Their low levels of activity are tied to a lack of string leadership. Poor cooperation and coordination and mutual antagonisms. Their main public manifestations (small-scale protests, online rhetoric and small groups of likeminded persons) depended on the



initiative of individuals, without gaining traction in the broader community or amongst persons with similar views. However, during the reporting period there were a few cases of right- and left-wing radicals and extremists organising provocative and loutish actions which threatened public safety and order.

Compared with 2015, the issue of refugees, asylum seekers and immigrants featured little on the agenda of right- and left-wing radicals and extremists. One reason for this is that the public's attention had moved elsewhere. However, rhetoric against refugees, asylum seekers and immigrants was still present online, where such messages were also propagated by radicals and extremists under DP's scope.

During the reporting period, right- and left-wing radicals discussed defence and security issues as well as current socio-political and economic issues in Latvia. Their proposed solution to these questions is usually to join new social and political movements, with political parties mentioned more rarely. Attempts to become involved in politics in a legitimate way are guaranteed by the Constitution, and only attract DP's attention when they pose threats to national security. The desire by radicals to form political parties is not new in Latvia, but the tendency has increased as the 2017 municipal elections approach. During the reporting period, such efforts failed, largely due to the aforementioned factors. Fragmentation and a lack of forceful leaders, organisational capacity and ideology produced a dearth of fresh, interesting ideas and solutions. Furthermore, society as a whole remains sceptical and suspicious of populist and extremist slogans.



A protest against the NATO military presence in Latvia held in Riga on 8 July 2016

The highest level of risk from right- and left-wing radicals and extremists came from the so-called skinheads. Their relatively closed and isolated activity, interest in combat and weapons skills and contacts with likeminded individuals and groups abroad mean they potentially pose a relatively high risk of violent radicalisation. During the reporting period, this was borne out by the death of older generation skinhead Jurijs

Višņīveckis during an attack on a cash-in-transit vehicle in Ukraine's Zaporizhia District in July 2016.

J.Višņīveckis had been under DP's watch for a long time due to his right-wing extremism. He became radicalised as a teenager, maintained links with like-minded right-wingers and was interested in martial arts, including no rules fighting. In 2005, he was charged with vandalising a monument to the victims of the Second World War in Biķernieki Forest near Riga, which was the most publicised event of his right-wing radical career. After Russia's illegal annexation of Crimea in 2014, J.Višņīveckis expressed support for the military forces supporting the government of Ukraine. From autumn 2015, he periodically visited Ukraine, where he maintained contacts with the pro-Ukraine government paramilitary group "AZOV", whose activities in the Ukrainian conflict have drawn criticism from human rights organisations. However, DP does not have information that he directly participated in military activities.

Another trend that may pose risks to national security is the popularity of military simulation games, for example *airsoft*. Regular practice at these games can develop an individual's military skills. In 2016, DP discovered several cases where such games were used to develop skills such as capturing buildings and reconnaissance. DP cautions that in a few cases games like *airsoft* have been used to build solidarity and loyalty to Russia amongst individuals with pro-Kremlin orientation. Investigating reports about a possible gathering of persons wearing foreign military uniforms in Cenu Parish south of Riga, DP found that these persons were *airsoft* activists. The said persons wore uniforms similar to those of Russia's military and carried electronic pneumatic weapons which are visually indistinguishable from real combat weapons. The "players" included several individuals previously known to DP for their open support of Russia's aggressive policies. During the reporting period, the Ministry of the Interior formed an interinstitutional working group to evaluate the situation and if necessary make recommendations for legislative amendments in this sphere. DP considers that in order to increase the transparency of military simulation games and prevent situations where they are used to hone military skills and threaten Latvia's national security, regulations must be revised to ensure monitoring of the *airsoft* environment and the organising of military games generally. However, it is also important not to disturb *airsoft* users for whom the game is a hobby rather than military training.

## Conclusions and outlook

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- Russia continues actions intended to draw ethnic Russians in Latvia toward its compatriot policies in order to realise its geopolitical objectives. Thus activities performed under the cover of compatriot policies continue to pose considerable risks to Latvia's constitutional order.
- Russian compatriots are used as needed to spread desired messages, which are in turn used as levers for exerting pressure on decision making in Latvia and discrediting Latvia's image. It is anticipated that henceforth compatriot policies will place even greater stress on so-called defence of lawful interests and rights and propagating Russia's official version of history and collective memory, with greater resources directed toward such measures.
- Russia's compatriot activities in Latvia are entirely dependent on financial and coordinating support from Russia and would disappear without such support. Therefore, regardless of Russia's financial difficulties, it is anticipated that more resources will be devoted to such activities which further the objectives outlined in Russia's foreign policy framework.
- One of the greatest challenges for Russia's compatriot policies in Latvia is ensuring generational continuity by attracting youth. Therefore, greater attention will be paid to finding young people with leadership skills for involvement in compatriot political activities.
- Although the risk posed to Latvia's national security by right- and left-wing extremists is low, several online groups and communities pose a threat to public order and safety. These can potentially increase the number of persons with radical views, allow some individuals to forge links with likeminded persons in Latvia and abroad, and increase willingness to engage in criminal activities.

## 3. Information space security

For several years now, Russia has systematically used the opportunities afforded by a democratic system to strengthen its position in Latvia's information space. Moreover, information available to DP indicates that the work of information resources funded by Russia and supportive of Russia's aggressive foreign policy are not just acts of journalism or stating of alternative opinions. It is more a kin to a concerted effort to influence public opinion in Latvia in favour of Russia's geopolitical interests.

During the reporting period, widespread access in Latvia to TV channels from Russia and the presence of Russia-financed information resources in Latvia's media environment meant that there is a lot of information in Latvia's information space whose primary mission is not to report on events in Latvia and abroad, but rather to manoeuvre public discussions about local, regional and international politics in a direction favourable to Russia's geopolitical interests.

DP considers that Russia has set up a range of media and information resource platforms to circulate messages and news angles favourable to its interests in Latvia's information space.

### 3.1. The role of information influence measures in achieving Russia's foreign policy goals

#### 3.1.1. The role of information influence in Russia's strategic planning documents

The tasks of the aforementioned information influence measures are institutionalised in several Russian strategic planning documents, including Russia's Information Security Doctrine (hereinafter – the doctrine) adopted at the end of 2016. It defines Russia's information space broadly, identifying it as the body of information, information systems, internet portals, communications networks, information technologies and subjects whose work is connected with processing, developing and using information.

In this doctrine, Russia has identified a number of threats to its information space security. One such threat is "discrimination" faced by Russian journalists working abroad, which "restricts their professional activities". One of the strategic objectives of protecting Russia's information space is given as, "neutralising information-psychological measures aimed at destroying the historical foundations and patriotic traditions connected with defence of the Fatherland", as well as, "neutralising information measures aimed against traditional Russian spiritual moral values". Therefore, based on supposed threats to its information space, Russia has created the preconditions for a propaganda campaign in foreign countries where it sees threats to the said "values".

At the end of last year, Russia also strengthened the role of information influence instruments to achieve its foreign policy goals in a new foreign policy framework. This framework states that Russia will develop its own measures for influencing foreign audiences, and will support the work of Russian-language media in the international information space with government assistance. As a result, information resources funded or otherwise supported by Russia (for example, the Latvian version of the multimedia platform *Sputnik* which is the creation of Russia's *Rossiya Segodnya* information agency) which operate in Latvia must be evaluated in the context of Russia's foreign policy goals and as instruments for achieving these goals, not as independent media products.

#### 3.1.2. Messages and new angles circulated by Russia's propaganda campaign

During the reporting period, as a result of Russia's information influence campaign, Latvia's information space was systematically flooded with messages and news angles favourable to Russia's geopolitical interests. Several messages were identified in information resources funded or otherwise supported by Russia which aimed to saturate Latvia's information space with interpretations favourable to Russia concerning Latvian domestic and international politics, especially defence policy and NATO's defensive measures in the Baltic countries. In 2016, Russia's information influence resources in Latvia were deployed to spread a number of messages:

- Latvia is a puppet of NATO and the USA which can be used as a platform for attacking Russia, therefore Russia has the right to take all measures required to defend itself;
- Latvia is a failed, accidental state which cannot satisfy the needs and desires of its inhabitants;
- Fascism is being reborn in Latvia and increasing numbers of Latvia's inhabitants support this ideology;
- Latvia is ruled by an ethnocratic regime with a revanchist attitude toward ethnic Russians living in Latvia, whose rights are seriously restricted;
- Latvia's economic development and political stability depend on good relations with Russia, one of the world's superpowers and a guarantor of regional security;
- Latvia's history is closely tied to Russia, as evidenced by the contribution of the USSR to Latvia's economic development.

During the reporting period, Russia's media and information resources paid particular attention to framing NATO'S defensive measures in Latvia in accordance with Russia's geopolitical interests. Analysis of the content of information

resources funded and supported by Russia indicates that these resources publish diverse but interconnected messages aimed at discrediting NATO and Latvia's defensive measures by spreading manipulative and in many cases absurd information.

Some examples of message and news angles favourable to Russia:

- On 13 July 2016, the information resource *baltnews.lv* referring to a post on Facebook by A.Gaponenko, reported that thousands of NATO troops were preparing to arrive in Latvia to protect nuclear weapons which were going to be positioned at Lielvārde Airfield near Riga;
- On 29 August 2016, *sputniknews.lv*, a Russian information agency *Rossiya Segodnya* project in Latvia, cited as "confirmation" of NATO's growing aggression against Russia a statement by Deputy Speaker of the Lower House of Russia's Parliament Vyacheslav Nikonov that, "even during the Cold War American soldiers and NATO armies were not stationed in Estonia, Latvia, Lithuania, Poland, Romania and Bulgaria", thus both accusing NATO of aggression and ignoring the fact of Latvia's occupation.

### 3.2. Information platforms in Latvia serving Russia's interests

During the reporting period, a number of information resources operated in Latvia which were either financed and coordinated from Russia or actively attempted to spread the aforementioned messages and news angles favourable to Russia's geopolitical interests in Latvia's information space. These resources included TV channels from Russia widely available in Latvia, as well as internet platforms created by Russia, including the Latvia version of the *Sputnik* multimedia platform created by Russia's international information agency *Rossiya Segodnya*, the website *baltnews.lv* and the radio station *Autoradio*, which also broadcast *Radio Sputnik* content.

#### 3.2.1. The influence of Russia's TV channels on Latvia's information space

In the last year, TV channels from Russia, whose widespread accessibility in Latvia is facilitated by every telecommunications provider operating in the country, satellite operators as well as so-called illegal TV, served as the main platform for spreading Russian propaganda in Latvia.

The widespread availability of these TV channels in Latvia allows Russia to have significant influence in Latvia's information space, filling it with messages favourable to Russia's geopolitical interests. As a result, a significant portion of society in Latvia consumes media content created in Russia to further Russia's political goals, the production of which involves manipulation of facts, discrediting, campaigns of lies etc.

It should be noted that due to the lack of alternative resources to Russia's propaganda channels for Latvian residents consuming Russian-language media, in future Russia will continue to be given opportunities to influence Latvia's information space in accordance with its geopolitical interests. In the long-term, such systematic and coordinated influencing of Latvia's information space poses risks to Latvia's national security.

#### 3.2.2. Platforms of Russia's international information agency *Rossiya Segodnya* in Latvia

At least two information resources maintained by Russia's international information agency *Rossiya Segodnya* operate in Latvia – the Latvia version of the *Sputnik* multimedia platform and the website *baltnews.lv*.



The Latvian and Russian-language versions of the Latvia version of the *Sputnik* multimedia platform went online in February 2016. Its operation up to now has confirmed that the platform has a single political objective – to support Russia's geopolitical interests in Latvia and fill Latvia's information space with messages produced in Russia about events in Latvia and around the world. The project's sole funding comes from Russia's budget, with neither active participation in Latvia's advertising market nor requirements for content produced by the staff of *Sputnik's* Latvia version.

The first year of operations for *Sputnik's* Latvia version was dominated by the formation of its team by leading managers of *Rossiya Segodnya*. During the reporting period, the person in charge was the Editor in Chief of *Sputnik's* Baltic versions Liāna Minasjana. There were several changes regarding the editor in chief in Latvia. Currently these responsibilities are conducted by Valentīns Rožencovs, who had previously worked in several Russian-language media in Latvia.

Earlier, the Russian news agency *Rossiya Segodnya* had its application to open a branch in Latvia turned down based on the European Union regulation adopted on 17 March 2014 applying sanctions for actions which harm or threaten the territorial integrity, sovereignty and independence of Ukraine. For this reason, during the reporting period the activities of the employees of *Sputnik's* Latvia version were coordinated from Moscow. At present both L.Minasjana and V.Rožencovs are working from Russia. DP considers that this circumstance combined with staff changes in the leading ranks of *Sputnik's* Latvia version indicate



that the desired results have not been achieved. Despite this, and in spite of initially low ratings, content analysis of Sputnik's Latvia version indicates that the project is being revamped as a seemingly neutral "news" portal unconnected with politics.


During the reporting period, both Russian and Latvian language sites of Sputnik's Latvia version consistently ran human interest and culture-based news. Content analysis reveals that this Russia-funded information resource was attempting to align its content with the interests, lifestyle and needs of the average inhabitant of Latvia. At the same time, messages supporting Russia's geopolitical interest are integrated into the content of Sputnik's Latvia version. Thus, this information resource is seeking to transmit its messages to society in Latvia both intensively and with apparent subtlety.

During the reporting period, the website *baltnews.lv* which is maintained by the Russian information agency *Rossiia Segodnya* continued working in Latvia's information space, as it has since 2014. Information available to DP indicates that this information resource also received funding from *Rossiia Segodnya*. However, the creators of both *Rossiia Segodnya* and *baltnews.lv* tried to hide the site's links with the agency owned by the Russian government and thus its main task – promoting Russia's interests in Latvia's information space.



During the reporting period, Andrei Yakovlev remained as the head of this information resource in Latvia. Since April 2016, this site has also regularly published materials by V.Lindermans. Considering that *baltnews.lv* often republished information from various Russian media and websites, the result was the spreading in Latvia of information produced in Russia about events in Latvia and abroad, together with messages and angles supporting Russia's geopolitical interests.

### 3.2.3. Imhoclub.lv and Autoradio Latvia version in action

 During the reporting period, other Russian information resources continued working in Latvia, which regularly included content favourable to Russia's geopolitical interests. One of these resources was the website "IMHOclub.lv", which mainly functions as a platform for Russian compatriot activists to exchange views.

This site was created in 2011 by compatriot activist Jurijs Aleksejevs, who also participated 18 months ago in creating the Belarus version of "IMHOclub". Information available to DP indicates that "IMHOclub" receives funding from persons linked to organising compatriot policy. This fact combined with the site's editorial and content policies suggests that its founders have set up an information platform embodying the idea of the "Russian world". This is further evidenced by the site's frequent airing of materials by Russian "academics" and "researchers" which supposedly justify the need for the "Russian world".

During the reporting period, messages favourable to Russia were also spread in Latvia by the radio station "Autoradio", which continued its collaboration with *Radio Sputnik*. The editorial policies of "Autoradio" and other Russian-language media and information resources which spread Russian propaganda could in the long-term split Latvia's information space and alienate Latvia's inhabitants from Latvia's information space.



Jurijs Aleksejevs in Riga on 9 May 2016

The so-called "Russian world" is a geopolitical construct invented by academics close to the Kremlin, which seeks to create a feeling of belonging to Russia amongst the inhabitants of countries which emerged from the collapse of the USSR by appealing to their use of the Russian language, cultural traditions, religion and collective memory. The manipulated sense of belonging created on the basis of this artificially constructed "Russian world" is a valuable tool for achieving Russia's foreign policy goals. Russia's aggressive foreign policy demonstrates its readiness to use this instrument to influence decision making in neighbouring countries.

### 3.3. Pseudo news platforms in Latvia

During the reporting period, an increasing role in Latvia's information space was played by a number of so-called clickbait sites which are not registered as mass media outlets but which try to earn advertising revenue by publishing provocative, sensational and misleading information. Information at DP's disposal indicates that these portals are operated by a diverse range of different persons, ranging from those who have previously worked in Latvia's media to others previously unknown in the public space.

These sites mainly republish material from Latvian news portals, concentrating on various events in Riga. As a result, Latvia's information space is flooded with negative and distorted information about politics, economics and social issues. In selecting specific events and news, these sites highlight and construe political and economic events in a light of disaster or failure in a certain area, often exaggerating the extent of the

failure. During the reporting period, contents were sensationally arranged to show that there is a great deal of crime, infringements, crises and debacles in Latvia.

The messages included in content posted using these techniques is then spread further by information resources funded and supported by Russia which further on find their way into Latvian language information resources. As a result, Russian

propaganda messages about Latvia reach a Latvian-speaking audience.

Publishing false, manipulative and low quality content has proven effective in attracting a wide audience, particularly young people. This clearly shows that the growth of social networks and the internet clearly needs to be accompanied by greater media literacy education in society.

## Conclusions and outlook

- Russia's Information Security Doctrine and foreign policy framework adopted at the end of 2016 demonstrate that Russia is prepared to use all information influence instruments to achieve its foreign policy goals. It is therefore anticipated that Latvia's information space will continue to be subjected to pressure from Russian propaganda, aimed at both influencing public opinion and decision making in Latvia and seemingly justifying Russia's aggressive foreign policy.
- The presence of information resources funded and supported by Russia in Latvia's information space meant that during the reporting period Latvia's information space was saturated with interpretations favourable to Russia of Latvian domestic affairs, foreign policy, and particularly defence policy and NATO defence measures in the Baltic countries. Russia's strategic planning documents, which speak about the use of information influence to achieve foreign policy goals, as well as the methods employed by information resources funded and supported by Russia indicate that Russia will further increase its information measures against Latvia. They can also be expected to interfere in the upcoming municipal elections.
- Each of the aforementioned information resources funded and supported by Russia has a unique role to play in influencing Latvia's information space in accordance with Russia's geopolitical interests. Targeting a range of audiences differentiated by the habits and views of their audiences, Russia's propaganda campaign could damage Latvia's information space and cause long-term risks to Latvia's national security.
- The intensity of the Russian propaganda campaign combined with the growing popularity of clickbait sites reaffirms the need for concrete measures to guarantee the security of Latvia's information space, as well as political and social initiatives aimed at increasing public media literacy. An educated and knowledgeable society is the most powerful weapon for reducing the impact of foreign propaganda and ensuring security in Latvia's information space.

## 4. Counter terrorism

As terrorism threat levels remained high in Europe during 2016, counter-terrorism was of increasing importance on the DP agenda.

During the reporting period, as the body coordinating counter-terrorism measures, DP continued developing the national counter-terrorism system. It continued improving interinstitutional cooperation, inspecting critical infrastructure and mass gathering sites and recommending improvements in security measures, as well as holding informative seminars for educational institutions and municipalities about counter-terrorism issues. DP also held the counter-terrorism training “Icarus 2016” at Riga International Airport on 8 September 2016 using all available forces, which tested the readiness of institutions and bodies responsible for counter-terrorism to react to a terrorist attack against a civil aviation object.

### 4.1. Terrorism threat trends in Europe

The changing nature of Islamist terrorist threats in Europe and the terrorists’ high degree of flexibility make the counter-terrorism situation increasingly complex. During the reporting period, significant threats to European security came from both Islamist terrorist groups based in foreign countries, as well as so-called homegrown terrorists who were born in the respective country or were its long-term residents. The war in Syria and Iraq and instability in several states in Africa and the Middle East meant that in 2016 Islamic terrorism spread further geographically, creating direct and immediate threats to European inhabitants and European people in other regions, as well as long-term terrorism risks on the continent. During the reporting period, the greatest terrorism threat to Europe was posed by the terrorist organisation *Daesh*.

According to information available to DP, in 2016 European security and intelligence services managed to stop 30 terrorist acts in various stages of planning. In addition, several dozen persons were arrested for planning terrorist attacks, supporting terrorist activities, spreading *Daesh* propaganda or recruiting persons to travel to Syria and Iraq. However, despite counter-terrorism operations conducted by European security and intelligence services, during the reporting period Islamist terrorists carried out 12 attacks in Europe. It is significant that all the attacks took place in three countries – the UK, France and Germany – and the majority of the attacks were most likely carried out by coordinated groups of attackers. Of the aforementioned attacks, three – on 22 March in Brussels, 14 July in Nice and 19 December in Berlin – were large scale attacks with large numbers of victims. This confirmed that one of the main targets of Islamist terrorists are places where large numbers of people gather.

The terrorist threat situation in Europe affected *Daesh* positions in Syria and Iraq, as international coalition forces pushed

the group out of territories it controlled. This made it difficult for persons to enter *Daesh*-controlled areas and hindered the organisation from filling its ranks in Syria and Iraq with Islamists from Europe. For this reason, during the reporting period the emphasis in *Daesh* propaganda switched from calls to fight in Syria and Iraq to incitement to carry out attacks in Europe using all possible means. For example, the attacks in Brussels and Nice can be regarded as having been carried out by persons inspired by *Daesh* propaganda acting on their own initiative.

During the reporting period, Europe’s security system continued to be affected by the migration crisis. Experience in other European countries shows that foreign Islamist terrorists make use of the streams of refugees to enter Europe. Therefore, during the reporting period increased checking of asylum seekers was one of the priorities of security and intelligence services.

### 4.2. Terrorist threat trends in Latvia

During the reporting period, there were no terrorist attacks in Latvia, and the overall terrorist threat level remained low. However, the terrorism threat trends in other European countries also affected the counter-terrorism situation in our country. The radicalisation of some individuals who then travelled to Syria and Iraq to join terrorist groups continued posing significant risks to Latvia’s national security. This may continue to negatively affect the security situation in Latvia in future.

In 2016, Latvia Moslem community mainly engaged in private activities and did not have a direct impact on security. The Moslem community in Latvia is coordinated by two organisations – the Latvian Islamic Culture Centre (LIKC) and the Culture and Education Centre “Miras” or Habashite movement. While the LIKC’s activities continued to diminish in the reporting period, the Habashite movement organised a number of social activities of varying scale to increase its public profile and strengthen its position within the Moslem community of Latvia.

Although the vast majority of Moslems in Latvia are law abiding, loyal members of society, during the reporting period some members of the community displayed radicalisation tendencies, which could in future threaten the Moslem community and its members and Latvia’s overall national security. Analysis by DP indicates that persons at heightened risk of radicalisation include converts who study in countries with a significant terrorist presence, those who have encountered radical versions of Islam on the internet or in prison, or who have travelled to armed conflict zones. Considering that converts will continue being the most active section of Latvia’s Moslem community, their adopted radical views can negatively affect both the Moslem community and Latvia’s national security. The knowledge and experience gained by converts studying in countries with a significant terrorist presence may potentially aid them in negatively influencing other

young Moslems and their understanding of Islam. This is one of the ways in which radical interpretations of Islam are spread within Latvia's Moslem community.

DP holds information that several members of Latvia's Moslem community are currently in *Daesh*-controlled areas of Syria and Iraq, where they may have been in terrorist training camps, been involved in military action or performed other activities supporting *Daesh* such as spreading propaganda. DP has information indicating that persons from Latvia fitting various profiles are in *Daesh*-controlled areas of Syria and Iraq. Both men and women from Latvia have travelled to these areas together with their young children. Former Chairman of LIKC Oļegs Petrovs has joined *Daesh*. According to information held by DP, during the reporting period Petrovs retained influence amongst some sections of Latvia's Moslem community and spread *Daesh* propaganda materials translated into Latvia. The fact that last year several terrorist acts in Europe were performed by persons regarded as homegrown terrorists who were influenced by *Daesh* propaganda shows that the spreading of such materials on the internet can significantly increase the risks of radicalisations and therefore threaten Latvia's national security.

In 2016, three criminal cases were initiated under clause 77<sup>1</sup> of the Criminal Law for illegal participation in the conflict in Syria. One of these cases is currently before the court of the first instance, while another has been handed over to the prosecutor for criminal interrogation. Information available to DP indicates that during the reporting period several other members of Latvia's Moslem community expressed interest in travelling to *Daesh*-controlled areas in Syria and Iraq and attempted to pursue these plans.

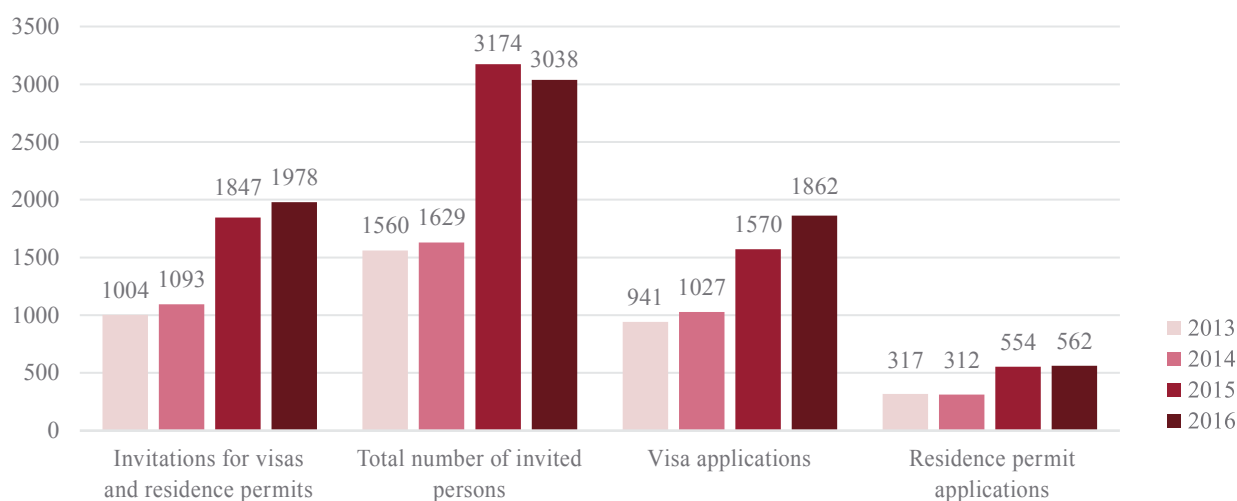
In 2016, DP collaborated with the Ministry of Justice in a working group on "Amendments to the Criminal Law", which proposes expanding the Criminal Law with section IX1 "Offences connected with terrorism". The amendments are drafted in accordance with the 2015 Additional Protocol to the Council of Europe Convention on the Prevention of Terrorism", and taking into account the European Commission's 2015 recommendations on the European Parliament and Council Directive on combating terrorism. These documents propose harmonising legal regulations in the area of counter-terrorism, including criminalising several new forms of crimes, which together with crimes already deemed criminal are included in the new section of the Criminal Law. Activities deemed as criminal include undergoing terrorist training, travelling to a foreign country for the purpose of terrorism, financing, organising and supporting such travel, as well as justifying and praising terrorism. These documents and associated amendments to Latvia's laws and regulations will significantly increase DP's ability to counter terrorism threats in their early stages.

### 4.3. Entry control of foreigners

Together with gathering information about possible radicalisation risks in Latvia, during the reporting period in conjunction with other state institutions DP continued to focus on the entry of foreigners<sup>11</sup> into Latvia. Compared with 2015, during

<sup>11</sup> DP constantly inspects foreigners entering from countries with a significant presence of terrorist groups.

### DYNAMIC OF CHECKS CONDUCTED BY DP





the reporting period there was an insignificant increase in the number of applications for visas and residence permits. In 2016, 1 978 visa invitations and applications for permanent residence permits were checked for a total of 3 038 persons. In addition to these invitations, during the reporting period DP also checked 1 862 visa applications and 562 residence permit applications by foreigners.

As a result of the checks, in 121 cases DP recommended refusing visas, in 16 cases reducing the number of days permitted to stay, and in 20 cases granted approval subject to specific conditions imposed by DP. Of the checked applications for residence permits, in 44 cases applications were rejected, and in 43 cases they were approved with other comments. Unlike previous periods, two of the applications (one for a visa and one for a residence permit) were connected with terrorism risks.

The foreigners being checked were dominated by two categories – tourists and students. Studying at Latvia’s universities was one of the main reason why persons from countries with a significant presence of terrorist groups travelled to Latvia during the reporting period. In 2016, over 100 such persons studied at Latvia’s universities. Although this number has declined compared with previous years, there still remains the risk that radically inclined persons posing as students may try and enter Latvia, thus giving them free access to the whole Schengen Area. This is influenced by the fact that some universities are still careless in checking potential foreign students.

As the experience of European partner services shows that Islamist terrorists use the streams of refugees to enter Europe, during the reporting period DP continued in-depth checks of asylum seekers. Whereas in 2015 310 persons requested asylum in Latvia, last year there were only 166 such persons, returning

to 2013 levels. Asylum in Latvia was requested by persons from Afghanistan, Iraq, Russia, Pakistan, Tadjhikistan and other countries.

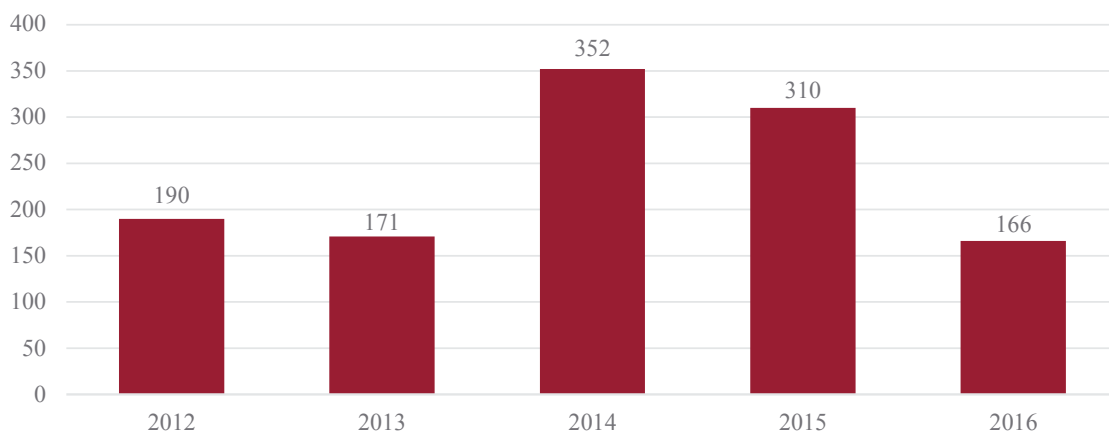
In addition to already-established checks of foreigners, in 2016 there were also checks of asylum seekers residing in other EU countries. Pursuant to the Cabinet of Ministers Order of 2015,<sup>12</sup> in collaboration with the State Border Guard and the Office of Citizenship and Migration Affairs DP performed selection and checking measures for transferred and resettlement-eligible asylum seekers, traveling to Turkey and Greece. DP checked 184 such persons in total. DP also performed checks on persons eligible for resettlement in Turkey in conjunction with Latvia’s Embassy in Turkey and the State Border Guard. Of the persons checked who were to be transferred to Latvia from Greece and Italy, DP recommended that 18 not be accepted because of possible connections by the persons to terrorist or armed groups.

#### 4.4. Preventative measures

During the reporting period, DP continued working to strengthen and improve the preventative national counter-terrorism system. In 2016, DP performed the regular revision of the National Counter-Terrorism Plan and adjusted its content in line with prevailing counter-terrorism challenges. This was done in close cooperation with institutions involved in counter-terrorism measures. The plan stipulates preventative measures to be carried out by institutions involved in counter-terrorism measures in accordance with four terrorism threat levels. The National Counter-Terrorism Plan was first approved in 2008 and reviewed in 2011 and 2013.

<sup>12</sup> Order No 759 of 2 December 2015 “Action plan for persons requiring international protection, transfer and receipt in Latvia”.

### DYNAMIC OF CHECKS OF ASYLUM SEEKERS CONDUCTED BY DP



In 2016, in conjunction with Riga International Airport DP organised the largest ever national-level counter-terrorism training “Icarus 2016,” in order to test the reaction capabilities and cooperation of responsible institutions in the event of a terrorist attack on a civil aviation object. Around 500 persons attended the event, representing the State Police, National Armed Forces, State Firefighting and Rescue Service, Emergency Medical Assistance Service, State Border Guard and Riga Airport. The event provided important information about improvements required for each individual service as well as for response mechanisms and cooperation procedures, to enable the respective state institutions to respond as effectively as possible to a terrorist threat situation. During the reporting period DP also organised the table top exercise “Code Red 2016,” aimed at increasing institutional readiness to take preventative measures in the event of a heightened national terrorism threat level.

Last year, DP officers also continued to check security at critical infrastructure objects. In total, 63 critical infrastructure objects were inspected and 42 recommendations were made to improve physical security at these objects.

In addition, a series of seminars was held to inform officials from municipalities, critical infrastructure objects, and mass gathering sites about counter-terrorism issues, i.e. security risks and action in threat situations. The seminars were held in Cēsis, Liepāja, Ventspils, Jelgava and Preiļi municipalities.

During the reporting period, seminars were also held at Riga’s biggest shopping malls as well as for representatives of security companies and the Latvian Hotels and Restaurants Association. Over 700 persons took part in these seminars and training events held by DP. They were the most intensive counter-terrorism information and education events to date.

DP is continuing to work on the national contact point established in 2015 for reporting suspicious activities with explosive precursors, including cases of theft and loss. Latvia’s biggest companies dealing with explosive precursors on a daily basis were informed about how to identify suspicious activities and how to respond in the event of theft or loss. In addition, an informative seminar was held for the biggest importers, traders and manufacturers of explosive precursors and officials from relevant state institutions on security aspects of explosive precursors.

#### **4.5. Creation of the airline Passenger Data Register**

In 2016 DP continued working on creating an airline Passenger Data Register (hereinafter – PDR) here in Latvia. The PDR is a state information system which will include information from reservations and departure control systems to ensure monitoring and processing of persons or flight reservations made in their name.



*The national-level counter-terrorism training “Icarus 2016” at Riga International Airport*

The creation of a PDR in Latvia is based on an EU initiative for common regulations on the use of passenger data in the fight against international terrorism and crime. The system will allow state security and law enforcement bodies to determine the travel routes of persons connected with terrorist or organised crime groups, as well as identify persons who have not previously been suspected of involvement in terrorism or serious crimes. Common regulations will allow EU member states to analyse passenger data and to securely and efficiently exchange information to reduce terrorism risks and crime levels across the EU.

During the reporting period, work was completed on the EU co-financed process, "Creation of a Passenger Data Register (PDR) system in Latvia". Under the project, PDR analytical software was developed, technical equipment required for PDR and a Passenger Information Department was created to process passenger data. Work also continued on the legal framework for passenger data processing in line with the 2016 European Parliament and Council Directive 2016/861 on the use of Passenger Data Register (PDR) for

preventing, detecting, investigating and prosecuting terrorist acts and serious crimes. To ensure passenger data processing required for preventing and detecting terrorist acts, crimes and very serious crimes as well as preventing threats to national security, in conjunction with the Ministry of the Interior DP created the draft law, "Airline passenger data processing law", which was adopted by the Saeima on 19 January 2017. The law entered into force on 3 April 2017 and makes it obligatory for airlines to begin sending passenger data for inclusion on the PDR by 1 September 2017.

It should be noted that state security and law enforcement bodies will only be able to obtain passenger data from the PDR with a court order. Latvia's regulations are thus the strictest in the EU. The DP will not process sensitive persona data and will make all data anonymous by masking personal identification data six months after the data is included in the register.

In addition to this law, cooperation with the Interior Ministry also produced the Cabinet of Ministers Regulations "Requirements for sending airline passenger data and their inclusion on the airline Passenger Data Register".

## Conclusions and outlook

- In the last two years, Europe has seen five major terrorist attacks as well as several smaller scale stacks by Islamist terrorists. Terrorism threat trends indicate that the security situation in Europe will not improve in the foreseeable future. There is a risk that more Islamist terrorist attacks will occur in Europe.
- As *Daesh* continues to lose ground in Syria and Iraq, its ability to plan and carry out attacks in European countries is diminishing. For this reason, during the reporting period the emphasis in *Daesh* propaganda switched from calls to fight in Syria and Iraq to incitement to carry out attacks in Europe using all possible means.
- Last year's attacks in Nice and Berlin show that Islamist terrorists are continuing to seek simpler methods to harm as many victims as possible. Significant changes to terrorist targets are also not expected. It is anticipated that in future Islamist terrorists will continue targeting places where large numbers of people gather, as well as targeting officers from law enforcement institutions as well as armed forces.
- Active mobilisation by terrorist groups in Latvia is not expected, and the risk of terrorist acts is low. It is forecast that the terrorism threat level in Latvia will remain low for the forthcoming year. However, there are risks of radicalisation within Latvia's Moslem community.
- Converts are currently the group of persons at greatest risk of radicalisation. Furthermore, extended stays in terrorism risk countries by converts may result in their radicalisation, and after returning to Latvia from their studies such persons may spread their radical interpretations of Islam to other members of the Moslem community.
- Traveling to Syria and Iraq to join *Daesh* will continue to affect the terrorism threat situation in Latvia. The systematic circulation amongst Latvia's Moslem community of *Daesh* propaganda may inspire some Latvian Moslems to travel to *Daesh*-controlled areas.

## 5. Economic security

The importance of protecting Latvia's economic security as a part of overall national security continues to increase. During the reporting period, economic sovereignty was affected by a number of factors, including foreign countries employing economic instruments for political ends and exploitation of economic subjects in informational campaigns.

After NATO and the European Union and Russia extended their economic sanctions against each other, Russian propaganda continued speaking about their "devastating impact" on Latvia's economy, framing a wide range of economic issues under this banner. The reduction of transit volumes from Russia to Latvia was one of the subjects used for this propaganda against Latvia. Analysis of information by DP suggests that the real aim of these and similar narratives was to saturate Latvia's media space with information as a diversion from Russia's infringements of international law, as well as creating public dissatisfaction to try and influence Latvia's support for continuing sanctions by the European Union against Russia.

In addition to the informational campaign, in 2016 external pressure on Latvia's economic interests continued from the reliance of important sectors of the economy on a single supplier, which could use this dependency to influence socio-political processes. This was most visibly manifested in sectors vital to national security and society such as energy and transit, which still have significant Russian influence. Although Russia continued its declared policy of routing cargoes to its own ports, resulting in a drop in cargo volumes in Latvia's transit corridor, Russian capital retained a strong presence in Latvia's transit sector. This means that Russia retains economic instruments to influence political processes.

In 2016, Latvia concluded lengthy entry negotiations and became a member of the Organisation of Economic Cooperation and Development (OECD). It is important from now on to make use of the advantages conferred by membership of this international body, including strengthening our national security under complex geopolitical conditions.

### 5.1. Energy security

During the reporting period, Russia remained Latvia's sole supplier of natural gas. Although supplier diversification is the trend in the overall European gas market, our country continues to be dependent on a single supplier. The reporting year began with one of the most important events for energy security in recent years – adoption by the Saeima (Parliament) of amendments to the Energy Law, ushering in liberalisation of the energy market from 3 April 2017. Thus, the legal framework is in place for the formal liberalisation of the energy market and the creation of a single Baltic energy market, allowing customers to freely choose

their natural gas supplier. Under this process, DP has regularly provided information to policymakers and decision-making state institutions.

Despite active opposition to natural gas market liberalisation by several managers of AS "Latvijas Gāze", the process has also resulted in structural changes to JSC "Latvijas Gāze" with the formation of a new company, JSC "Conexus Balti Grid." It is expected that the new company will operate in the natural gas transmission and storage market, taking over assets formerly owned by JSC "Latvijas Gāze" – the Inčukalns underground storage complex and gas mainlines. Henceforth, it is important that market liberalisation is a reality not just a formality, i.e. ensuring that the future shareholder(s) of JSC "Conexus Balti Grid" are not the same as or proxies of the shareholders of JSC "Latvijas Gāze" and are genuinely interested in market liberalisation. To achieve this, long-term regulations must be developed which would both facilitate market development and protect national security interests.

The amendments to the Energy Law, identified risks to natural gas market liberalisation and other economic processes which during the reporting period could potentially pose risks to national security reinforced the need for regulations in situations where influence over an enterprise of importance to national security is gained by an individual or company which could act against the interests of the Republic of Latvia. Therefore, the amendments to the National Security Law adopted by the Saeima in 2017, which stipulate a special legal framework for enterprises of importance to national security, including JSC "Latvijas Gāze" and JSC "Conexus Balti Grid", are in DP's view an important step towards ensuring that new, independent players really enter the natural gas market.

Along with liberalisation of the natural gas market, another important factor in strengthening Latvia's economic security is the possibility of liquefied natural gas (LNG) supply, which are a significant alternative source of gas for Latvia compared with traditional gas supplies from Russia. During the reporting period, various initiatives connected with LNG were proposed, however up to now most projects have been aimed at small scale consumption or narrow objectives, therefore for the foreseeable future they will have no impact on overall energy independence.

### 5.2. Transit

During the reporting period, as with energy, despite political differences Russia is still Latvia's major partner in the transit sector. Unlike in recent years, Russia systematically carried out its declared intention of rerouting transit cargo from the Baltic countries to its own railway and port infrastructure.



This policy of protectionism for Russia's ports and railways is based on protecting national interests, and in DP's view is driven by economic rather than political considerations. Since Russia has previously stated its intention to change its transport infrastructure, the significant reduction of transit volumes in 2016 should not be seen as a spontaneous reaction to tensions with NATO and the European Union. Analysis shows that this situation will remain unchanged in the future, since Russia has developed railway and port capacity to a sufficient volume, therefore there is little chance of transit cargoes returning to previous levels, irrespective of relations between NATO and the European Union and Russia.

Given the reduction in transit volumes from Russia, it is imperative for reducing economic risks that the countries of origin of cargoes be diversified. In 2016, there was increased activity in Latvia in seeking alternative cargo suppliers over Russia. An important step in the direction of cargo diversification was the "16+1" summit in Riga, during which Latvian and Chinese officials signed a number of protocols of intent on future cooperation. The most prominent transit project unveiled at the summit was a trial container train which made the journey Yiwu (China) - Zabaikalsk (Russia) - Riga. DP considers that the cooperation with China started at the summit will be a long-term process and will demand ongoing, systematic work from Latvia's institutions. Along with China, maintaining Latvia's port infrastructure will require intensive work sourcing cargoes from other regions.



*Illustrative image*

Together with cargo diversification activities, the Rail Baltica project is gaining increasing importance. DP considers this to be one of the most important projects for Latvia's transport sector, with the potential to develop railway services in the north-south direction, allowing interaction with the existing 1524 mm gauge railway network and opening up opportunities for the logistics sector as a whole. Rail Baltic also has geopolitical importance, since it provides for restoring the links between Latvia's railway network and the European 1435 mm/standard gauge which was dismantled during the Soviet occupation following the Second World War. In 2016, an agreement was signed between the three Baltic countries on the implementation and financing of Rail

Baltica, which was a precondition for receiving European Union funding. During the reporting period, DP identified several information countermeasures aimed against the successful implementation of this project by Russian information resources and compatriot activists.

### **5.3. Financial security**

DP considers that the risk of Latvia being used for money laundering or financing terrorism has reduced thanks to stricter regulations and successful work by the regulator, the Financial and Capital Market Commission. During the reporting period, heightened attention was paid to banks servicing non-residents, aimed at improving these banks' internal oversight mechanisms to prevent money laundering or financing terrorism. While in the short-term this may reduce the profits of some banks, the international reputation of the financial sector will be increased in the long-term.

During the reporting period, a few players in Latvia's financial market continued actively working with non-residents, who formed a significant portion of these banks' clients. This continued orientation toward non-residents by some financial institutions poses the risk that Latvia's financial system could be used for hiding income from tax and law enforcement institutions. In turn this could negatively affect the reputation of Latvia's financial system and cooperation with strategic partners, with negative impacts on economic security and development and national security as a whole.

During the reporting period, DP conducted checks on possible cases of financing terrorism, and eight applications were received from the Prevention of Laundering of Illegally Obtained Funds Service. After conducting checks, in all cases DP decided not to press criminal charges, since evidence of criminality was not found.

During the reporting period, there was increased activity in the financial sector by the so-called non-bank lending sector. This sphere is growing rapidly and offers an increasing range of products which are not always properly regulated. DP considers that one of the risks associated with this sector is the uncertain origin of capital in some cases and difficulty establishing true beneficiaries, which could negatively impact on the system for preventing money laundering and terrorism financing in our country.

### **5.4. Temporary residence permits in exchange for investments**

In 2016, DP continued to check foreigners applying for temporary residence permits (hereinafter – TRP) in exchange for making investments in Latvia pursuant to clause 23 section one

paragraphs 28, 29, 30 and 31 of the Immigration Law.<sup>13</sup> In 2016, a total of 1864 TRP in exchange for investments were issued by Latvia, of which 673 TRP were issued for the first time and 1191 TRP were reissued for a five-year term. During the reporting period, the dynamic of demand for TRP was affected by the interest of foreigners who obtained TRP five years ago to extend them for further five years, while there was a continued decline compared with 2015 in the number of foreigners wishing to obtain TRP for the first time.

The greatest interest in obtaining TRP continues to be from foreigners purchasing real property as an investment. However, out of 1597 applications for TRP, only 514 were for first time issue. During the reporting period, 115 TRP were for investments in company equity, of which 85 applications were first time applications. There were 112 TRP applications for investments in bank capital, of which 37 applications were first time applications. 38 TRP were requested for investments in interest-free state bonds, of which 37 applications were first time applications. DP considers that investment activity by foreigners in Latvia in 2016 was largely affected by fluctuations in the economic situation in Russia and changes to regulations in Russia.

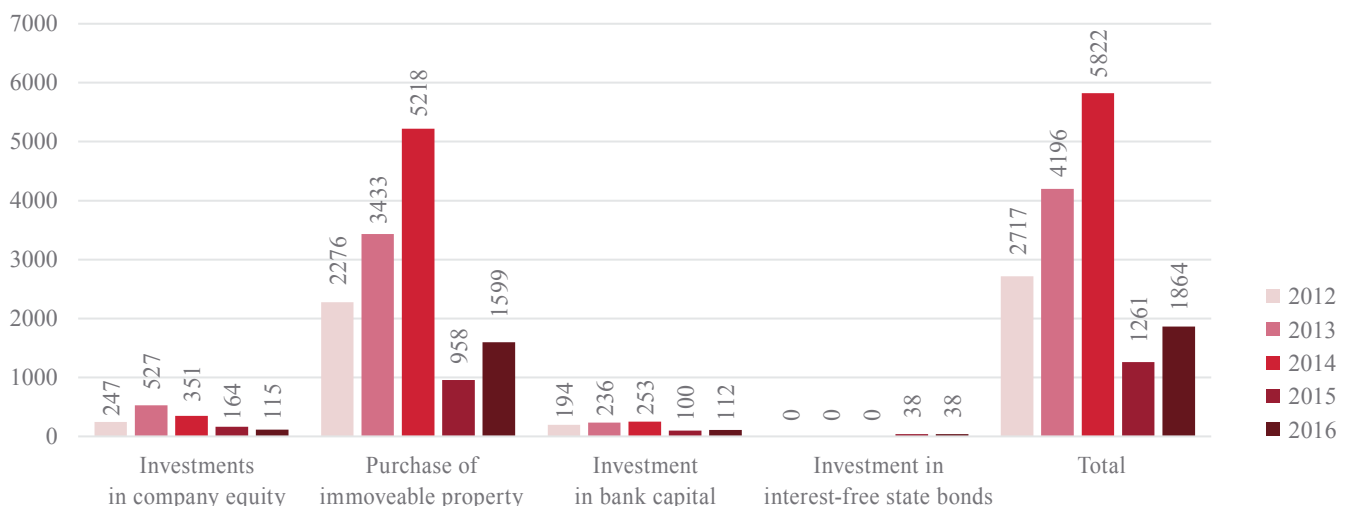
<sup>13</sup> Clause 23 section 1 paragraph 28 of the Immigration Law provides for granting TRP for a period not exceeding five years if a person has made an investment in a share company of at least 50 000 EUR, or a payment to the state budget of 10 000 EUR, paragraph 29 stipulates that if a person has purchased in Latvia and owns one functional immovable property with a value of at least 250 000 EUR, paragraph 30 stipulates that if a person has obligations of a Republic of Latvia lending institution of at least 280 000 EUR, and in requesting TRP pays 25 000 EUR to the state budget, while paragraph 31 stipulates issuing TRP for a period not exceeding five years based on investments in interest-free state bonds with a nominal value of 25 000 EUR and pays 25 000 EUR to the state budget.

Examining the breakdown of TRP applications by countries, despite the economic situation the largest number of TRP applicants in exchange for investments in Latvia still come from Russian citizens, totalling 1 340 applications or 72% of the total. The second largest group are Ukrainian citizens with 163 applications (9%), followed by Kazakhstan with 91 (5%), China with 71 (4%), Uzbekistan with 37 (2%), and other countries with 160 (8%). The TRP applicants included 86 persons from countries covered under Cabinet of Ministers Regulation No 554 of 21 June 2010 “Regulations on countries whose citizens are subject to additional checks when issuing visas or residence permits”.

In 2016, after examining their applications DP ruled to reject TRPs to 30 foreigners. During the reporting period, DP continued to review the TRP of foreigners required to annually register for TRP. As a result of these checks, DP ruled to reject TRPs for 11 persons. TRPs were rejected or annulled on the grounds of negative information held by DP or discovered risks to national security, which are grounds for restricting a foreigner’s access to TRP in Latvia:

- In 46% of cases espionage risks were discovered, i.e. the TRP applicant is or may be used by a foreign intelligence service for activities against the interests of Latvia;
- In 22% of cases economic risks were discovered, for example there were justified suspicions that the person was involved in money laundering or criminal charges have been brought against the person in their home country for large-scale economic crimes;
- In 32% of cases other threats to national security were discovered, including risks to the constitutional order, for example the person had links to Russia’s compatriot policies.

### DYNAMIC OF TRP APPLICATIONS BY INVESTMENT TYPE

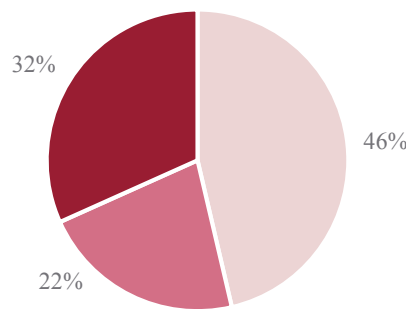


DP considers that the amendments to the Immigration Law and other regulations as well as strengthening of DP's capabilities has achieved the desired effect – examinations of

TRP applicants have become more effective, thus limiting the potential to use TRP in exchange for investment for activities which threaten national security.

### REASONS GIVEN FOR REFUSING OR ANNULING TRP

- Espionage risks
- Economic risks
- Risks to constitutional order and other national security risks



### Conclusions and outlook

- Since liberalisation of the natural gas market will allow new players to enter Latvia's natural gas market, it is essential that market diversification is genuine rather than formal in nature.
- Russia is increasingly redirecting transit cargoes to its own railway and port infrastructure. This means that irrespective of political relations between NATO and European Union member states and Russia, volumes of transit from Russia will probably not return to their previous levels. Therefore, Latvia must continue to diversify its transit cargo business and develop the Rail Baltica project.
- DP forecasts continuing decline in activities by non-residents in Latvia's financial sector. This will facilitate the migration of non-residents to countries with weaker regulatory environments. Therefore, some smaller banks specialising in servicing non-residents may be sold, merge or exit the market.
- During the reporting period, there was ongoing stability in the number of foreigners making their first applications for TRP in exchange for investments in Latvia, and DP predicts there will be few changes in this area. Moreover, amendments to the Immigration Law have come into force which provide for suspension of the TRP for investment program if a significant increase in applicants from a concrete country poses a threat to national security.
- Thanks to the amendments to the Immigration Law and strengthening of DP's capabilities, the risk of TRP being used to endanger national security has reduced. DP believes that the current legal framework is effective, but potential changes such as reducing the amount of investment required for TRP could increase the risks.

## 6. Pre-trial investigation

DP is the only one of the three state security and intelligence services which, in addition to counterintelligence and operational activities, has the right to conduct pre-trial investigations. DP is assigned a very special competence in the criminal investigation sphere, i.e. investigating crimes which threaten state security (for example, crimes against the state, its constitutional order, territorial integrity, crimes within state security institutions, spying, illegally participating in armed conflict, terrorism, disclosure of state secrets etc.), or crimes assigned for investigation to DP by the general prosecutor.

During the reporting period, DP initiated 18 criminal cases, with a further four criminal cases transferred from other investigating bodies. Criminal cases are initiated based on information obtained by DP, submissions from natural or legal entities and information provided by other law enforcement bodies, as well as separating them from other criminal cases in DP's records and the General Prosecutor.

Despite a numerical decline compared with previous years, due to the complicated nature of the criminal cases the volume of investigation actually increased. In 2016, DP made the first arrest of a resident of Latvia on charges of spying under Clause 85 of the Criminal Law. Considering the harm caused by spying for the security of Latvia and its allies, the decision of the legislature to express Clause 85 of the Criminal Law in a new redaction and expand the definition of spying has significantly

increased DP's capacity to use the criminal law against threats to national security.

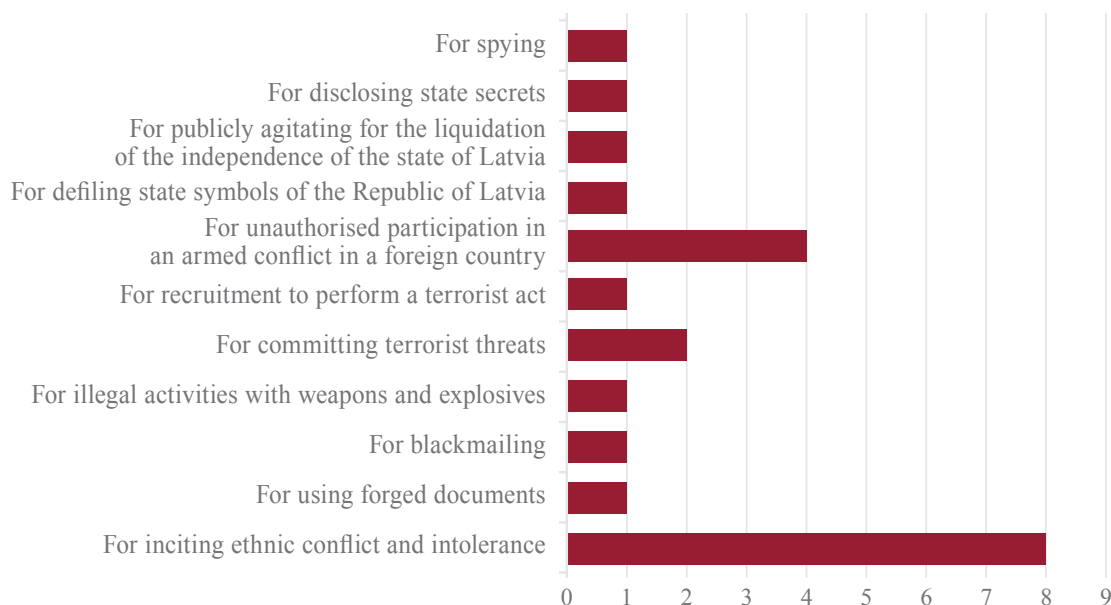
During the reporting period, DP forwarded 11 criminal cases to prosecutors for criminal interrogation, recommending criminal charges against 11 persons. It is notable that criminal proceedings were initiated for the first time under Clause 77<sup>1</sup> of the Criminal Law, i.e. illegal participation in armed conflict. Of these, one was for participating in the war in Syria and one was for participating in the conflict in eastern Ukraine. One case was given over for criminal prosecution in connection with breaching sanctions imposed by the Republic of Latvia and the international community, one for illegal actions with munitions and six for inciting ethnic conflict and intolerance.

In 2016, a decision to terminate the matter was taken for six criminal cases in DP's records. Of these, in three cases charges were dropped because evidence of a criminal nature was not found, while in four cases the statute of limitations had expired. A further four cases were transferred in accordance with competence to the State Police.

During the reporting period, DP received and fulfilled four requests for assistance from foreign law enforcement bodies.

At the start of 2017, DP had 87 criminal cases in its records, incl. 13 criminal cases initiated in 2016.

### CRIMINAL CASES INITIATED BY DP OR TRANSFERRED FROM OTHER BODIES IN 2016





## 7. Protection of top state officials

DP is responsible for protecting the Speaker of the Republic of Latvia Saeima (Parliament) and Prime Minister, as well as ensuring the security of officials of foreign governments and international organisations on visits to Latvia<sup>14</sup>. In performing these duties, DP in collaboration with other state and municipal institutions also provides security at high level events where persons protected by DP are participating.

During the reporting period, DP provided security for the Speaker of the Republic of Latvia Saeima and Prime Minister on a daily basis, when they attended public events as well as on foreign visits. DP provided security for the speaker on nine foreign and one national trips, and 13 foreign and 23 national trips for the prime minister. DP also provided security during visits to Latvia by 80 officials from foreign governments,

<sup>14</sup> Security for the State President of the Republic of Latvia and protected officials of foreign governments and international organisations is provided by the National Armed Forces Military Police.

international organisations and institutions. Depending on the threat level and in collaboration with other state and municipal institutions, physical protection was ensured by bodyguard escorts, vehicle escorts, and protection of permanent and temporary places of residence.

In order to update the measures taken by DP to provide security for protected persons and the spheres of responsibility of state and municipal bodies involved in providing security, in 2016 the Cabinet of Ministers regulations stipulating the order in which DP provides security for protected persons and collaborates with other institutions in organising such measures were reissued.

In 2016, DP was also responsible for providing security at several high-level events, at which DP provided security for officials from foreign governments, international organisations and institutions. During the reporting period, Latvia organised the NB8 (*Nordic-Baltic 8*) events involving cooperation between the Baltic and Nordic countries. The year also saw tree high-level



*Official ceremony at Riga's Freedom Monument during the "16+1" event on 4 November 2016*

events with the participation of top officials from Baltic, Nordic and Visegrad group countries, with DP involved in security. Latvia also organised the “16+1” events in 2016. The most important of these events was the fifth “16+1” heads of government meeting held in Riga on 3-6 November, which in terms of security measures was the biggest event since the fourth Eastern Partnership Summit held in Riga in May 2015 during Latvia’s Presidency of the Council of the European Union.

In providing security for the “16+1” event, several incidents were averted which could have risked the safety of foreign officials in Latvia. These incidents were connected with attempts to gain unauthorised access and provocative actions at “16+1” events which threatened their smooth functioning. Security also interdicted several attempts to disturb the safe transportation of foreign officials.



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