JOHN HUGHES: (Sounds gavel.) Well, good afternoon, and welcome. My name is John Hughes. I am an editor for Bloomberg’s First Word, that is Bloomberg News’s breaking news desk here in Washington. And I am the President of the National Press Club. Today, we are honored to welcome Raimonds Vējonis, the President of Latvia. I always say that the National Press Club could be called the International Press Club because of the important world leaders who come here and give important speeches. And I want to thank President Vējonis for continuing this tradition today.

I also want to welcome our other guests here in the room, as well as our audiences on C-SPAN and on Public Radio. You can also follow the action on Twitter. Use the hashtag NPClive. That's NPClive for our Twitter audiences.

I want to thank my National Press Club colleague, Kasia Klimasinska. She is a member of the Press Club’s Speakers Committee, and she was so valuable in helping to organize today’s event. She is recovering from a bicycle accident right now. We wish her the best, and she can't be with us. I also want to recognize the Vice President of the National Press Club, Mr. Tommy Burr, who is helping with questions today in Kasia’s absence, and our immediate past President of the National Press Club, Myron Belkind who is well known for expanding the international efforts of the National Press Club, is also with us today.

Mr. Vējonis is Latvia’s fifth president since the country regained independence in 1991. Born to a Latvian father and Russian mother, he is an environmental engineer by training. He previously served as the Minister of Environment, and also as the Minister of
Defense. He is the first Green Party president in the European Union. Security is his top priority. He has described Latvia’s accession to NATO as, “The most important foreign policy decision in the history of Latvia’s restored independence, period.”

When the crisis in Ukraine began, one of the first issues Latvia brought up was insuring a greater presence of NATO forces in the Baltic region. Latvia was also among strong supporters of European Union sanctions against President Vladimir Putin over Ukraine. At a press conference after winning the presidential vote in June, President Vējonis said his priority will be external and internal security. The nation plans to double spending on defense to two percent of GDP in 2018. He called Russia an unpredictable state and said the military defense capabilities of the Baltic States must be bolstered.

While tensions between Latvia's neighbor Russia and Ukraine persist, the country is also struggling with the refugee crisis. Like many eastern European countries, Latvia doesn't have any recent experience in dealing with refugees. Hundreds of Latvians protested recently against the government’s decision to take in 776 refugees. Next year, Latvia plans to join the Organization for Economic Cooperation and Development, or OECD. Among the Baltic nations’ main targets is also to strengthen the transatlantic partnership. Latvia wants to move forward with the transatlantic trade and investment partnership between the U.S. and the EU. You may know of this as TTIP.

Now, I would like to hand over the podium to our honored guest. Please join me in welcoming Latvian President Raimonds Vējonis to the National Press Club. (Applause)

PRESIDENT VEJONIS: Thank you so much. Good afternoon, everybody. It’s a great honor for me to speak here together with such audience. In reality, this is the first time for me such audience. But anyway, I will try to do the best.

Latvia, during its independency, has become a modern democratic and economically developed country enjoying today a level of Atlantic community. Latvia and United States share many goals. We have strategic partnership with close cooperation on security issues and also we share mutual aspirations for successful development of trade relations.

Latvia also has strong interest and intention to deepen economic ties, in particular further attracting U.S. investments. We have excellent examples of mutually beneficial investments like the Bank of Citadel [?], factory Jeld-Wen in Latvia and also Valmiera fiberglass in Georgia, USA. It means that our economic and military cooperation is really very strong in the U.S., is our main strategic partner.

Having said this, I would like to continue by expanding on a few ideas. First, security policy, NATO and the U.S. engagement in Europe. NATO has been at the heart of our transatlantic bond since the end of the Second World War. And despite the dramatic changes in our Atlantic security environment, NATO has served well in insuring peace and security. NATO is strongly performing in its task because of its ability to continuously adapt.
Russia's readiness to change borders by force and increased military posture at our borders has undermined European security. This is a long time trend and it will continue. On the other hand, ISIL is willing to challenge the existing world order based on the rule of law. These challenges are reinforced by the growing threat of hybrid warfare.

The key element in NATO’s adaptation is deterrence. It should be credible and effective so that no one even thinks about attempting to destabilize our region. For this, we need strong military presence of NATO forces in the Baltic region. We are thankful for the U.S. leading role in providing the military presence in the Baltic States. Other allies should also step up.

We are ready to do more including by increasing defense spending to two percent of GDP by already mentioned 2018. And for example, next year the defense spending will be 1.4 percent of GDP comparing with this year, 1 percent. We increase by 0.4 percent. In 2017, 1.7. It means we are going very strongly forward to fulfill this need. And in preparing the NATO Warsaw summit and beyond Europe and the Baltic Sea region, in particular, we’ll need strong U.S. engagement in many areas including security so that our region remains as peaceful as it was in past and it is today.

The second point, Russia-Ukraine. The Russian aggression towards Ukraine has forced us to rethink the European security in general. And the conflict in Ukraine also underscores the importance of our transatlantic unity. It was reassuring to see the firm position the United States took on this issue. Some say the sanctions against Russia are not working and should be mitigated. Some would like them to be even stronger. Our view is that the most important is united response by the EU, U.S. and other likeminded allies and partners towards the aggressor. Violations of international law cannot be tolerated.

EU will continue the two track approach towards Russia, combining both negotiations and restrictive measures. The current cease fire in eastern Ukraine is a good sign. We would hope this marks the beginning of an overall progress towards a peaceful settlement. I would like to emphasize that a complete and verified implementation of the Minsk Agreement including reinstatement by Ukraine of control over its border, is a precondition for reviewing the restrictive measures against Russia. The illegal annexation of Crimea will burden our relations with Russia in the long term and will require strategic patience.

The conflict in Ukraine has brought urgency to counter Russian propaganda. We have to provide smart answer at the level of the EU and NATO. And also, taking into account needs to be addressed at national level.

Third point, eastern partnership, one of the main strategic priorities for Latvia, is the eastern partnership and our approach is consistent implementation of the eastern partnership policy in accordance with the Riga Summit Declaration insuring continuity of
the eastern partnership policy. And the task of the EU, U.S. and other likeminded countries is to strengthen partners resilience and ability to cope with their challenges.

Fourth, already mentioned it, TTIP. Another important issue on the EU-U.S. agenda and we have ongoing negotiations on this partnership. This straight agreement really will not only stimulate economies on both sides of the Atlantic, but also strengthen our geopolitical partnership and your strategic partnership.

OECD continuing about economics, I would like to note that Latvia is a growing economy which welcomes the U.S. businesses and we have everything what the U.S. business needs. For instance, we have one of the fastest internets in the world. Innovative and open business environment, developed tax policy, railroad infrastructure, and ports. We consider that OECD members should put the accession process to the OECD as an opportunity for continuing introducing our forms and best practices implementing social and economic policies, improving services, to all our citizens. And hopefully, we’ll finish our technical discussions by the end of 2015 and join OECD in 2016.

I would like to mention also energy policy. And energy policy is of high significance on the Latvia and transatlantic agenda and we believe it has an essential role informing policy, taking into account the close links between energy policy and geopolitics. The new EU energy union calls for increased cooperation and the dialogue with strategically important energy providers and transit countries. And besides energy security, Latvia would adopt the new strategy improving governance and transparency which empowers consumers, increase energy efficiency, enhances regional cooperation, and facilitates access to finance for energy projects.

It is Latvia's intention to further develop regional infrastructure and create a fully functioning liberal, transparent and competitive regional Baltic gas market giving us the opportunity for closer cooperation with the U.S. and other LNG exporting countries. We have the central role as a regional market liberalization process due to our natural underground gas reservoir. But when we speak about energy, also climate change is a very important issue and we are looking forward to continue to construct the cooperation with the U.S. on the road to Paris agreement and hopefully in Paris, we will adopt the new regulation on climate change.

I was absolutely brief in introducing a few important topics, but I am completely sure as all the strategic cooperation will continue to develop and the euro [?] Atlantic community will become more integrated in the years to come. We have one common vision about our future which is free, peaceful and prosperous as well. And we can and must work together to reach this goal. Okay, now I am open for questions. (Applause)

**MR. HUGHES:** Thank you, Mr. President. Could you give us a sense-- you mentioned the Minsk Agreement. How optimistic are you that that will be implemented or how many doubts do you have?
PRESIDENT VEJONIS: I am quite pessimistic. Not so optimistic like others because we see that Minsk Agreement must be fulfilled by all parties who signed this agreement. Ukraine is doing the best what they can, and I hope that they will succeed and reach all these points mentioned in this agreement. But, totally another situation is with Russia and separatists. And we see the key problem will be to establish the border between Ukraine and Russia. It must be ended by end of this year, now we have only three months left and we see that no real movement forward. It means in the end of this year, or in the beginning for Europe countries probably in the beginning of next year, we will return back to negotiation of economic sanctions, what we will do, prolong, make more stronger sanctions or keep on the same level. We’ll see. But anyway, it will be quite hard discussions in the end of this or beginning of next year.

MR. HUGHES: Does Russia pose a threat to Latvian security?

PRESIDENT VEJONIS: (Laughter) We are members of EU and NATO and we are sure that all our partners will follow the paragraph number five in treaty and we will together defeat the Baltic region. But, of course, according to our information is a risk of potential military invasion in the region is quite low. But anyway, we can't sleep, we must develop and strengthen our armored forces. And we are doing so. All three Baltic countries, we increase defense budget. Okay, Estonia was better countries, they already had a 2 percent of GDP for defense. But anyway, now in Latvia and Lithuania also is very strongly committed to reach 2 percent by 2018. And we will work on that.

In the same time, we are looking for more visible NATO partners presence in the region because we saw from different military games that organized by very prominent institutions here in U.S., that we really need to strengthen the presence of NATO forces in the region not only by number of soldiers on our land ground, but also by increasing pre-positioning of different equipment, ammunition in the region.

Because in our case, if we speak about possible aggression, the most important issue is time of response. And if we want to shorten this time, we really need higher presence of NATO forces in the region and also pre-positioning of equipment, technique, ammunition in the region. It will be more shorter because if we just-- U.S. decides to help and we are sure you will decide, but anyway, we need many days to transport equipment to Europe. It means they need to find solutions. It also will be one of the questions what we will discuss probably during the next NATO summit in Warsaw, how we will continue with strengthening NATO presence in the region.

MR. HUGHES: You mentioned sanctions a little earlier. Do you think the sanctions against Russia definitely should be extended beyond this year?

PRESIDENT VEJONIS: Yes, I think so. I think so. But anyway, the economic sanctions really suffer, also many countries. And I said the discussions will be very hard because Europe economy suffers from economic sanctions and some countries will discuss a lot on that. And Russia trying also to influence different countries through finding only solutions for certain countries, cheaper gas, cheaper energy, better financial
conditions and so on. It means they also are not sleeping, they are trying to find the ways how to influence EU countries to be separate and not united. But our strengths of EU is in unity of EU countries.

**MR. HUGHES:** How about Latvia? Does Latvia feel any harm from the economic sanctions against Russia? Does that affect your country?

**PRESIDENT VEJONIS:** Yes, of course, it affects and some branches suffer from economic sanctions, mainly related to agriculture. It's milk production, meat production and fish production. We can say there's three main branches who suffer a lot from that. But in the same time, any crisis is good time to little bit rethink and probably change markets where you are working. And many companies during this year really change markets and know they feel, I can say, better than in Russian market. Because Russian ruble is also floating and they are paying with rubles and it’s not so convenient for our business, do bank rates.

**MR. HUGHES:** You touched on this a little bit, but this questioner wants to know how do you assess NATO’s and EU’s ability to protect the Baltic States?

**PRESIDENT VEJONIS:** As I said, I'm sure that NATO is able to protect all NATO countries according to paragraph five. In different high level meetings, we were supported by leaders of NATO countries. And I'm sure that it will work.

**MR. HUGHES:** You mentioned upcoming meetings and talking about increasing NATO’s presence in the Baltic States. Do you have ideas that you can share on how specifically NATO could increase its presence in a better way in the Baltic States?

**PRESIDENT VEJONIS:** Once more, the first by increasing the number of soldiers on our ground and our commanders of armed forces calculated how much troops we need. And we speaking about to battalion size unit in each of the Baltic countries and Poland. It means about 2,000 troops together. Secondly, pre-positioning of different military equipment, ammunition, et cetera. Thirdly, we must work more closely together and propose what we can do with informational warfare because it’s a problem not only for the Baltic region, it’s a problem for all Europe and here, again, it’s quite open market to ideas how we can deal with this problem because the strategic communication issue becomes more and more important in our life.

**MR. HUGHES:** There's close banking ties, ties in the banking sector, between Latvia and Russia. Does this prompt any concern to have those close banking ties between the two countries?

**PRESIDENT VEJONIS:** Maybe I'll add on the last question. One more thing where we need to strengthen is better common chain within NATO. That it means that more quicker decision preparation and decision taking in NATO. It means some more responsibilities to NATO commander to make decisions in a case of any aggression.
But speaking about banks, yes some of Latvian banks belongs to Russian investors. But, these banks are working accordingly to European regulations and we don’t see any problems. Because our bank market is divided between, you can say, between two parties; Swedish and post-Soviet. It means Russia and Ukraine and now we have also U.S. investors in one bank. It means that three key investors in our bank sector, but always working accordingly to EU regulations. So we maybe time to time have some problems with some suspicious transfers of money through our banks. But our appropriate institution is really very follow that and all the time is controlling such cases, and also a lot of penalties used to stop such activities.

**MR. HUGHES:** A questioner in our audience wonders, is Latvia interested in normalizing relations with Russia?

**PRESIDENT VEJONIS:** Good question. (Laughter) I think each country would like to have normal relations with all countries. And also with Russia. But the situation at present moment is that we can't make good relations with Russia fulfilling Minsk Agreement, do annexation of Crimea, of situation escalation time to time in eastern Ukraine. It means like in all relations, like in families, both sides and both sides must have willingness to have good relations. But we see in this case that it’s not yet time.

**MR. HUGHES:** I have a question about the refugee crisis. Do you think the refugee crisis shows weaknesses in the EU governance system?

**PRESIDENT VEJONIS:** No, the immigration crisis is a problem for all Europe. And I can say that yes, it shows weaknesses of previous European immigration policy. Because the number of migrants was very low and the EU countries was very open for migrants. But now when the huge streams of migrants are coming to Europe, it becomes little bit like disaster because the countries who are the first in Europe, they cannot deal very quickly with migrant streams. And, of course, we started discussions how we can manage this situation. And here, we must divide into parts. Firstly, what we do with already arrived migrants in Europe, and with hundreds and hundreds of thousands of them in different countries; in Greece, Italy, Hungary and other countries.

And, of course, it is very hard discussions in Europe how we can be involved in solving this problem. These migrants, how we will divide them, how we will divide responsibility between all EU countries. And we succeed last week, good results on that. But anyway, second very important issue, what we will do with southern border because we see that the border is very open for migrants and we really need to strengthen border control. We need to establish good return back policy of migrants to the country where they started their way.

Thirdly, we need to strengthen countries where migrant streams started. It means we need to invest in peaceful countries to stabilize economy of these countries. We need to invest in some security measures in these countries.
And finally, we somehow must deal with military conflicts in different regions in Africa or in Syria, we must find solutions how to deal with these military conflicts. And we are still waiting for U. N. Security Council decision to allow EU to start military mission in the Mediterranean Sea to avoid trafficking, illegal trafficking of migrants to Europe. We will see how it will be.

**MR. HUGHES:** Okay. I mentioned in the introduction there were some protests in your country about plans to take in some refugees. How would you access Latvia's ability to accommodate the refugees that you've said you already plan to take, and what about in the future? Do you think you'll be able to take on any more?

**PRESIDENT VEJONIS:** It is question of solidarity. And we, I mean Latvia, as a member of EU and NATO, we must be very solid with other countries. Of course, time to time we are solving different, very challenging issues. We had Greece problem, we need to strengthen eastern border, suffer from economic sanctions from Russia and so on. It means that only when we are more solid and can make united decisions, we will be strong.

And in Latvia, we also had very hard discussions two weeks ago on migration issue. But we decided that we’ll participate in solving this problem in Europe and we are ready to take 776 persons to our country. In the same time, why we have some negative opinion? First of all, we haven't a real experience with refugees because during a little bit more than 20 years, we had only about 45, I think, if I clearly remember, 45 refugees. It means we haven't real experience how to deal with high number of refugees in one time.

Secondly, due to our inexperience, we can't answer too many important questions, how we will deal, what we will propose the refugees job, residential facilities, what kind of social guarantees and so on. Because our system is not established for receiving migrants. It means that we need to introduce many new things.

And if society doesn’t receive answers, they start speculations, what we will do with migrants, that we will pay more than for native population. So it means it’s a little bit-- very negative sense to society. But it’s a failure of government and parliament that we didn't yet do all these things.

**MR. HUGHES:** You mentioned addressing the cause of the refugee crisis. And about Syria, President Putin stepped up activity in Syria a day or two ago. What do you think of Russia's move in Syria, and is the United States and NATO making the right response? What do you think the response should be to Putin in Syria?

**PRESIDENT VEJONIS:** I think all leaders respond to this situation what started a few days ago. But here, I can say is that I think Russia started this activity in Syria because they want to turn away from Ukraine issue. Because nobody, if you open newspaper, magazines, or just watch TV, what is top or hottest news? Syria, Russia, Russia and Syria, Russia and Syria. Nobody else speaks about Ukraine. I think it’s a quite clever step from Russia side. But I hope that all NATO and also EU countries, U.S.,
they’ll not forget about Ukraine and we will keep Ukraine issues still as a hot topic on our agenda despite Russian activities in Syria.

But anyway, Russian involvement in Syrian conflict, have of course additional forces for fighting which ISIL is good. But in the same time, any involvement must be really coordinated with already existing coalition against ISIL. And here, I see a problem that this coordination doesn’t happen. It means it will probably cause a lot of problems in near future on communication, on planning military activities, bombings, and so on. And can raise, really, very difficult situation in Syria.

And, of course, a question about role of Assad and all countries said that we will not work together with Assad regime. And they must go away from his position. And here, we see again this conflict between opinion of Russia and coalition.

**MR. HUGHES:** A question back closer to your home. Questioner in the audience asks is pollution a major problem in the Baltic Sea? And is it a detriment to your famous fisheries?

**PRESIDENT VEJONIS:** Not anymore. (Laughter) Because all the Baltic countries during the last 20 years did a lot to improve environmental situation in own countries and also it’s in the Baltic Sea. The quality of Baltic Sea is good. Sometimes, we just have influence of historical pollution, what we have in the Baltic Sea. But it’s another question, now what we need to solve. Some things is impossible to solve like pollution from Sweden and Finland from pulp and paper factories during ‘50, ‘60, ‘70s without any treatment. And we just now time to time feel impact of this pollution.

And also secondly, historical military pollution because it was few disposal places of chemical weapons in the Baltic Sea and they are very deep. And we need future solutions, how to manage these places because it’s regionally all chemical weapons are stored in metal barrels. And it’s already more than 70 years. You can imagine what can happen. But, of course, here we really need not regional Baltic solution, but we need real global solution for this problem.

And also, this place is influence some nestling places of our fishes in the Baltic Sea.

**MR. HUGHES:** Questioner in the audience wonders what you think of the nationalist parties that have been gaining more support in Latvia, in eastern European in general?

**PRESIDENT VEJONIS:** Which one? Russian or--?

**MR. HUGHES:** Doesn’t specify, but--

**PRESIDENT VEJONIS:** NATO?
MR. HUGHES: But wonders why that's happening, seemingly more so than maybe in the past or what's your view of the nationalist parties that are creeping up?

PRESIDENT VEJONIS: Always the newer like opposition to coalition. You have better situation because you can say everything, you can be very populistic. You also know how it happens in U.S., in different elections, is the same as in Europe and also in our region. But here, when we speak about nationalism parties, okay, it’s of real--Latvian parties, they are more or less presented in the parliament and support of society is quite, quite high and the party, they are present also in coalition and work in the government.

When you speak about Russian oriented parties, these parties also have support in society and during the elections. They receive high number of votes. And for example, the parties what are presented in parliament had about 20 percent support during the last elections. It means they are presented, but they are always in opposition, more than 24 years. It means that it will continue, they will not change mind and be more pro-Latvian oriented.

MR. HUGHES: Mr. President, you're on your first visit to the United States as President of Latvia. And we've talked about military defense connections with NATO. What about economic ties between the United States and Latvia? And are there any major investments from U.S. companies that you expect in Latvia in the near future?

PRESIDENT VEJONIS: Of course, as I said, that the U.S. is our main strategic military and economic partner. And we try to first of all develop cooperation on military issues. But during the last years, we try to increase also our economic cooperation. But here, it’s not so easy, it’s not so easy because first of all market is market and we must follow market rules. And for new players, it’s not so easy to get a new market. And we need some support not only from embassy of Latvia, but also from our partners.

Secondly, we must fulfill all requirements of U.S. legislation and it’s not so easy. It's also quite bureaucratic like in Europe. And it needs a very long months and years to get in market. It means we are doing to improve the situation, but it’s going smooth but slow forward.

But in reality, we really think that here we can strengthen this cooperation because for us, the presence in U.S. market is also like U.S. presence in Latvia market. It’s very good sign for other partners that we are good friends and we work together, especially when you speak about U.S. investments in Latvia or in the Baltic region. Because sometimes, investors a little bit afraid about investments in the Baltic region, that it’s, first of all quite far, border with Russia. Maybe a little unstable situation. But, in reality, we are very stable and safe market. And we really need some good input from some companies which international reputation and gives really strong signals to other that okay, this market is good.
Like we had a problem many, many years ago with tourists that nobody wanted to visit our region because crimes were different violations, and so on. And just afraid. But when you was at least once, you see by your own eyes that it’s nice, beautiful country, safe country. And of course, now we can say is that we have a lot of tourists for over two million country, five million tourists per year, it’s really high number.

MR. HUGHES: And do you see that growing?

PRESIDENT VEJONIS: Yes. But in the same time, we really need this bilateral agreements between Latvia and U.S. on different levels, like I was a minister of defense. We started the process on reciprocal agreement between Latvia and U.S. on military procurement. It means that it’s the same, we start negotiations on agriculture production. Okay, it’s quite difficult to compete with U.S. agriculture production and farming production. But anyway, we can propose biological production, for example, plus we are really ecologically clean country and our production is ecologically and biologically very clean. It means that we can find some niche products what we can-- to sell in U.S. market, or any other market.

MR. HUGHES: Before I ask the final question, I have some housekeeping. So Mr. President, you can catch your breath for just a moment. The National Press Club is the world’s leading professional organization for journalists and we fight for a free press worldwide. To learn more about the National Press Club, visit our website, Press.org. Or to donate to our nonprofit Journalism Institute, visit Press.org/institute.

I also want to remind you about some upcoming events. Tomorrow, October 2nd, Utah Governor Gary Herbert, the Chairman of the National Governors Association, will address a National Press Club luncheon. Next Wednesday, October 7th, Baltimore Mayor Stephanie Rawlings Blake will address a club luncheon. And on October 15th, the National Press Club will hold its annual Fourth Estate Award Gala. This year, we will honor Gwen Ifill, moderator and managing editor of Washington Week and co-anchor and managing editor of the PBS News Hour.

I would now like to present our speaker with the honorary National Press Club mug. (Applause)

PRESIDENT VEJONIS: Thank you.

MR. HUGHES: A warm beverage will taste very good in that back in Latvia and you can enjoy that through your presidency and beyond. (Laughter) Final question for you is here in the United States, we're very immersed already in our presidential election. Donald Trump, Hillary Clinton, along with some others. What is the view from Latvia when you look at this election process in the United States? What do you make of it?

PRESIDENT VEJONIS: Honestly, you want to influence the election process here in U.S.? And I mentioned in all countries, we must really follow to all candidates and to choose the best ones. And for us, as I said, I don’t like populistic representatives,
parties or different-- like in our country. But I can say is the market is open, pre-election market is open and parties will choose the best representative from Republicans and also from the Democrats. You have a very long pre-election period, and you have very deep, deep traditions on that. We haven't such traditions. We start only-- not exactly a few days before elections, but few months, few weeks before elections. You can follow all candidates and really find the best candidate from different parties. Because anyway, all candidates are good and they are representatives of parties. And you, like society, you will vote for your representatives.

MR. HUGHES: Mr. President, thank you. Can we give a round of applause for our speaker? (Applause) Thank you, Mr. President. I would like to thank members of the National Press Club Journalism Institute and the National Press Club for their work in preparing today’s event. For a copy of today’s program or to learn more about the National Press Club, visit our website and that's Press.org. I want to remind people in the audience to stay seated until the President has left the room. Thank you very much, we are adjourned.

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