



KAUNAS UNIVERSITY OF TECHNOLOGY
FACULTY OF SOCIAL SCIENCES, ARTS AND HUMANITIES

Taura Kmieliauskaitė

**SMALL STATES FOREIGN POLICY IN THE EUROPEAN UNION:
CASE STUDIES OF LITHUANIA AND LATVIA**

Final project for Master degree

Supervisor

Prof. Algis Junevičius

Consultant

Vytautas Keršanskas

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KAUNO TECHNOLOGIJOS UNIVERSITETAS
SOCIALINIŲ, HUMANITARINIŲ MOKSLŲ IR MENŲ FAKULTETAS

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**MAŽŲJŲ ŠALIŲ UŽSIENIO POLITIKA EUROPOS SĄJUNGOJE:
LIETUVOS IR LATVIJOS ATVEJŲ ANALIZĖ**

Baigiamasis magistro projektas

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Prof. Algis Junevičius

Konsultantas

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Vadovas

(parašas) Prof. Algis Junevičius
2017 01 05

Konsultantas

Vytautas Keršanskas
2017 01 05

Recenzentas

(parašas) Dr. Šarūnas Paunksnis
2017 01 05

Projektą atliko

(parašas) Taura Kmieliauskaitė
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KAUNO TECHNOLOGIJOS UNIVERSITETAS

Socialinių, humanitarinių mokslų ir menų

(Fakultetas)

Taura Kmieliauskaitė

(Studento vardas, pavardė)

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„Mažųjų šalių užsienio politika Europos Sąjungoje: Lietuvos ir Latvijos atvejų analizė“

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Patvirtinu, kad mano, **Tauros Kmieliauskaitės**, baigiamasis projektas tema „Mažųjų šalių užsienio politika Europos Sąjungoje: Lietuvos ir Latvijos atvejų analizė“ yra parašytas visiškai savarankiškai ir visi pateikti duomenys ar tyrimų rezultatai yra teisingi ir gauti sąžiningai. Šiame darbe nei viena dalis nėra plagijuota nuo jokių spausdintinių ar internetinių šaltinių, visos kitų šaltinių tiesioginės ir netiesioginės citatos nurodytos literatūros nuorodose. Įstatymų nenumatytų piniginių sumų už šį darbą niekam nesu mokėjęs.

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SANTRAUKA

Magistro baigiamajame projekte buvo analizuojama bei vertinama Europos Sąjungos mažųjų šalių Lietuvos ir Latvijos užsienio politika išskiriant jos prioritetus 2013-2015 metams. Atlikus tyrimą išvadose buvo pateikiami abiejų šalių pirmininkavimo Europos Sąjungos Tarybai rezultatai.

Baigiamojo projekto struktūra buvo sudėliota tokia tvarka: temos aprašas, aktualumas, akademinė svarba, problema, uždaviniai bei tyrimo metodika. Pirmame skyriuje buvo aprašoma Europos Sąjungos konceptualizacija iš tarptautinių santykių perspektyvos. Antroje dalyje pateikiamas analitinis modelis, pagrįstas mažųjų šalių literatūros analize bei ankstesniais akademiniais tyrimais. Trečiame skyriuje buvo išskirti Lietuvos bei Latvijos užsienio politikos prioritetai 2013-2015 periodui bei pateikti aiškinantys pirmininkavimo rezultatai pagal analitinį modelį.

Literatūros analizė parodė, kad mažosios Bendrijos narės, kurios gavo šį statusą 2004 metais vis dar susiduria su struktūriniais trūkumais dalyvaujant sprendimų priėmimuose. Pirma, šios šalys yra laikomos, kaip turinčios mažiau politinės galios dėl trumpesnės diplomatinės patirties. Antra, dėl žemesnio ekonominio lygio mažosios šalys traktuojamos, kaip turinčios mažesnę politinę įtaką. Trečia, naujos Bendrijos narės dėl diplomatinės patirties trūkumo dažniau užleidžia vietą įtakingesnėms šalims dėl bendrų politikų vykdymo. Dėl visų išvardintų priežasčių pirmininkavimo laikotarpis yra toks svarbus mažosioms šalims.

Teorinė baigiamojo projekto dalis susideda iš dviejų dalių. Pirma, Europos Sąjunga buvo konceptualizuota remiantis pagrindinėmis tarptautinių santykių teorijomis, dėl jos svarbos keičiant mažųjų šalių poziciją tarptautiniame lygmenyje. Liberalizmo teorija yra puikiai perteikiama Europos Sąjungos integracijos pavyzdžiu, kai bendradarbiavimas padeda kurti viso kontinento gerovę. Antra, liberalizmo idėjos dėl politinių sąjungų pakeitė mažųjų šalių vaidmenį lyginant tarptautinių santykių perspektyvoje (Donnelly, 2013). Antra dalis buvo skirta analitinio modelio formavimui pagal mažųjų šalių akademinis tyrimus. Tolesnei analizei buvo apjungti du teoriniai modeliai, demonstruojantys kaip šalys gal sustiprinti savo politinę įtaką Europos Sąjungoje. Pirmas modelis, pagal Panke (2010) išskiria trijų galių stiprinimą: derybinės, argumentacinės bei reputacinės. Antrasis modelis pagal Wivel

& Gron (2011) vadinamas “protingos šalies startegija” yra skirtas intensyvinti mažųjų šalių užsienio politikos vykdymą.

Europos Sąjungos lyderiai pabrėžė, kad tiek Lietuva, tiek Latvija puikiai pasirodė savo prezidentavimo laikotarpiu siekiant gerovės visai Bendrijai. Abiejų šalių prezidentavimo Europos Tarybai kadencijos vetinimas parodė, kad puikūs rezultatai vadovaujant sudėtingiems politiniams procesams sustiprino abiejų šalių reputaciją. Latvija bei Lietuva, taip pat sugebėjo įtvirtinti savo derybines pozicijas Europos Sąjungoje, prisidėdamos tobulinant esamas politikas, bei inicijuojant naujus projektus.

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LIST OF ABBRIAVIATIONS

EU – European Union

GDP - Gross Domestic Product

EP - European Parliament

MEP - Member of the European Parliament

CSDP - Common Security and Defense Policy

DSM - Single Digital Market

CAP - Common Agricultural Policy

FTA - Free Trade Agreement

PCA - Political Cooperation Agreement

TTIP - Transatlantic Trade and Investment Partnership Agreement

EEAS - European External Action Service

NATO - North Atlantic Treaty Organization

EaP - Eastern Partnership

SEM - European Semester

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SUMMARY

In this thesis foreign policy of European Union small countries Lithuania and Latvia implementation was examined by identifying countries priorities of foreign policy in the time range of 2013-2015 by generalizing achieved results during their Presidency term to the Council of the European Union.

The structure of the thesis goes in such order: the context, actuality, scientific reference, main problem, objectives and selected research method are presented in the Introduction. In the first part conceptualization of European Union operating process are prepared. In the second part analytical framework is constructed according the theoretical basis and academic literature of small states. In the third part the objectives of Lithuania and Latvia foreign policy for 2013-2015 are identified and results of the Presidency the Council of European Union according the analytical framework is generalized.

Literature analysis of small countries has clarified that Members States that entered the Union in 2004 up to this time face structural disadvantages in terms of participating in the decision-making process. First, these countries are perceived as exercising lower political power due to lack of reputation and lack of expertise. Second, poorer economic situation transfers to lower economic influence. Third, small Member States are considered to lack of European proficiency and diplomatic expertise to be policy forerunners. Presidency to the Council of the European Union is extremely important for smaller states to achieve its foreign policy objectives and demonstrate its expertise to the entire Union.

Theoretical background of the thesis consisted of two parts. First, conceptualization of European Union's from the perspective of international relations theories was applied due to its political uniqueness and importance for the role of small states. The evolution of liberalism theory was fully

disclosed from establishment of the Coal and Steel Community to the European Union. Liberalism is based on the cooperation between nations, in order to create future of welfare for the European countries. Second of all, liberalism brought attention to smaller states, as influential actors, which roles do count on the international arena (Donnelly, 2013). Second, analytical framework was formed to assess the behavior of small states. It was based on Panke (2010) specified approaches via three dimensions of power: bargaining, argumentative and power of reputation, while another theoretical approach was smart state strategy proposed by Wivel & Gron (2011) claiming that following the suggesting characteristic small state may maximize its influence.

Leaders of the European Union have highlighted that Lithuania and Latvia were managing the Presidency term very successfully and with high dedication to enhance the wellbeing of the entire Union. Assessment of both countries presidencies showed that they managed to highly increase their power of reputation. What is more, Lithuania and Latvia managed to enhance their bargaining and argumentative powers by dedicating their work for overall competitiveness of the Union and strengthening existing policies which are essential for the European Union.

In conclusion, the results of Lithuania and Latvia's Presidency to the Council according the smart state strategy were assessed. Foreign policy objectives and tools formulated by Lithuania and Latvia were specific and focused. Lithuania and Latvia was working for strengthening the common interests of the European Union during the unstable geopolitical situation and no clash has been witnessed with existing policies. Lithuania and Latvia, while leading the Presidency was fully aware of the interests of bigger Member States and was dedicating great efforts on such projects, as Multiannual Financial Framework, Common Agricultural Policy and European Fund for Strategic Investments.

INTRODUCTION

European Union is a unique example of how 28 countries could cooperate on economic and political levels. Start line was crossed more than 50 years when the Steel and Coal Community was established, which was the first real international organization managing purely economic affairs evolved from economic community of 6 countries to the developing political union of 28 countries, encompassing such important policy areas as climate, health, external relations and security. Member states are usually clustered as whether being big or small. Small states, analyzing from purely realistic tradition, in international relations usually should take the position of followers, because they are considered as having no real influential power. It is perceived that small states do not have much space left for political maneuvers and are easily disposed in the power game of international affairs, like traditional small state theory states that due to its size countries should look for the big ally and coordinate its actions accordingly. Lithuania and Latvia analyzed by population, territory or economic impact are perceived as small countries, nevertheless, status of EU member states provided them new opportunities for development and has strengthened its voice to parley problems existing in Eastern region, and transfer them to European level by making them common challenges that need to be solved. What is more, scholars analyzing county-specific case studies have reached the conclusion that small states do not have to stand in the position of weak and depending (Hill & Smith, 2016; Jackson & Sørensen, 2016).

Foreign policy is the selected strategy according to which country constructs its position in the international arena. For the last two decades academic attention was strongly focused on globalization and its consequence of such international problems as increased pressure of economic competition or threats to cultural identity (Jackson & Sørensen, 2016). The European Union due to its peculiar political formation has the highest experience in the field, because it is leading 28 sovereign countries which made subscriptions of national rights to supranational institutions. Small member states are the ones which experience bigger international problems more often than bigger countries thus their strategy of foreign affairs should be constructed in a way to surmount the difficulties of its own and include influence in supporting the EU position as a global actor (Nasra, 2011).

When analyzing the European Union there is a clash among foreign policy in terms of the entire Union and individual member states because cooperation towards the EU foreign policy was steadily increasing for more than a decade. Lisbon Treaty introduced new political figure High Representative of the Union for Foreign Affairs and Security Policy, which has reformed EU foreign policy into more institutionalized, which means that decisions has to be made in consensus and there are more space for small states to participate in decision-making process. Thus, on the one side there is European Union as a global actor, which behaves according foreign policy of the Union, while, on the other side there

are individual states, which develop strategies and apply different methods to lead foreign affairs to reach national goals (Hill & Smith, 2011).

However, due to the traditional approach towards political powers, action of small countries, in many cases, are considered as less noticeable. Due to this approach, Lithuania and Latvia receive disproportionately lower level of attention, as the rest of small countries, despite the fact that they are fully privileged member states of the EU. Foreign policy analysis concerns scrutinizing external policies of the country and situates it in the context of political theories. Most of the global events occur because of actions taken by one state and other responding to them, either directly or indirectly. Small countries should employ constructive approach and be very responsive towards ongoing events in the world and instead of being inward-looking should be outward-focused.

Lithuania and Latvia are not only bordering countries, but they are very suitable choices for the comparison of foreign policy. These are two Baltic States and share similarities in terms of their historical background, geopolitical situation and economic activities (Lamoreaux & Galbreath, 2008). What is more, both countries took the lead of the rotating presidency to the Council in a range of two years, which was covering similar geopolitical situation and shared few common objectives, like energy security problems and Eastern Partnership programme (Warren, 2013). Nevertheless, Lithuania and Latvia have different approach of foreign policy in terms of Russia. Lithuania was open commenting Russia's action in intentional affairs (Martyn-Hemphill, 2015), while Latvia tend to remain silent, because of its ethnical composition, where around 30 percent of population is Russian (Koort, 2014).

Actuality of the thesis. Member States, which entered the Union in 2004, at some point, are still considered as being less influential due to their inexperience in participating in the political Union and smaller states structural disadvantages. Theorists propose that small players should bind their actions with bigger Member States. However, increased number of small states brings significant transformation within the membership structure in the Union, at the same time deepening the integration between Member States (Panke, 2008). The rotating presidency for small states is perceived as an essential shift in strengthening its position at the Union level, and increasing the influential power. However, adoption of the Lisbon Treaty brought changes related to the Presidency of the Council considering their executive role (Milta, 2015). In the thesis conceptual framework of the Europeanisation of foreign policy of Lithuania and Latvia will be merged with the analytical tolls of small states' behavior in the context of geopolitical determination to balance among big global actors and contributing additional input into the European international relations studies (Pastore, 2013). Nevertheless, the Presidency status, for both Lithuania and Latvia, opened a chance for relatively smaller state to stand in the influential position at the European level and restore the perception of

small states. What is more, both countries took presidency lead in a time range of few years, thus evaluation of the achieved results is very relevant for small states studies.

Scientific relevance. In the European Union from 28 countries 20 of them have population of less than 12 million, which according some scientists is seen as an attribute of small state (Milta, 2015). However, there is no common attribute according to which countries could be allocated into groups of small or big. Scientists since the beginning of 1960s are working in order to create common concept, including Andres Wivel, Baldur Thorhallsson, Tom Crowards and Diana Panke. Nevertheless, size of the country does not equally present its influence in the international arena. This is the case of Baltic States position, especially Lithuania and Latvia. They are perceived as smaller states in the range of the European Union and academics claims that these countries may possess structural disadvantages in terms of influencing decision-making when compared to the bigger players, primarily due to a lack of funding on diplomatic affairs, organizational capacities and the limits of possible expertise provision as in the case of Lithuania and Latvia (Panke, 2010; Grøn & Wivel, 2011; Milta, 2015). Nevertheless, both countries many times have been named as the leaders of Eastern Europe and set as role models of the successful transition from soviet regime to rule of law and democracy (Lamoreaux & Galbreath, 2008). What is more, Lithuania and Latvia presented themselves significantly well during presidency time of the EU council and exposed important problems of the region to the working agenda (Milta, 2015).

Problem of the thesis. Lithuania and Latvia regained its independence 25 years ago, which in the context of Europe are considered as fairly new democracies. Nevertheless, through this time both states managed to reorganize their political, economic and social systems. Political determination and status of Member States have brought new challenges in forming priorities in foreign policy and additional opportunities in external cooperation. However, as most countries entered the European Union in 2004, Lithuania and Latvia have been overlooked due to small states paradigm and perception to have a lack on European proficiency, economic influence and diplomatic expertise to be policy forerunners.

Object of the thesis is the implementation of Small States Foreign Policy in Latvia and Lithuania.

Subject of the thesis is the European Union Small States Latvia and Lithuania.

Aim of the thesis is to identify the foreign policy priorities of Latvia and Lithuania in 2013-2015 and generalize the results achieved during the Presidency term to the Council of the European Union employing the theoretical approaches of smart state strategy and argumentative, bargaining and reputation powers of small states.

Objectives of the thesis.

1. To associate the most relevant international relations theories for the conceptualization of the European Union;
2. to determine theoretical basis and analytical framework for the small states foreign policy;
3. to identify the priorities of the foreign policies of Lithuania and Latvia for the period of 2013-2015;
4. to generalize the results of Lithuania and Latvia during the Presidency to the Council of the European Union and assess them according the smart state strategy, and argumentative, bargaining and reputation powers of small states.

Research method of the thesis: First, the analysis of systematic level, which covers explanation of conditions in the institutions of the European Union with high attention to the Council of the European Union, will be presented. Second level of analysis includes identifying the priorities of foreign policies of Lithuania and Latvia for the period of 2013-2015. Third level is analysis of results achieved during the Presidency for the Council of the European Union and generalizing achievements according the specified approaches in terms of increasing Bargaining, Argumentative and Reputation powers of small states (Panke, 2010). For the concluding part the evaluation for the achievements according Panke (2010) will be based on the small state theory on smart state strategy by Wivel & Gron (2011).

1. CONCEPTUALIZATION OF THE EUROPEAN UNION ACCORDING THE INTERNATIONAL RELATIONS THEORIES

The roots of International Relations should be searched in the ancient civilization of the Greeks. Theorists of political sciences draw inspiration from their intellectual predecessors, such as Thucydides (460 – 406 BC), who is perceived as the ‘father’ of international politics. After Thucydides’ work foreign affairs analysis was pushed away up to the European Enlightened period, has sparked the new fire for Immanuel Kant and other philosophical thinkers of that time to spread their ideas. Finally, in the 20th century International Relations were structuralized and developed, as a part of political sciences. Since that time, scientists acknowledge three, among others, main theories: two opposing traditions of realism and liberalism, and constructivism (Donnelly, 2013).

Realism is constrained upon the egoism of human nature which is being transferred into the political level, where state power in maximizing its national interest, is the focus area. Traditional realism is based on power exercising conflicts and wars, and is perceived as the most efficient tools for defining states position on international arena. What is more, realists have maintained skepticism towards the perception that any progress can be developed on international level, when matters are related to national interest. They do not believe in cooperation between major states, and perceive military conflicts as the normal state of affairs (Daddow, 2013). According realists, any kind of world order is not possible, because that world is anarchic in terms of relations between the states. Thus realism claims that the center of international system is based on anarchy, because the akin here is an absence of sovereignty, which leads to competition and overall antagonism among self-interested countries. Following this perception, anarchy brings the structural affect to develop balance between opposing masterless powers, which are constantly haunted by the specter of insecurity (Newman, 2012). Summarizing, realists see politics as “imposed by human selfishness and anarchy which requires the primacy of all political life of power and security” (Donnelly, 2013, p.32.).

Social Constructivism is the most recent theory that is distinguished in international relations. It was formed in 1980’s and soon became increasingly momentous especially in the United States due to the Cold War (Daddow, 2013). Constructivists were significantly inspired by developing theories in other social disciplines such as philosophy and sociology. What is more, many scientists do not perceive Social Constructivism as an identifiable theory, however, more theoretical constructs in international relations, especially when analyzing such concepts as ‘national interest’ or the ‘balance of power’ (Jackson & Sørensen, 2016). It helps to characterized political action by balancing the relationship between agents and structures (rules and conditions), in order, to articulate the discourse in international affairs in the most effective manner (Burchill et al, 2013; Jackson & Sørensen, 2016).

On the contrary, is placed Liberalism, which has come to the fore in 1919 just after the World War I. This political tradition is based on co-operation approach towards international relations, freedom and an inevitability of human progress. Liberalism is distinguished as the most relevant political theory for conceptualizing European Union, as liberal philosophers since 17th century saw the potential, in combining human progress in modernizing society, and capitalist economy, in order, to transform countries. Furthermore, liberalism scholars believe, that international cooperation, which is the underlying reason of the European Union existence, due to persisted cooperation in the region to have the highest stake for maintaining peace as status quo (Daddow, 2013).

The history of Europe was traced by the endless conflicts and wars. Aged passed and the reasons always remained the same: religious strive, different imperial pursuit and nationalistic ambitions. Remarkable philosophers such as Jean-Jacques Rousseau, Adam Smith, Immanuel Kant and Jeremy Bentham concerned themselves with this problem and came up with the proposals to bring the new perspective in political goals seeking that by employing cooperation measure between the states it could guarantee peace and diminish probability of wars (Lelieveldt & Princen, 2015).

Liberalism as many other theories was started to frame long ago before the 1900 when international relations theories was acknowledged as a discipline. It was the European Enlightenment of the 18th century when numbers of philosophers were filled with aspiration of scientific rationality, the belief of imminence of human progress and freedom. This philosophical tradition affected political participants and policy-makers to propose the new and diverse tradition towards inter-states relations (Burchill et al, 2013; Daddow, 2013).

However, Liberalism became the distinctive theory of international relations after the First World War. It was the time when people wanted to prevent at any cost such disastrous war again. The politicians and diplomats had the only goal at that time - to manage the security dilemma in order to maintain the balance in international relations. The Liberal tradition developed the unique perspectives on war, on governance and on human nature. War should not be considered as an option because peace should be assumed as the desirable state of affairs. Having this goal, the governance should employ all the possible diplomatic means to solve arising conflicts. What is more, unity of the countries is necessary to diminish possibility of conflicts because in this case the stake is too high. The last assumption of liberals is the positive approach towards human nature. It not only beliefs that people has desire to get better but also want to develop society based towards trust and cooperation (Jackson & Sørensen, 2016). All this was the vision that post-war political leaders of Europe believed in. The European Coal and Steel Community was the first big step in recovering the balance of economic and political systems in European countries. Framework of the European Union as it is now was officially formed with the Maastricht Treaty in 1993 but the process starter way before the founding treaty has

been signed. Since 1950s cooperation among states increased and by time it was changed by regional integration. However, the Europe we have now is result of political course set by classical liberal tradition (Russett, 2010).

The existence of European Union aggravates the classical view of realism and big power as state-centered claim (Daddow, 2013). Liberalistic strategy proposes inter-state collaboration on objectives and assets in order to reach political prosperity, and by combining forces maintain it through peacetime and conflicts. Each collaborating state should be assured that three core interests will be preserved by all means: economic welfare, security of national borders and constitutional values. Every individual country possesses sovereignty to all extents but develop cooperation on international arena with partnering countries for protecting the main interests listed before (Deibel, 1992; Gray, 1999).

At the current moment, the European Union has reached far more than it was ever anticipated. It contains 28 members, which have assigned some of former national competencies in the hands of European institutions. Integration process started in 1950's, was extended and formalized, in order, to reach regional cooperation. With the increasing expansion of competences, academics has formed theoretical strand - Liberal Institutionalism. Classical liberalism is more focus on cooperation through organizations, when through time the European Union integration was based on institutions (Russett, 2010). Daddow (2013) in his book defined the differences among organizations and institutions. First, organization is built upon states while institution includes transnational actors. In organizations membership is regulated by laws and rules when institution is based on constitutive relations, which combines law, norms and practices.

This example of European Union shows, that it is possible to delegate and even abandon authority, which in the old days was exclusively defined as national competences. This collective political capacity managing in the way to benefit three major interest of economic welfare, security of national borders and constitutional values are strategically beneficial, not only, for individual country to strengthen its position, but also for the entire Union (Smith, 2011).

The success of the EU was, due to the fact that on the early stages policies, primarily, were inward-looking. Focus on economic revival was reason why post-war Europe gained its formal glory, and since the implementation of Coal and Steel Community, stability and peace is being maintained interruptible (Smith, 2011). As the result, in 1992 12 predominating countries at that time signed the Maastricht Treaty - document which proved further political and economic integration. Step by step, pursue of common commonwealth had led to major projects, as the European Semester (SEM) and the euro programme implementation (European Commission, 2016). However, the rest of the countries were left behind as they were not prepared to meet the requirements for Member States. It is not a surprise, because all the Eastern region was in transitioning period after the Soviet Union occupation

and had to solve many rising issues related to country governance, while Balkans were facing military conflicts between countries (Hill & Smith, 2011).

Countries left outside the European Union borders consequently worked to accomplish the goals set for the entrance. It took a decade in order to push the boundaries and in 2004 it succeeded - 10 countries mostly the Eastern and Baltic countries received the new status in the international arena. Lithuania and Latvia was among those states, which have worked their way to the EU and received status of Member States. Comparison of these two countries foreign policy relatively appropriate in terms of their historical background, geopolitical situation and economic activities.

2. THEORETICAL BASIS ACCORDING LITERATURE ANALYSIS OF SMALL STATES

In this work an analysis of European Union countries – Lithuania and Latvia foreign policies will be presented. Assessment of policy ideas and strategies requires some appropriate basis for comparison. With the beginning of 1960s when research on this topic appeared some generations of academics, offered to evaluate size of country's territory, its population and economic power in order to assess influence of the state in international arena, however, there is no superior measure which distinguish whether country is big or small (Daddow, 2013). Handel (1981) refers, that geographical criteria can be misleading as countries with small territory can have large populations (e.g. Singapore), and contrary, geographically big states can have small populations. In additionally, there are states, like Israel, that are considered 'small', 'weak' in the terms of geographic or even economic definitions, but which can possess considerable influence on larger states. However, in the context of European Union size is usually determined based on: economic and financial power expressions such as Gross Domestic Product (GDP); political power, which is define by votes country holds in the Council and number of members in the European Parliament (MEP); population and territory, despite being relative concepts are included because next to other measurements allow to build common picture (Panke, 2008; Lamoreaux & Galbreath 2008).

Most likely, the most specific framework in small states' literature is offered by Thorhallsson (2006). Thorhallsson in his paper claims that traditional methods of measuring state size and influence, such as, those highlighted above, always are not accurate, because traditional measurements usually accent material empirical data, which mostly are: population and territorial sizes, gross domestic product (GDP) and military capacity (Panke, 2008; Nasra, 2011).

Material data does not take into account non-material potency, like leadership, cultural unity, etc. He provides examples of Belgium and the Netherlands, which are considered geographically small states but despite that hold quite big influence international. In order to prevent this inconsistency, Thorhallsson introduce a new method of determining size and influence. He provides six categories in terms of defining state size: first, the *fixed size* of the state, considering both territory and population; second, *sovereignty size*, which defines whether a state can fully control its own sovereignty at the international level; third, a state's *political size*, including military and administrative capabilities, internal cohesion and external unity; fourth, *economic size*, counting not only GDP, but also market size and a country's level of development; fifth, *perceptual size*, considering image of the state in terms of domestic and foreign levels; sixth, *preference size*, or the views of the governing elite

regarding the possibilities and priorities of the state internationally, and adding their ideas of the international system as a whole (Thorhallsson, 2006, pp. 8, 14).

What is more, in addition to proposed six categories, Thorhallsson developed two ‘measuring sticks’ for determining theoretical influence of the country, both domestically and internationally: these are *action capacity* and *vulnerability* (Thorhallsson, 2006, p. 14). *Action capacity* addresses to state’s capacity to formulate and implement policies domestically likewise its potency to manage influence on the international level. *Vulnerability* evaluates a state’s domestic weakness and the possible subjection of the current government due to discontent, as well as, its weakness and risk of external subjugation at the international level. According to Thorhallsson (2006), each country can be situated in a position as ‘fully competent’ and at the same time named ‘fully vulnerable’ taking into account each of the six criteria, both domestically and internationally.

Thorhallsson (2006) covers a lot of aspects in order to define a power country possesses in internal and external levels. However, scientists working on the analysis of European Union countries’, highlight that Thorhallsson model focus on the size of states and their influence but it does not include the variable of membership in the EU, which is game changing for all the Member States. Lamoreaux & Galbreath (2008), Wivel (2011) stresses the need for considering the capacity of membership status in reconfiguring the action capacity and vulnerability of countries. The European Union is a political phenomenon that must be considered in relation to their interactions with states lying both inside and outside the organization in question.

The biggest EU-enlargement took place in 2004, which increased the number of small member states in the European Union. The entrance was prepared for all Eastern European countries. Lithuania and Latvia, two Baltic countries, also, were among the lucky ones, which got the approval for membership, and it was essential step for post-soviet countries, in order, to enhance its position against Russia and enter in the West world. However, smaller members of the EU, such as Lithuania, Latvia and the rest seventeen countries, face structural disadvantages in uploading national policies to the EU-level, because they hold fewer votes in the Council of Ministers than the EU-average (Galbreath & Lašas, 2011).

Panke (2008) in her article defined small member states as countries, which hold less than the EU-27 average of votes in the Council of Ministers. Academics in previous works like Magnette & Nicolaidis (2005) have noted that small member states do not create homogenous group, including old or new members, and the main reasons underlying are different political traditions and systems, diverse vision on further EU integration, and various national interests. What is more, small countries share not only a below average number of votes in the Council. In the EU comparison, they also have weaker bargaining powers, because of smaller national economies (measuring on GDP), which limit

offer package deals and possible side-payments and consequently less beneficial unilateral positions to act outside the EU borders. Above all, administrative capacities that small states have in Brussels are often lower in numbers which also affect their argumentative power (Donahue, Selden, & Ingraham, 2000; Raik, 2002)

Summarizing, Panke (2008) has derived three main reasons why small countries of the European Union face the structural disadvantage. To begin with, all the countries which entered in 2004 were politically weaker because these countries were still in transition from soviet occupation. Despite the fact, that countries have fulfilled the requirements in Accession Agreements they were still lacking political power and the European Union provided them a chance to strengthen the positions. Especially, it was important for Baltic countries which are bordering with Russia and had always felt the threat (Hill & Smith, 2011; Galbreath & Lašas, 2011). Second argument is targeting poorer economic situation and lower GDP. Big subsidies were provided to lift the economies of smaller states, to erase all the traces of planned economy. Before the entrance to the Union administrative resources were too high for constructing policy and staff expertise for standing in parallel with big Member States (Panke, 2008; Hill & Smith, 2011). Third, newer small Member States lack diplomatic expertise and European proficiency to proceed as policy forerunners. In most cases, countries with lower political influence tend to launch demanding regulative standard, only in, ally with old members of the Union (Panke, 2008; Milta, 2015).

Recent studies in the field of small state studies indicate a shift in reviewing not the power a state possesses, but rather, the power it actually exercises. In the post-Lisbon Treaty environment, it is being witnessed that more and more informal consultations among small and larger states appear (Thorhallsson & Bailes, 2013; Milta, 2015). In the EU decision-making process policy proposed by a small state in the EU decision-making process, usually are being adjustable according to the binding powers of the larger Member States (i.e., minimizing the negative impact of the limit of absolute power) by employing such strategies (Thorhallsson & Bailes, 2013):

1. Hiding – institutionalized through status of neutrality or non-alignment;
2. seeking shelter – administered through membership in alliances (e.g., NATO);
3. binding – protected through establishment of internationally applied and binding rules, institutions and norms.

Previously described structural disadvantages that smaller Member States must bear can be also diminished or eliminated. Countries are able to enhance their influences, via three dimensions of power: bargaining, argumentative and power of reputation. Donahue, Selden, & Ingraham (2000), Raik (2002) in their articles have found that small countries have disadvantages in utilizing them, however with the Lisbon Treaty changes came, and there are additional strategies on how countries

can increase their influence. Panke (2010) has specified the following approaches that can also be enhanced in the manner:

1. Bargaining power for small states can be complemented by strengthening institutional coordination at the regional level, and building strategic coalition with more influential Member States;
2. argumentative power can be supported by maintaining contact with the European Commission and prioritizing relevant policies for the country;
3. power of reputation can be improved particularly in a case of a small state by the professional execution of the Presidency for the Council during its term. It is one of the cases, when a small Member State can make significant influence on the working agenda.

Scholars agree that smaller states do face structural disadvantages, however, at the same time, they are fully able to upload their national interest up to the level of EU decision making. These countries do have to put more efforts in forming their strategies, and Panke (2010) distinguished three essential attributes of learning, coordination and legitimacy. What is more, prior research show that implementation of legal norms is significant because eligible legal framework creates consensus based culture, which alleviate adaptation of small Member States, in acting with the EU institutions (Theunis, 1999; Raik, 2002).

Researchers have recognized the paradox among small Member State and its foreign policy. The underlying reason of dis-functionality of foreign policy appears, not because of country's size but rather, the narrow range of functional and geographical interests' that is being disclosed in a foreign policy. In the long run, fewer resources are in demand comparing to the seeking of larger Member States.

Despite the dependence on larger EU members, the smaller states are able to turn their smallness into advantages for uploading their national interests to the upper-level in the decision-making process. Persuasive ideas, credibility and consistency are highlighted among the main factors, which lead to the success of Belgium, the Netherlands and Luxembourg on the formation of the European Monetary Union (Maes & Verdun, 2005). Limitation is put on the small states actions, by the vulnerability factor, which is being faced, in terms of, absolute power, which can be the reason when behaving according, state acting strategies of lobbyist, self-interested mediator, or norm entrepreneur (conceptualised by as Wivel (2010)) will not bring the desired results. Coalition-building with strong ally can be seen as the safest solution, however, it requires solid amount of efforts to develop such partnership.

Wivel & Gron (2011) claim that behavior of small EU Member States is placed in a spectrum of two extremes whether follow small state policy or employ smart state strategy. The paradox appears

that, in order, to maximize the influence small country should follow the characteristic of smart state strategy:

1. Objectives and tools formulated by a small state should be very specific and focused instead of targeting broad spectrum of paragraphs in the agenda. It would be the most efficient way, however, smaller players cannot choose a tough position because in their position negotiations should always be left as a choice;

2. working on common interests of the European Union clash with existing policies must be prevented at any cost because the goal is to create additional framework for complementing and strengthening already created policies. Coalition building skill is a necessity, on working on, such projects;

3. smaller States should always be aware of the seeking interests of bigger countries should that strategically correct position, and mediation skills would be delivered.

Summarizing the existing theoretical approaches of small countries' position, influence in the EU decision-making and strategies of behavior, it should be indicated that smaller Member States can put their influence into practice, despite that they should always be aware of its vulnerability due to lack of absolute power that big players can rely on. Traditional theories specify the importance for smaller States being in alliance with big Member States, and shaping their foreign policies, in order, to accommodate the interests of bigger allies. Nevertheless, for strengthening its position small countries are recommended to consider the employment of proactive behavior like, (1) Combining coalition – building skills with mediating; (2) creating explicit and realistic agenda towards common interests of European Union; (3) launching of argumentation-led discussion on the institutional level and developing skills for maintaining it, and (4) building image of expert and shaping reputation through professionally leading the Presidency of the Council during which emphasizing European interests and regional problems, at the same time deploying its influence at the Union level. Small Member States must consider various behavior models of smart state strategy, which can be employed in two ways: either focusing on building reputation and exerting the influence through institutional frameworks in the European Commission and European Parliament or through the Council dimension, or by reaching referencing level of policy-execution based on domestic interest and transferring those policies at the Union level.

3. PRESIDENCY OF LITHUANIA AND LAVIA TO THE COUNCIL OF THE EUROPEAN UNION

The European Union is a unique political system, which management is based on a unique institutional set up consisted of four leading institutions. European Parliament is the highest in number institution in which directly elected Members of the European Parliament (MEPs) of each Union country, represent the voice of European citizens. European Council contains national Member States' and EU-level leaders, where broad priorities of the Union are being determined. European Commission promoted the interests of the European Union as a whole by the directly appointed members from Governments of each Member State. Last, but not the least is the Council of the European Union in which every Member of the Union has the main obligation to defend their own country's national interests. In this part, the highest attention will be focused, on the Council of the European Union as this institution is essential for increasing the power of small countries within the Union (European Institutions, n.d.).

Council of the European Union is a place, where delegated ministers of the EU member governments preset their position in terms of adopting EU laws and coordinating EU policies. Instead of having fixed number of members, the Council of EU comes in 10 different configurations, each corresponding to the policy area being analyzed. Depending on the configuration and discussed policy area, Member States delegate the responsible minister of the policy area (The presidency of the Council of the EU, 2016).

To be more precise, during the meetings government ministers usually debate, amend and together with the European Parliament adopt EU laws, according the proposals made by the European Commission. The annual budget of the EU is also validated jointly with the European Parliament. Furthermore, Council of the European Union reflects and coordinates policies as well as, maintains and develops the Foreign & Security Policy, based on guidelines introduced by European Council. At the same time, Council also has the power to manage the foreign affairs by concluding agreements between the European Union and other countries or international organizations. What is more, delegated ministers hold the authority to commit their governments to follow the actions agreed. Consequently, the roles dedicated to the Council of the European Union together with the European Parliament form the main decision-making body of the Union (The presidency of the Council of the EU, 2016).

However, the essential aspect for small countries is rotating presidency for the Council of European Union. Each Member State holds the presidency role for a 6-month period. All the Council meetings (except the Foreign Affairs Council as it has a permanent chairperson - the EU High Representative for Foreign Affairs and Security Policy) are chaired by the relevant minister of the state

leading the rotating EU presidency. Due to this unique institutional trait smaller countries of the European Union receive the opportunity to lift the important interest which in any case could be overlooked, to the working agenda. Nevertheless, overall consistency of the institution is ensured by the General Affairs Council which at the same time is assisted by the Permanent Representatives Committee. This is composed of Member States' Permanent Representatives to the European Union, who are, in effect, national ambassadors to the EU (The presidency of the Council of the EU, 2016) .

Member State holding the Presidency is accountable for ensuring smooth work of the Council on EU legislation together with the European Parliament. Second important task, is to ensure continuity of the EU working agenda, previous adopted legislative processes and cooperation among members of the Union. In order to reach this, the presidency must behave in a way of an honest and neutral broker. (Consilium, 2016). However, why it can be such a challenging assignment for the newest members of the European Union? Panke (2008) in her article has pointed that small countries, especially which are new comers in the Union, tend to face structural disadvantages in comparison to big member states. There are three main reasons describing the underlying reasons. Despite the fact, that countries entered in 2004 have fulfilled the requirements in Accession Agreements, they were politically weaker and still are lacking political power (Hill & Smith, 2011; Galbreath & Lašas, 2011). Second argument refers that before the entrance to the Union administrative resources of countries were too low in order to construct the administrative policy and strengthen staff expertise for standing in parallel with big Member States (Panke, 2008; Hill & Smith, 2011). Lastly, newer small Member States lack diplomatic expertise and European proficiency to proceed as policy forerunners. In most cases countries with lower political influence tend to launch demanding regulative standard only in ally with old members of the Union (Panke, 2008; Milta, 2015).

With regard to the presidency, it is responsible for two main tasks: planning and chairing meetings in the Council and its preparatory bodies, and representing the Council in relations with the other EU institutions. In order to fulfill the first task, leading member state has to guarantee that discussions are conducted in a proper manner and rules of procedure and working methods of the Council of European Union are correctly managed. The presidency leads meetings of various configurations of Council (only by excluding the Foreign Affairs Council) and the Council's preparatory bodies of permanent committees such as the Permanent Representatives Committee (Coreper), working parties and committees managing very specific subjects. In addition, many others formal and informal meetings are organized in Brussels and in the country of the rotating presidency (Consilium, 2016). In order to complete the second task, the presidency should manage the relationship between the Council and the rest of EU institutions, especially putting focusing on the Commission and the European Parliament. The key role of the presidency is putting the highest efforts

for reaching the agreement on legislative files through trilogues, informal negotiation meetings and Conciliation Committee meetings. What is more, close coordination should be maintained during the term while working with the President of the European Council and the High Representative of the Union for Foreign Affairs and Security Policy. All this is necessary, to sustain their work and perform specific duties for the high representative when requested, such as entitling the Foreign Affairs Council before the European Parliament or leading the Foreign Affairs Council when working on common commercial policy issues (Consilium, 2016).

Therefore, presidency can be daring experience and bring difficulties; academics repeatedly presented the importance of the Presidency period for small Member States. This not only enables to shape the reputation of the country in international arena but also demonstrates the expertise in leading the council during the assigned term. What is more, it is the time to emphasize European interests and regional problems, at the same time developing the influence at the Union level. Small Member States must consider various behavior models to reach the seeking goals (Lamoreaux & Galbreath, 2008; Panke, 2010; Milta, 2015). Another important aspect that small state should be aware when preparing Presidency objectives is that establishment of the working agenda is not the direct transfer of stated priorities of the future presidency. Traditionally, 90% of issues are obtained from the previous presidency, next 5% is left for a force majeure that, according definition, cannot really be prepared for, and the remaining 5% are dedicated for the interest defined by the presidency (Tallberg, 2003).

Scientists did not provide any uniform measurements for the presidency's evaluation. Nevertheless, a big part of academics researching European politics concert that presidency, in order to be seen as effective, should manage successfully lead the negotiations and approach settlement in the end on the discussed issues, assure affirmative negotiation outcomes, frame positive negotiation environment and attain the objectives set for the presidency period. What is more, effectiveness of the presidency also depends on what role the member state will select in general and on certain matters (Schout & Vanhoonacker, 2006)

In this chapter the analysis of Lithuania and Latvia Presidency results will be presented. It will be described following the Panke (2010) specified behavioral approaches of smaller states in terms of increasing its (1) bargaining power, (2) argumentative power and (3) power of reputation:

1. Bargaining power can be increased by strengthening institutional coordination at the regional level and creating strategic coalition with more influential Member States;
2. argumentative power can be advanced by maintaining contact with the European Commission and prioritizing relevant policies for the country and for the Union;
3. power of reputation can be improved by the professional execution of the Presidency status. It is a time when a small Member State can make significant influence on the working agenda, but also

present its diplomatic expertise in closing agreements inside and outside the Union, and making new and strengthening old relationships with partners.

Lastly, the results will be generalized according the Wivel & Gron (2011) who provide a theoretical background for the improvement of the influence of small country following the characteristic of smart state strategy for reaching its targets:

1. Small state should consider being very specific and focused when deciding upon its objectives and tools for implementation, instead of targeting broad spectrum of paragraphs in the agenda. Nevertheless, it was noticed that due to its position smaller players cannot hold a tough position during negotiations without a relatively strong backside;

2. while working on common interests of the European Union no clash can be afforded to appear with already existing policies, because the goal of smaller state Presidency of a smaller state is to create additional framework for complementing and strengthening previous policies. Coalition building skill is a necessity on working on such projects;

3. following the position of a smart state smaller country should always be aware elaborating on the interests of bigger countries as it is perceived as strategically correct position through mediating.

The thesis will be based on the principles of a qualitative study, thus, no statistical data will be used or collected. Descriptive analysis will rely on a variety of secondary sources, presidency programs, progress reports, policy papers, archival data, joint declarations, speeches, official documents and news articles. These sources will be used to assess results achieved of Lithuania and Latvia during their presidency term.

3.1. Priorities of the Foreign Policy of Lithuanian 2013-2015

Lithuanian foreign policy implementation is closely related to the European Union. Member States, which entered the Union in 2004, had to shift perception line from treating the EU as an external partner to the action of transferring its policies into internal government policies. Lithuania had a challenging decade and have a reached a lot of objectives since its independence. For Foreign policy priorities will be identified from the period 2013-2015 (URM, 2012; MFA, 2015).

1. As a member of the European Union Lithuanian foreign policy implementation is based on the values declared by the Union. What is more, together with the other democratic countries Lithuania is committed to make its part in solving security, peace maintenance and other issues arising due to globalized world.
2. As the top objective Lithuania understood the need to strengthen the current cooperation with the EU countries, starting with the active relationship with the rest of the Baltic States and Northern countries, Germany and Poland due to shared political and economic interests. In

addition, further development was foreseen with France and United Kingdom. As stated in the report close contacts with these countries will transfer into bigger Lithuanian influence in the EU during the decision-making process.

3. Lithuania wanted to support information policy in foreign affairs and implement the long-term formation of Lithuanian reputation building at the external level. Ministry of foreign affairs wanted to present Lithuania as the suitable place for international conferences and initiatives and attractive residence of international organizations and their representatives.
4. In order to have strong, united, competitive and secure European Union, during the Lithuanian Presidency it will provide active and constant support for the EU and United States Transatlantic Partnership in order to have strong relationship among the biggest democratic maintainers in the world.
5. Lithuanian Presidency and preparation for the term was listed as the top priority of Foreign Policy of Lithuania. Following the fact that Member State status has provided Lithuania with developed opportunities for the economic and social growth, during the Presidency will seek for smooth chairing and governing. With the falling coming responsibility Lithuania will seek for the most desirable results in the priority areas Lithuania which decisions will be beneficial for the entire Union. In order to achieve this objective government will be maintain close collaboration with the society, social partners, non-governmental organizations.
6. Energy effectiveness and security is the objective for the entire European Union. All diplomatic tools will be employed to seek for the EU and transatlantic partnership for ensuring strategic support for energy projects, at the time strengthening EU foreign and energy policies and agreeing on common position due to third parties position in the participation and competitiveness in the energy sector.
7. National security and sovereignty was always the most important priority to Lithuania. Due to this Lithuania was always actively participating in framing and implementing security policy of the European Union. In addition, Lithuania had the priority to deepen the relationship on security sector with the countries belonging to NATO and other neighboring countries.
8. Due to unstable geopolitical situation in the Eastern region Lithuania dedicated to participate in shaping the European foreign policy on its relationship with Russia. Furthermore, will be actively expressing its position when deciding upon the response to the crisis in Ukraine. In addition, Lithuania will continue promoting the development of Eastern Partnership Programme.

3.2. Results of Lithuania Presidency to the Council of the European Union

Lithuania took the Presidency in the second semester since 1st of July to 31st December of 2013. Lithuania was the first from Baltic States which has received the Presidency status, which was a great challenge for the country and its public service. It brought an opportunity to for Lithuania to present itself better, strengthen links even more to Europe, and contribute its part to the European citizens and their well-being, and pay the attention to the priorities presented from the national interest groups (Programme and priorities, 2013; Industrialists, 2013)

During the Presidency, Lithuania maintained active dialogue and close partnership with the European Parliament and the European Commission and ensured successful completion of the Presidency tasks. To guarantee the continuity of the EU agenda Lithuania developed effective cooperation with its partners in the Trio, Ireland and Greece, and followed the 18-month programme of the Trio. As every leading Presidency during its term Lithuania worked according three specific objectives (Programme and priorities, 2013):

Credible Europe restoring the stability of European Union financial sector and public finance by inducing effective growth oriented towards EU economic governance and stronger social dimension.

Growing Europe through deeper integration of the internal market with bigger investment into research and technological development, in addition of sustainable social security and better employment opportunities.

Open Europe standing for democratic values, contributing to safe neighborhood, actively protecting the rights of EU citizens and responding to global challenges in an effective manner.

Lithuania during the Presidency term worked according its objectives and EU officials and diplomats have described the performance as solid and competent. During those 6-months, Lithuania managed to complete the negotiations on a wide range of important legal acts, starting from environmental legislation and to the annual budget to banking union (LRP, 2014).

First, to reach the objectives *Credible Europe* the Lithuanian Presidency of the EU Council started by supporting the financial sector and the public finances of the Union countries in order to enable growth of the EU economy and improved the entire management system. In this case, it led to more effective and stronger social dimension. What is more, Lithuania was able to reach significant progress in the establishment of the Banking Union because great effort was devoted in order to reach the responsible economic policies of Member States, and attained the adoption of influencing legislation in order to support the protection of EU citizens' rights and financial interests (Achievements of the Lithuanian Presidency of the Council of the EU, 2014).

After 2008 and banking system crash and economic crisis European Union put efforts to restore the banking systems and construct new, more secure management systems. During Lithuanian

Presidency in order to restore financial stability two new components were agreed upon. Single Supervisory Mechanism is the first one, which was previously discussed and Single Resolution Mechanism, and during Lithuanian term was agreed upon and prepared to implement. The control of these two elements of the Banking Union will be governed under, the Bank Recovery and Resolution Directive, the Deposit Guarantee Schemes Directive and the Capital Requirements Regulation and the same rules is acquired across the entire European Union. Important agreement on the Bank Recovery and Resolution Directive should be highlighted as it has enabled the creation of operational and single mechanism to solve the problems of credit institutions and protect taxpayers' money ((Achievements of the Lithuanian Presidency of the Council of the EU, 2014).

Another significant work done in order to reach *Credible Europe* objective was responsible economic policy. Lithuania achieved that finance ministers of all Member States would agree on implement country-specific recommendations in accordance with the European Semester. In 2014 country governments followed the provided recommendations not only deciding national budgets but also constructing as structural reforms, employment aims and social policy. It was the first time when Eurozone countries presented draft budgets for pre-assessment by EU institutions. All this was the continuity that Lithuanian Presidency decided to follow based on 2013 European Semester suggestions for economic coordination improvement (Achievements of the Lithuanian Presidency of the Council of the EU, 2014).

During the term Lithuania paid big attention to the Protection of EU citizens' financial interests. One of the most important priorities in the field of justice was closed agreements with the European Parliament on the Directive on the freezing and confiscation of proceeds of crime. This legislation enabled the creation of more efficient and practical system when freezing and confiscating the proceeds of crime. This Directive also affected organized crimes by minimizing benefits and possible incentives of financial crimes. Another element in reducing financial crimes is related with the Directive that gives legal measures in order to strengthen protection of the euro against counterfeiting. It is clear that Lithuanian Presidency put big efforts in increasing the credibility of EU legal institutions as one more Directive upon which was agreed is regarding the European Investigation Order in Criminal Matters. This way EU citizens' trust in national and EU courts will be enhanced as the Directive enables to improve mechanisms for obtaining evidence and cooperation of EU Member States in criminal cases. The last work is targeting the commercial activities as Lithuania managed to reach the agreement for implementing the Regulation on jurisdiction, and the recognition and enforcement of judgments in civil and commercial matters ("Brussels I Regulation"). This agreement made a new start for Unified Patent Court's activities which main goal to reduce bureaucratic obstacles and additional costs, and evading situations when companies are forced to sue in courts of different

countries in the case of disputes (Achievements of the Lithuanian Presidency of the Council of the EU, 2014).

Growing Europe was reaching retain and support further the economic recovery in the European Union and to do that the Lithuanian Presidency managed to attain the timely approval of the growth-oriented multi-annual EU budget. What is more, for employment enhancement additional measures have been taken, especially to improve situation in youth sector. Lithuanian Presidency understood that it is essential to strengthen and create long-term strategy for improvement of internal market's competitiveness. As a result development of Digital agenda and common energy strategy appeared on the working agenda. The Council also highlighted the added value of macro-regional strategies, therefore, *Growing Europe* is perceived only in a sustainable development way, thus the European Union has shown responsibility for the possible negative effects of climate change and the environmental consequences (Achievements of the Lithuanian Presidency of the Council of the EU, 2014).

The Lithuanian Presidency successfully finalized inter-institutional negotiations on the EU multi-annual financial framework for 2014–2020. Final result is leaded and completed negotiations on over 60 legal acts related to the multiannual budget on such important programmes as Horizon 2020, EaSi, Creative Europe, LIFE, Customs 2020, and CEF. Lithuania continued to work on the legacy that was started to negotiate during the Irish Presidency and received formal approval only during the term of Lithuanian Presidency. What is more, Lithuania has focused its work toward other important policies. To begin with, Common Agricultural Policy Reform was agreed upon starting with transitional provisions applied to certain aspects in 2014. This reform allowed creating more practical mechanism with clear rules for farmers to follow in order to receive financial guarantees. As reforms of Common Agricultural Policy reinforce competitiveness of EU agriculture sector, progress in the implementation of the Digital Single Market has impact for the entire Union and the Lithuanian Presidency contributed to start those positive changes. Presidency put great efforts to launch negotiations with the European Parliament regarding the Directive on e-identification, which will be a stand pint for defining the legal framework for electronic services in the EU such as electronic stamps, electronic signatures electronic time marks, electronic documents, site identification services and electronic delivery. In addition, much attention was devoted to cyber security and combating cybercrime in cyberspace (Achievements of the Lithuanian Presidency of the Council of the EU, 2014).

Another important work when Lithuania showed its expertise was reformed Cohesion Policy. Agreement on this took two years of tough negotiations, however, Presidency managed to lead reforms of Cohesion Policy to the settlement. Reached agreement has ensured the long-term competitiveness of EU Member States and the 270 regions and with the sum of EUR 325 billion investments into

research, innovation, development of small and medium-sized enterprises, information technologies and energy efficiency will contribute to common welfare of the European Union. Third, simplified procedures and applications will be applied when dealing with financial instruments for external action. Seven measures system is shaped for programmes of different needs, like attention to human rights, good governance and democracy. In addition, according to the seven measures of external funding, around EUR 20 billion was dedicated to development cooperation for Eastern and Southern neighbors and strategic EU partners across the world. With extra focus to foreign affairs, Lithuanian Presidency have not forgotten EU Home Affairs, thus the Internal Security Fund received additional funding for external borders and visas, law enforcement cooperation, the fight against crime and the prevention of crime and crisis management (Achievements of the Lithuanian Presidency of the Council of the EU, 2014).

As was mentioned before, Lithuanian Presidency with high attention to EU Home Affairs in working agenda included common EU energy policy. For the first time, reports on the progress of the completion of the EU Internal Energy Market and on Strengthening the External Dimension of the EU Energy Policy was approved and presented by EU ministers. This evaluation gave green light for assessing a number different of factors influencing the development of energy policy, including such as nuclear safety and negotiation field with third countries energy enterprises. Started process encouraged to prepare An EU-wide list of projects of common interest, which was infused by the Commission and introduced in the high-level energy conference in Vilnius. It was the first time, when the seven-year EU budget included a financial line for projects of strategic energy infrastructure. Expressed in numbers, in 2014-2020 budget of European Union 248 projects will receive a chance to get the EU funding which will represent up to EUR 6 billion. All the reforms of energy policy required the Regulation which would contribute to intensifying the external dimension of the EU's energy policy. As a result, Lithuanian Presidency reached the agreement between EU Member States every second year to notify the Commission about the investment projects of energy infrastructure. This Regulation increased the level of coordination on the EU level and allowed to prevent the shortcomings of infrastructure and investments allocation (Achievements of the Lithuanian Presidency of the Council of the EU, 2014).

One more important aspect that Lithuanian Presidency has worked on was sustainable development of the European Regions. In order to strengthen the Europe Agreement of EU Member States on the Strategy for the Baltic Sea Region on the added value of macro-regional strategies was reached very easily, hence, it was obvious example of successful cooperation between Baltic and Nordic countries, which clearly demonstrated the importance of region collaboration and level of contribution to the entire Union. The Strategy for the Baltic Sea Region, the first example of macro-

regional cooperation in Europe, and based on valuable achievements additional strategies were started to form: the Strategy for the Danube Region, the Strategies for the Adriatic and Ionian Regions are expected to be drawn up (Achievements of the Lithuanian Presidency of the Council of the EU, 2014).

The last area of *Growing Europe* in the working agenda of the Council was on negative environmental effects and climate change. Among the priorities of environmental protection that Lithuania had, one of the most important was appropriate preparation for the UN Conference on Climate Change which was organized in November of 2013. The Presidency presented the common European Union position which was based on the negotiated conclusions by the EU Ministers of Environment. As a result, explicit, comprehensible and transparent responsibilities were provided for each Member State in order to prepare for 2015 Paris conference (Achievements of the Lithuanian Presidency of the Council of the EU, 2014). After complex negotiations, the Lithuanian Presidency reached a compromise on the EU Emission Trading System as in 2013 there was noticed a critical drop in the price of carbon dioxide emissions, which was mostly result of the financial crisis and reduced investments into technologies to lower emissions due to commercial inefficiency. The EU Emission Trading System supposed to give an urge to the economy boosted by emission reduction and industrial investments into technologies that reduce negative environmental impacts. To ease the implementation of the EU Emission Trading System the new Directives on Environmental Assessment was approved to facilitate the assessment procedures and create more convenient mechanism for the implementation of large environmental projects (Achievements of the Lithuanian Presidency of the Council of the EU, 2014).

Open Europe was the last visionary objective that Lithuanian Presidency had followed during its term. In seeking openness the new impetus was given to the Eastern Partnership and additional efforts were put in supporting the EU enlargement policy by implementing specific moves. What is more, the Presidency managed to reach significant progress in reinforcing the transatlantic trade and other trade policies. These achievements of the Lithuanian Presidency not only had strengthened the role of the European Union in the globalized world but also demonstrated its position of cooperation within external partners (Achievements of the Lithuanian Presidency of the Council of the EU, 2014).

The Lithuanian Presidency put the greatest efforts to guarantee that the third meeting of the Eastern Partnership would take place in Vilnius on November in 2013 and highlighted the achievements and process of the Partnership that already exist, and would receive the highest attention to the policy in the international arena. To strengthen the political interest even more, the Eastern Partnership Business Forum, Civil Society Conference and Eastern Youth Forum was organized on the sidelines of the Summit and was widely reflected as well. The results were rewarding as a number of strategic agreements were signed and initialed during the Eastern Partnership Summit 2013 in Vilnius.

The EU-Georgia Association Agreement, including DCFTA, The EU-Moldova Association Agreement, including DCFTA was initialled. In the long run the implementation of DCFTA provisions will benefit Georgia and Moldova import and export, and Gross Domestic Product (GDP). In addition, the Agreement on Participation in EU crisis management missions was signed with Georgia. Next, EU–Azerbaijan decided upon closing of Visa Facilitation Agreement, which opened for Azerbaijan citizens, especially those travelling often, to receive simpler and cheaper visa issuance process for traveling to countries of European Union. What is more, Belarus had finally decided upon its preparation to accept the EU's offer to begin negotiations on the Visa Facilitation and Readmission Agreements. Another important aspect during the Summit was situation with Ukraine. The European Union proposed that readiness to sign the Association and free trade agreements. Moreover, Member States came with the proposition that in case of the signing the most of it could be applied provisionally without waiting for full ratification. This way the EU assured its commitments to the citizens of Ukraine who demonstrated their determination to seek for convergence with Europe. In concluding part, the Joint Declaration of the Vilnius Summit was signed indicating the progress achieved since 2011 and defining future guidelines for the Eastern Partnership programme in order to seek closer cooperation in strategic areas. Among the most important achievements of the Summit, was that the work on the Eastern Partners has been continued by opening EU Agencies and programmes for future participation. During the Lithuanian Presidency, two formal Eastern Partnership ministerial meetings – in the sectors of Justice and Home Affairs and Transport resulted in an in-depth discussion lead by the ministers which ranged on a wide spectrum of reforms that could be started to implement by the partner countries with a great support granted by the Union and its Member States. Especially successful meeting take place among, the Eastern Partnership Transport ministers, who agreed on the trans-European transport network (TEN-T) extension to the six Eastern Partners (Achievements of the Lithuanian Presidency of the Council of the EU, 2014).

Second aspect, on which Lithuania has been working during its term, was enlargement projects, during which new step was taken in Turkey's accession negotiations with the European Union. The Presidency after a break of three years managed to open a new chapter for Accession negotiations. Second, EU Council approved mandate on accession negotiations with Serbia as EU ministers positively evaluated the Serbian democratic reforms and efforts in balancing relations with Kosovo. What is more, The Lithuanian Presidency chaired during the Intergovernmental Conference when five negotiation chapters with Montenegro were initiated, including chapter 23 (Judiciary and Fundamental Rights) and chapter 24 (Justice, Freedom and Security) establishing the process of negotiations. To conclude the overall results, the EU Council adopted Conclusions on Guidelines for Enlargement Policy. This way the European Union commitments were confirmed for enlargement process

continuity and proper evaluation according to its own merits and the implementation of obligations for EU membership for every candidate which is aspiringly seeking EU accession. On summarizing note, the conclusions once again emphasized that the rule of law is the base for the enlargement process as a whole (Achievements of the Lithuanian Presidency of the Council of the EU, 2014).

As was mentioned previously, *Open Europe* put great efforts in intensifying the free trades with strategies partners. One of the most challenging tasks for the Lithuanian Presidency was three negotiation rounds with the US on the free trade agreement. A started dialogue with the US on data protection, as have been as planned take place for three EU negotiation rounds on the Transatlantic Trade and Investment Partnership Agreement with the USA. Both parties would benefit after signing the largest global free trade agreement: it was counted that the EU's GDP would grow at half per cent a year and exports to the US would grow by up to a third. Furthermore, during the Lithuanian Presidency, the EU and Canada reached the final accord on the Free Trade Agreement which would benefit in abolishment of 98 per cent of customs tariffs between the negotiating parts. What is more, during the term the EU trade ministers have agreed upon the mandate for negotiations on the EU–China investment agreement; the first agreement would open new cooperation possibilities for EU businesspeople in establishing businesses in China and stimulate bilateral investment. It was also decided to include investment protection provisions in the ongoing negotiations with ASEAN countries (Achievements of the Lithuanian Presidency of the Council of the EU, 2014).

The final objective of Lithuanian Presidency was strengthening the global role of the European Union. In order to reach that, it is essential to start by fortifying the European External Action Service. The Lithuanian Presidency during its term monitored work of the European External Action Service and based on review prepared conclusions which assisted for the development the European Union diplomatic service and strengthen consular protection in the EU zone as well as in third countries. Another strategic action, that Lithuanian Presidency deserved recognition is bringing to the agenda European defense issues, which was put aside since 2008. The Presidency greatly contributed to the meeting of the European Council, where EU leaders agreed upon the existing defense problems and came up with solutions on strengthening the EU Common Security and Defense Policy by re-evaluating the transformed strategic environment, and delegating a greater and more effective role for the EU in guaranteeing the security of European citizens. Another aspect in creating safer world Lithuanian saw Development cooperation as an important tool. During 2013 second semester, the Council approved conclusions on the financing on the poverty fighting and the EU development agenda beyond 2015, which was a replacement for the Millennium Development Goals approved in 2000. In addition, special attention was given to the preparation of the United Nations General Assembly on the Millennium Development Goals. What is more, in relation to the EU partnership with

African, Caribbean and Pacific countries, the Council decided on applying the provisional measures of the 11th European Development Fund, this way guaranteeing uninterrupted funding from the beginning of 2014. In order to fulfill the targets of **Open Europe**, the EU Member States aimed agreement on visa-free travel for citizens of 16 Caribbean and Pacific countries, United Arab Emirates, Peru, Colombia and Moldova received a right to travel to the EU without visas.

Progress towards simple and effective external borders control The Lithuanian Presidency devoted particular attention and time to the discussions of the “smart borders package”. External border management should ensure the simple and effective crossing of external borders, and create more favorable travelling conditions for third-country nationals. The control of external borders should also become an effective means for tackling crime, for example terrorism, illegal migration and cross-border criminal activities, and strengthen the EU's internal security.

Lithuania results of strengthening bargaining power

Panke (2010) explained that bargaining power for small states can be complemented by supporting institutional coordination at the regional level and building strategic coalition with more influential Member States. Another important aspect that is essential in terms of combining coalition through bargaining power is to be able put itself in a position of mediator.

Implementation of Single Digital Market (DSM) was a big step that would allow to strengthen the strategic position of the European Union on the internal as well as external levels. (DSM) is a part of Single Market in which the free movement of persons, services and capital is guaranteed only with more advanced version where the individuals and businesses can seamlessly access and exercise online activities under conditions of fair competition, and a high level of consumer and personal data protection, irrespective of their nationality or place of residence (Digital Advisory Council, n.d.). Copenhagen Economics in March 2010 in the report clearly presented that the future is digital and for the EU to implement the digital economy is needed for innovation and growth. Lithuanian Presidency done everything in its possession to create a strong legal base for Single Digital Market the biggest obstacles that the EU faces are existing due to legal systems of the Member States which are largely non-harmonized or partially-approximated (Polanski, 2015). Lithuanian Presidency dedicated its work to bring the continuity into European Union vision and uphold its abilities to the digital dimension and reach the full potential of Single Market's advantages.

What is more, Lithuania has performed contributing to the other important policies. Common Agricultural Policy (CAP) is one of the key policies for the Union. Agriculture is the main land user in the EU, covering for more than 47% of the total territory with a significant economic role in many rural areas (Byerlee,D., De Janvry, A.,& E. Sadoulet, 2009). What is more, there is a clear path indicating much higher economic importance of agriculture in the east and south of Europe than in the

west and north (Eurostat, 2013). The Reform, which was agreed upon during the Lithuanian Presidency began with transitional provisions applied to certain aspects in 2014. This reform allowed the liberalization of agricultural policy by creating more practical mechanism with clear rules for farmers to follow receiving financial guarantees but also moving agricultural sector towards higher market orientation and less restriction (Alexiadis, S., Ladas, C., & Hasanagas, N., 2013). Lithuania has proven its expertise by closing agreement of the Reforms of Common Agricultural Policy, which ranks among the most important policies for the European Union, but also for the biggest Member States such as France and Germany, which have very strong agricultural sectors. Furthermore, studies have revealed important aspect, that countries with high farm economic performance benefit with higher financial assistance per holding. More specifically, countries with high payment levels per farm, specifically, Denmark (23,665 euro/farm) and France (17,185 euro/farm) have 17 times higher possibility to be high performers taking in comparison with countries with low payment levels. Scientists highlighted the possible tendency of deterioration of public financial support from CAP for agricultural sectors with structural constraints and small economies of scale. In order to prevent such inequality, the European Council has ensured the distribution of the CAP budget with conditions that no single member state should receive less than 75% of the Community average per hectare direct payments by 2019. Implementation of this protective measure insure that effect of European of these countries would depend not only by the direct payment levels, but also holding the responsibility on the flexibility of the agricultural sectors being able to implement the investments in transparent manner with the ability to respond to changes in the market (Giannakis, E., & Bruggeman, A., 2015).

For the implementation of the Common Agricultural Policy Reform agreed during the Lithuanian Presidency taken provisions may benefits fully concerning the increase in its bargaining power. First, closing the agreement of Reforms required high coordination among the European institutions, mainly with the European Parliament during the decision-making process. Second, bigger Member States with strong agricultural sector, like France, Germany and Denmark may build positive image of the Presidency expertise and maintaining position which could lead to an ally partnership, which is essential to for smaller country as Lithuania. Third, implementation of the protective measure could transfer benefiting alliance with smaller countries as well. Cluster of small countries representatives in the institutional activities strengthen the positions during voting and decision-making process in the matters with classing opinions among big and small Member States.

Expansion of free trade agreements always opens new markets opportunities for business to develop. However, to the reach the closing stage usually took time because signing free trade agreement with the European Union follows more complex procedure compared the case of state-with-state. Member States have approved Article 21 of the Treaty of Lisbon, which entitled the European

Union to lead its external relations by inducing values of democracy, the rule of law, social rights, gender equality and etc. The EU free trade agreements (FTAs) are always followed by a Political Cooperation Agreement (PCA), entitling the external partners to comply core EU values, which enable to develop and maintain trade through the 'standard clause', whereby under certain circumstances, the violation of human rights' can provoke a suspension of trade agreement. This way EU tries to balance international value promotion and a complex of its internal legal commitments with the economic interests and its partners' demands (Garcia, M. & Masselot, A., 2015).

In most cases, economically stronger Member States are much faster to take the advantages of free trade agreements, because they hold a wide range of products and companies which are well-known around the globe and are easier to bring in the foreign market (Felker, 2012). Lithuania during its term dedicated a lot of effort in developing the free trade agreements with the United States, Canada and ASEAN countries, all the regions on the other side of Atlantic Ocean (Achievements of the Lithuanian Presidency of the Council of the EU, 2014). In 2013 EU governments provided the Commission with a mandate to start a negotiation on Transatlantic Trade and Investment Partnership Agreement (TTIP) with the USA. Thus Lithuania had to break the ice on the beginning on TTIP and it successfully initiated an international dialogue with the US Government on data protection and three meetings took place as was planned, because both systems contain different systems on legislations on data protection in order to maintain future negotiation rounds it should first agree on the first step (European Parliament, 2015). Nevertheless, TTIP would be the largest global free trade agreement ever signed and would bring the European Union GDP growth at half per cent a year exports to the US increase up to a third growth. All these advantages would mostly favor the biggest Member States, like France, Germany, which have very big national communities in the United States, which transfers to a very big demand for imported goods not only for communities' members, but also to European products which are highly valuable around the globe (luxury goods, wines) (De Ville, F. & Siles-Brügge, G., 2015). For Lithuania standing in the position to big Member State can reflect to closer coalition building with strong allies, which small country can rely on when in need. Another aspect that Lithuania was trying to reach was mediating to ease the institutional coordination during the negotiation rounds.

Lithuania results of strengthening argumentative power

Argumentative power for small states can be increased by developing and maintaining collaborative relations with the European institutions, like Commission and this way elaborating the priorities of relevant policies for the country and for the Union (Panke, 2010). Lithuanian Presidency has concentrated towards the European Union's competitiveness and financial stability with high focus towards implementation of the growth agenda. Nevertheless, three national interests loomed between the lines of the Vilnius working agenda: energy security, protection of the EU's external borders, and

the strongly underlined the initiative of EU Eastern Partnership initiative. Lithuania tried to employ its presidency to the full in order to increase its argumentative power by taking the role of a political broker and pursuing to boost the image of Lithuania as a reliable party and mediator standing for the interests of the whole European Union (Jurkynas & Dauksaite, 2014).

The Eastern Partnership (EaP) programme is an exceptional example of European Union process of policy-making. First, it is considered to be in a stage of development, furthermore, the versatile design of the Partnership programme elaborates enhancement of future cooperation to be more flexible according the accomplishments of the recipient countries. Another essential fact about the Eastern Partnership is that it combines two elements: the Common Foreign and Security Programme (CFSP) and counterweight the geopolitical environment in Eastern Europe by undermining the controlling position of Russia (Milta, 2015). Warsaw Summit, in terms of results, was considered as a failure and has brought the risk of the Eastern Partnership collapse in maintaining the collaboration of the European Union and recipient countries. In order to shift the public discourse in the more positive direction Polish-Swedish contribution had the significant impact for drafting the initial programme proposal to the implementation stage, which covers discursive regard of competition and political priorities, funding provision, diplomatic expertise and assistance when promoting the EaP among other existing policies of the European Union. Scholars have pointed out, that in order to reach comprehensive work, coordination with the European institutions, starting with the European External Action Service (EEAS) is essential. Lithuanian Government had learnt the lesson from negative experience of Warsaw and decided to take additional round of preparation by transforming institutional mechanism within the Ministry of Foreign Affairs by imposing an additional Eastern Partnership division, when Seimas was launching the priorities for the Presidency term. Domestically, Eastern Partnership programme received growing recognition due to revised version of the National Security Strategy of 2012, where an importance of EaP programme for Lithuania's security environment was explicitly highlighted (Seimas of the Republic of Lithuania, 2012). Such attention to development of the Eastern Partnership delivered y Lithuania was an unprecedented case of a smaller EU Member State implementing the foreign policy initiative derived as its Presidency priority in the institutional environment of the post-Lisbon Treaty (Kaznowski, 2014; Milta, 2015).

Lithuanian Presidency took Vilnius Summit for the Eastern Partnership took very seriously and dedicated a lot of efforts in leading the Summit to reach the highest results for both parties, the Eastern countries and the European Union. Political studies have demonstrated that from the start Lithuania took the role of the regional leader in involving Eastern partners towards the higher level of Europeanization as possible. Lithuania had the main objective - counterbalancing Russia's impact in Eastern Europe and diminishing its impact by actively standing for Euro-Atlantic integration of the

neighborhood partnership. Lithuania was extremely responsible when adaptation of *aquis* during the pre-acquisition period and always stood in the position of follower during the negotiation on the various policies, however, Eastern Partnership was the time when Lithuania involved differently and decided not to take following position of the biggest countries proposals (Pastore, 2013). Likewise, Lithuania was advocating for Georgia and its territorial integrity violation by Russia during the Russo-Georgian war, nevertheless, being the regional leader did not fully transferred into Lithuania's authority across European institutions, mainly because its incomparability and lack of experience of working under Brussels' dictated rules (Milta, 2015). However, during the time of Presidency Lithuania understood its mistakes from past and managed to provide great results during Vilnius Summit in 2013 and trying to diminish Russian influence in Eastern region by supporting the spread of European values and example.

However, Dalia Grybauskaitė, the President of Lithuania, attained controversial evaluations due to its role in and impact on Lithuania's Presidency to the Council of European Union. On the one hand, European analysts praised first EU Presidency the country due to successfully achieved results during the term, indicating the Ukraine's unwillingness to sign Association Agreement in Vilnius was not the fault of Lithuania, but rather the pressure the former Ukrainian president experienced from Russia that created the detention for signing the agreement (BNS, 2013; Jurkynas & Daukšaitė, 2014). On the other hand, some EU parliament members and Russian political analysts came up with different results, presented a claim that actions of Grybauskaitė, her personal agenda and her leadership style are responsible for an unsuccessful outcome. What is more, the Lithuanian president was blamed of exploiting the EU Presidency for personal gain and prestige, as well as, a chance to consolidate her electoral position in Lithuania (Ponomareva & Shishelina 2014). The provided criticism came mainly from Russian analysts, whose partiality is very doubtful; moreover, Russia has escalated aggression and pressure in Ukraine and instantly shifted the security environment in Eastern Europe. Grybauskaitė has replied that such evaluation was biased and that Russia raised a significant threat to the entire Europe (Jurkynas & Daukšaitė, 2014).

Baltic States border share geographical border with Russia and with changing position of this country Lithuania took a stand to raise the question of external borders security. Presidency for the first time in five years managed to gather leaders of the European Union to discussed European defense issues and Russia as an increasing risk. Lithuania's selection of priorities created an opportunity to draw attention to areas that may have been left aside at some point at the EU level and partially was derived from the Baltic States security perspectives (Jurkynas & Daukšaitė, 2014). The Lithuanian Presidency significantly contributed to the December meeting of the European Council, where EU leaders had settled on necessity for strengthening the EU Common Security and Defence

Policy by re-evaluating the shifting geopolitical environment, and decided to take a more effective role in guaranteeing the security of European citizens and the entire region (Achievements of the Lithuanian Presidency of the Council of the EU, 2014).

Another interest that Lithuania was motivated to implement was higher energy security for Europe, energy systems' integration and the creation of a common EU energy market. Lithuania managed to reach that for the first time, the EU budget includes financial line for strategic projects with the external dimension of EU energy policy. As far as concerns related with energy security important to Lithuania six significant projects were included in the financing list. Lithuanian tenure can be defined as between the extremes of national interest proposing and common European concerns. On one hand, Lithuania proposed the aims to work for reaching more credible, growing and open Europe, while on the other hand, the country tried to push existing and medium-term national interests concerning projects of the EU Strategy for energy security of the Baltic Sea Region and the Eastern Partnership programme (Jurkynas, 2014). With the possibility of interest's clash, Member States, in most cases, face the dilemma and Lithuania was not an exception as it had to find the balance in mediating as an impartial broker promoting its national concern, like during the selection of programmes for financing by the Connecting Europe Facility. What is more, Lithuanian priorities of energy policy lay on the main policy directions in the European Union, which are the "Europe 20-20-20" goals and energy efficiency in the region. In order to maintain the position of an honest broker, Lithuania has to follow the position, which would be flexible and extensive at the same time not to harm its reputation (Vilpišauskas, Vandecasteele & Vaznonytė, 2013).

However, the results of the Council Presidency offers that Lithuania managed to balance national and common interest of the Union. In addition, energy security became more relevant for bigger number countries with the shifting Russia position started with the situation in Ukraine (Jurkynas & Daukšaitė, 2014). In the negotiations on the EU multiyear budget, Lithuania acquired much more than was anticipated in the beginning. During the Presidency, various programmes regarding Europe's energy system were accepted, starting with the first set of Projects of Common Interest when the list of the strategically important energy projects was adopted. Following this trend, the Commission approved reports on the regional energy-strategy review the progress of the completion of the EU Internal Energy Market and on Strengthening the External Dimension of the EU Energy Policy. These results demonstrate the consistent and systematic work of Lithuanian Presidency and gave the green light for the future developments of energy policy, including nuclear safety and level playing field with third countries energy enterprises (Achievements of the Lithuanian Presidency of the Council of the EU, 2014).

Lithuania results of strengthening power of reputation

In her article Panke (2010) notes that for Small Member States Presidency for the Council of European Union are essential time in order to improve its power of reputation. Professional execution of the Presidency status has significant opportunity of presenting political efficacy, diplomatic expertise and ability manage situation in clashing opinions. What is more, Small Member State maintains power in constructing working agenda, and also demonstrates professional preparation in closing agreements inside and outside the Union, and works on developing new and strengthening old relationships with strategic partners.

Nevertheless, Lithuania entered into a zone of tension, despite that maintained intense cooperation with the European Parliament and reached significant results. During the term of 6 months Lithuanian Presidency organized 1,350 meetings of various working groups and committees and led 40 Council sessions. Vilnius has set very high standards by tripling the regular legislative workload by adopting 128 legal acts, 250 non-legislative files and 50 Council conclusions, while the average workload of a member state falls in the range of 50-55 normative documents of EU. Furthermore, Lithuania was accountable for 478 European initiatives: 261 negotiations were completed and 113 normative acts were put into process (Jurkynas & Daušaitė, 2014).

Lithuania holding the Presidency for the first time is encountered with two major possibilities concerning its incumbency. First opportunity is external: policy-makers from Lithuanian Government receive a chance to present their country as an experienced member of the European Union and with the spotlights turned towards Lithuania awareness elsewhere in the EU about country's culture and preferences increases. This enhanced attention reflects in intensified formal and informal contacts with other member states and the EU institutions. The second advantage is internal: the Presidency period creates a positive effect on the country's political capital and transfers into professionalization of its administration. High number of Government officials receives intensive experience with internal and external affairs of the EU, and gained knowledge will be directly applied and implemented to the domestic and foreign policies of Lithuania (Vilpišauskas, Vandecasteele & Vaznonytė, 2013).

Being aware of such internal and external opportunities for chairing the Council of the EU for the first time, Vilnius paid high attention to beforehand preparation and raised a very targeted and ambitious agenda. Early start for the presidency allowed Lithuanian Government to put a lot of effort in working with administration and created proper conditions in terms of training of qualified personnel. What is more, beforehand preparation gave a chance to develop improved representation of Lithuania in EU institutions and strengthen its administrative capacity. Furthermore, during the organizational arrangements Vilnius has enhanced to relationship with the EU intuitions by

maintaining close communication with the European Parliament and European Commission, not forgetting different committees and working groups (Jurkynas & Daukšaitė, 2014).

During its term Lithuania followed several roles: in relatively insignificant matters Presidency was more passive and took administrative part, while in more important issues, that do not clash with its domestic interests, in order to reach the most suitable result for all members of the Union Lithuania took a role of mediator. It was a part of strategical preparation because administrator and mediator functions are among the duties that Presidency should fulfill in the first place, furthermore considering post-Lisbon environment, Lithuanian size and previous role of policy-taker different behavior would not be adequate. Nevertheless, was not afraid to stand in a position of agenda setter and political leader as status of Presidency allowed when discussing the matters, which were essential for Lithuania and the rest Baltic States, like energy security, eternal borders' defense and Eastern Partnership policies. On external affairs and political representation Lithuania remained less ambitious and was focusing in balancing the good working relations with strategic partners of the Union (Vilpišauskas, Vandecasteele & Vaznonytė, 2013).

Lithuania's tenure falls somewhere between classification as an 'amplifier' or 'silencer' of national interests. The presidency's official aims produced the slogan of a 'credible, growing and open Europe', and were well-accepted for their unbiased approach. However, the secondary, and perhaps true, objectives on energy security and the EU's Eastern Partnership initiative were directly linked to Lithuania's existing and medium-term interests. Lithuania became more deeply rooted within the EU: its diplomats, politicians and part of the public sector became more Europeanised through developing their European expertise and networking during the presidency. Lithuania's image was not tainted, with the presidency sustaining Vilnius's trademark of reliability, effectiveness and objectivity as a small state. Although the country is a parliamentary republic with minor features of presidentialism, the politically active incumbent president Dalia Grybauskaitė has been a very active and pro-European face of the country (Jurkynas & Daukšaitė, 2014).

In summary, Lithuania has set ambitious goals in energy and EaP policies, two topics that are close to the country's national interests. This shows that the Lithuanian government and administration expect the Presidency period to "amplify" the country's preferences and influence to some extent. The degree to which Lithuania will be able to exert influence on EU policies depends on national, issue-related, and context-related conditions. While the national conditions for influence are, for the most part, in place, the general context in the EU is not the most fruitful for advancing projects that do not seem to constitute everyone's crucial interest, and there are also specific constraints for energy and EaP policies. This article has outlined the conditions for influence before the start of the Presidency;

the actual influence of the Lithuanian Presidency can later be assessed based on this analysis (Vilpišauskas, Vandecasteele & Vaznonytė, 2013).

The presidency did not engender a Eurosceptic mood, which stays at the political fringes. Support for the country's EU membership remains high and European awareness among the population has risen, especially in the context of Russia's aggression in Ukraine in 2014. The membership and responsibilities of a small state in the EU help to reduce asymmetries in power and in the case of Lithuania have improved the promotion of Vilnius's identity and national interests in the EU agenda. In summary, Lithuania's first presidency has been a positive litmus test of the country's political maturity in the EU (Jurkynas & Daukšaitė, 2014).

Lithuania in accordance with the smart state strategy

1. Small state should consider being very specific and focused when deciding upon its objectives and tools for implementation.

Lithuania as being a relatively small state mostly was focused on the important areas for its country: borders security, national sovereignty, energy security and Eastern Partnership. Lithuanian Government while forming its foreign policy guidelines the highest part was dedicated for the participation in the European Union. Ministry of Foreign Affairs formed the priorities of foreign policy which demonstrated country's dedication to the Union (URM, Lietuvos Respublikos vyriausybės programa (užsienio politikos dalis), 2012).

What is more, during the Presidency term Lithuania put high efforts in two main paragraphs on working agenda which was Eastern Partnership and energy security. It has a clear underlying reason. Eastern Europe is a region where two clashing structural powers of Western and Russian Federation exploit its influence. Baltic countries regained its independence in 1991 and were actively seeking Western countries' alliance. However, the Russian Federation has maintained strong influence on the Eurasian Union. With the increasing European Union interest in promoting Eastern Partnership policy Russia started to elaborate on economic and political pressure towards countries considering a participation in the Eastern Partnership programme, like in the case of Ukraine. What is more, during the Lithuanian Presidency term Russia strengthened informational attacks towards Lithuania. 2013 was the year when political analyst and diplomats started to notice geopolitical shift in the region and Lithuania during its term decided to dedicated more efforts towards energy and borders security, as Moscow has considerable energy dominance in Eastern Europe and is among top suppliers for the Western part as well (Bivainis, 2015). Lithuania has selected several priorities that were triggering for the Baltic countries as well as for the European Union. Presidency term lasted for 6 months and Lithuania took focused approach to reach the most important results at that particular time. In addition,

due to unstable geopolitical situation Lithuania was able to hold a tough position in terms of necessity for energy security, Eastern Partnership development and decisions for border security.

2. While working on common interests of the European Union no clash can be afforded to appear with already existing policies.

Lithuanian Minister of Foreign Affairs Linas Linkevičius have proudly presented that country during the Presidency term contributed to approving around 130 legislative and 250 non-legislative files and 50 Council conclusions, which have benefited for the entire Union in order to have more Credible, Growing and Open Europe. Minister has highlighted that Lithuania became more experienced, stronger and was proud to serve for the welfare of the EU. As the most important works Linas Linkevičius distinguished Multiannual Financial Framework and related legal acts, created base for internal energy market and fortified EU external energy policy, provided advanced version of the Banking Union file with finalized Single Supervisory Mechanism. What is more, Minister claimed that *Open Europe* objective was elaborated by proving to partners that European's openness is its strength and managed to reach breakthroughs in enlargement programme with Turkey, Montenegro and Serbia, initiated agreement with Moldova and Georgia in terms of political association and economic integration and closed visa facilitation agreement with Azerbaijan (Council of the European Union, 2013).

Before Lithuania gained the wheel of the Presidency apprehension has been expressed that Lithuania might be concentrated only towards polices, which correlate to its national interests. Nevertheless, Lithuania since the accession has followed the manner of 'Good European' and in 2013 President Grybauskaitė was awarded with the Charlemagne Prize this way recognizing country's commitments to the Union and positive standpoint towards European integration. This way criticism towards Lithuanian Presidency was diminished with remaining high expectations towards working according the manner of an honest broker. What is more, during the preparation time Lithuanian Government was forming explicit knowledge of the administration to be ready to fulfill the objectives of the presidency and was working towards realistic agenda for strengthening common interests of European Union (Vilpišauskas, R., Vandecasteele, B. & Vaznonytė, A., 2013).

3. Smaller countries should always be aware elaborating on the interests of bigger countries.

Lithuania acknowledged that Presidency status provided options to improve its image in the eyes of Western countries. Lithuania was able to build is position as a political broker and fulfilled its aim of boosting the image of a reliable partner and mediator which took the stand for the interests of the whole EU. During the entire Presidency time Lithuania maintained intense cooperation with the European Parliament and due its active participation Vilnius has tripled the expected legislative workload with 128 legal acts, 250 non-legislative files and 50 Council conclusions when the average

workload for the Presidency country is about 50-55 normative documents of the EU (Jurkynas, M., & Daukšaitė, J, 2014).

Lithuania completed number of works which was beneficial to the entire Union and provided additional benefits for the biggest European countries. Agreement on the EU budget enabled new options for developing jobs for young people, and strengthening enterprises of small and medium-size with guaranteed funds allocation for the rest key areas, which are mostly affected in countries, like France, Spain and Italy. In addition, Multiannual Financial Framework and other related legal directives will benefit for important sectorial issues in highly industrialized countries (Vilpišauskas, R., Vandecasteele, B. & Vaznonytė, A., 2013). What is more, Common Agricultural Policy is one of the key policies for the Union and with the taken decisions for the improvement the biggest beneficiaries of France, Germany and Denmark will continue to develop its position. Even, the creation of the internal energy market also come with the most positive results for bigger suppliers, like France (Jurkynas, M., & Daukšaitė, J, 2014).

3.3. Priorities of the Foreign Policy of Latvia 2013-2015

Characteristics and development trends of the Latvian foreign policy perspective maintained during the tenure of the 11th Government in the period of 2011-2014 which covered principal directions in the foreign policy of Latvia in 2013 and outlined the activities performed, in addition providing objectives for the Latvia's Presidency of the Council of the European Union in the 1st half of 2015 and sets out priorities for 2014 (Annual Report by the Minister of Foreign Affairs, n.d.; Foreign Policy Report for 2012, n.d.).

1. Involvement in shaping the future of the European Union by participating in strengthening the European Monetary Union and shaping The Multiannual Financial Framework for 2014-2020. What is more, Latvia will seek contributing to the strengthening of EU foreign policy and euro area integration, to further regional transport and energy infrastructure projects;
2. In compliance with the principle of solidarity in the European Union, Latvia aspires to improve the people's living standards with the help from the multiannual budget instrument, as well as creating better preconditions for Latvian agricultural sector development and equal competition in Europe will for improving the Common Agricultural Policy.
3. To prepare for the Latvian presidency at the Council of the EU, including the deepening of relations with the Eastern Partnership and Central Asian states. At that same time benefiting for the continuing strategic partnership with the United States.
4. Latvia was further developing the strategic partnership with the Baltic States, the Nordic countries, Poland and Germany for working on common goals and finding points in this way

promoting important issues of Latvian foreign policy. The intersection points for joint solutions appear in discussing the Eastern Partnership Initiative and energy security of the European countries.

5. With the changing geopolitical environment and refugee crisis high efforts should be dedicating in co-operation with strategic partners in the fulfilment of NATO goals and strengthening European borders as well as international security.

3.4. Results of Latvian Presidency to the Council of the European Union

Latvia held the first term of rotating Presidency the first time from January until June 2015. The College of Commissioners travelled to Riga on 7-8 January to open the traditional visit to the incoming Presidency of the Council of the European Union. During the plenary session the College of Commissioners and the Latvian government discussed the new Presidency priorities and started several "cluster debates. In addition, Vice-Presidents and Commissioners held bilateral meetings with Ministers and also launched dialogue with key stakeholders and Members of the Latvian Parliament. On 9 January, President Jean-Claude Juncker and the Latvian Prime Minister Laimdota Straujuma presented the beginning of European Year for Development 2015, which was dedicated for shift of a new course to diminish poverty, ensuring support for regional development and fighting climate change for a sustainable post-2015 world. Nevertheless, political analysts have forecasted challenging Presidency for Latvia – as 2015 was a start for a new government, a new Parliament, a new European Commission and also the European Parliament (Europa, 2015).

The Latvian Presidency of the Council of the EU has taken advantage to exploit every opportunity in its position and has achieved a considerable progress in the set priorities – Competitive Europe, *Digital Europe* and Engaged Europe. What is more, implementing the prepared agenda at the same time Presidency was able to provide an immediate and adequate response to the appeared challenges to the EU's internal security and worked on improving the EU migration and asylum policy. During the Latvian Presidency the European Union faced unexpectedly high migratory pressure (during the first months of this year more than 150,000 asylum seekers have arrived in the territory of the EU), which mainly fallen on the southern EU Member States (MFA, Results of the Latvian Presidency of the Council of the European Union, 2015).

Competitive Europe was the first goal that Latvian Presidency was dedicated to achieve during the term. Competitiveness of the regions is mostly related to the increase of life quality of citizens in those areas. Favorable living conditions are essential part for the socio-economic development of Europe and Latvia put them among the top priorities with high efforts to increase of competitiveness of the Union (MFA, Results of the Latvian Presidency of the Council of the European Union, 2015).

Revival in economic growth and creation of jobs is considered as the top objective and Latvia was working on implementing efficient structural reforms, which would lead to increased support for business and enabled more growth-stimulating investment. Hence, Latvia committed their work to accelerate the procedures in the Council on the Investment plan for Europe, which purpose was unlocking public and private investments for benefiting business environment in the EU. What is more, Presidency included in the agenda reduction of administrative obstacles and further strengthening of the Single Market, to enhance entrepreneurial activities, especially in the regional areas. This allowed fully implement advantages of the multiplication effect coming from investment (MFA, Results of the Latvian Presidency of the Council of the European Union, 2015).

Latvian Presidency has achieved implementation of European Investment Plan by actively working on all pillars: European Strategic Investment Fund, creating direct links between investors and projects, like launching the European Investment Advisory Hub, at the same time incorporating promoting investment friendly environment. The Latvian Presidency completed the agreement on establishment of the Investment Fund by forming advisory center for investments. All these actions supported the EU single market and laid background for the Energy Union and Capital Markets Union. To ease a fundraising process for the European economy, the Latvian Presidency dedicated their work on the European Strategic Investment Fund, balancing the intensive negotiations for closing agreement with the European Parliament. The compromise was achieved and guaranteed continued funding necessary for science and infrastructure strengthening in the framework of the Horizon 2020 and Connecting Europe Facility programmes, while ensuring transparent financing for Fund's purposes for initially planned amount. With coming into force since 2015 summer, it is perceived that the Fund will attract the investment of not least than 315 billion euro to the Union economy. What is more, the Fund opens support mechanism benefits to a number of areas: innovations and development, infrastructure, information and communication technologies, support to small and medium-sized enterprises, health care, development of the energy sector, as well as investment in education and training. Selection process of the proposed projects will be evaluated by measuring their compliance with existing EU policies, economic viability and potential to attract private investments (EU2015, 2015).

The Latvian Presidency has also contributed enhancing the investment environment this way supporting the EU Single Market. The Latvian Presidency was able to attain agreements on a number of priorities to increase the potential of the Single Market. Presidency managed remove disproportionate and unjustified regulatory and non-regulatory obstacles that EU companies were facing, especially small and medium-sized enterprises. In addition, full implementation of the Services Directive and enhancement of the notification procedure in ensuring information transfer to EU Member States about the changes in requirements for service providers. Directive proposes that the

European Union service sector policy has to support sectors with the strongest potential to contribute to the overall competitiveness of EU. This way the European Commission has to perceive more active role in monitoring the Single Market rules in terms of implementation and enforcement in the Member States. The Latvian Presidency, also, closed an agreement on legislative proposals, which facilitate the cross-border activities of companies in the European Union by establishing efficient and modern cross-border insolvency mechanism. Those legislative acts established less complex and expensive EU trade mark registration and promoted higher in activities related with joint stock companies. In addition, establishment process for companies was eased, especially for small and medium-sized enterprises, as well as, enabling online registration platform for enterprises and, increasing the threshold for the small claims procedure in cross-border litigation within European area. Moreover, European Union is highly industrialized region, thus Presidency was working for increasing the competitiveness of EU industry sectors and related services. To reach that, round of discussions was facilitated for the implementation of the Industrial Renaissance of Europe (Latvian Presidency, 2015).

The Presidency, also, worked for re-launching of the streamlined European Semester based on the renewed Europe 2020 strategy's goals. Latvia managed to enhance the quality of discussions in the Council, at the same time, guaranteeing proper involvement of all Member States as well as other stakeholders and national parliaments in the discussions related to Country Specific Recommendations (MFA, Results of the Latvian Presidency of the Council of the European Union, 2015).

Latvia worked for regaining the confidence of consumers and investors in the financial markets contributing to integrity, stability, and fairness. The Presidency achieved an agreement on structural reform on banking activities that prevent large banks, which took high importance in global system, from using the depositors' funds in high-risk financial operations; an agreement preventing manipulation with benchmarks or reference prices for financial instruments (Latvian Presidency, 2015). Another area that Latvian Presidency marked as important was the strategic framework for European cooperation in education according the objectives of Europe 2020 Strategy and organized policy discussion among the EU Education, Youth, Culture and Sport Council of Ministers and debate led to conclusion that the most important issues of European education and training are following matters: objectives and actuality of education and training cooperation, possible forms of the cooperation and the implementation of working cycle involving the financing activities for job creation and aspect of possible social cohesion within the strategic framework. What is more, European Union education ministers acknowledged the importance of actual strategic objectives: to foster the programmes related to lifelong learning and mobility; enhance the quality of education and training projects; recognize the importance of active citizenship and social cohesion, and, at the same time, to

stimulate innovation projects and their implementation involving all levels of education and training, including entrepreneurship activities (EU2015, 2015).

The Latvian Presidency has contributed in stimulating changes in transport sector, which would benefit to the overall competitiveness of the European Union and fortified the EU Single Market. The Fourth Railway Package is a weighty project for seeking progress in the railway market and economic growth of the common railway sector. Agreement on Fourth Railway Package erases barriers for the establishment of Single European Railway Area and grants such facilitations as a single security certificate for railway carriers, which validity would be acknowledged in the entire Union (Latvian Presidency, 2015).

The Latvian Presidency has been very dedicated during the entire term to reach the highest possible level of the European Energy Union implementation, which objective is to lead toward expanded EU energy independence and formed clear strategic direction to have common energy policy in the European Union. Energy Union structuration began with the so-called Riga process, which has indicated five interconnected dimensions of energy policy: energy security and solidarity mechanisms, enhancing energy efficiency, a fully functioning internal energy market, low-carbon economy and high regards towards to innovation and competitiveness. Latvian Presidency emphasized their goal to introduce quality to the EU's energy policy with affordable and stable energy prices for consumers, offer variety of options in the energy demand, and easy access to information about activities of energy providers. During the Latvian Presidency certain actions have been taken to ensure energy security in Europe, like promoting higher level of transparency in contracts made by the Member States with gas suppliers or companies working with the third countries or dealing with companies from third countries. To fulfill the interconnected dimensions Presidency adopted decisions related to economy supported by low-carbon power sources this way leading to higher level of energy independence of Europe. What is more, Latvia highlighted importance of environmental protection and reached an agreement with clear commitments of the European Union on post-2020 climate change reduction and guaranteeing Union contribution to preparation of the Climate Change Conference in Paris. Presidency not only made its part for supporting financing for environmentally friendly technologies, which promote renewable energy sources and energy efficiency, but also concluded an agreement on foundation of the EU Emissions Trading System Market Stability Reserve. The EU Emissions Trading System is the main effective tool that Union has for fighting with environmental problems and diminishing level of greenhouse gas created by high facilities used in industrial production (Latvian Presidency, 2015).

To strengthen of EU competitiveness in the long term Latvian Presidency paid attention to the inclusive labour markets and the quality of jobs. It is important, because during the times of financial

crisis less supervision was directed towards such matters like, sufficiency of wages, the quality of jobs and sustainability, the secure transition from one job to another and career opportunities. It was the underlying reason of Latvian Presidency preoccupation of the current level of ongoing social dialogue at the national and European levels, which transfers to competitiveness of the EU. The Presidency has advertised initiatives targeting fair treatment of all the taxpayers in the EU Single Market setting out short-term, medium and long-term measures to overcome existing profit shifting and tax base erosion. Similarly, Presidency has concluded agreements on a number of legislative acts, which will be advantageous for the consumers in the European Union. Legislations on the payment services protect consumers from incorrectly executed and sometimes abusive transactions, thereby, security level related to electronic payments was increased as well (Latvian Presidency, 2015).

Paying attention to improvements in the agriculture and fisheries sector is, thereby, very important when talking about the overall level of competitiveness in the European Union. Agreement was closed in order to assure a animal protection and health by employing such instruments: updated framework of common legal acts for the attention and control of infectious animal diseases, also, including the public health and safe food chain. What is more, Presidency has achieved development in organic agriculture sector by reforming legal norms controlling organic production, increasing confidence in producers of organic sector and ensuring fair competition rules for farmers and entrepreneurs. What is more, agreement was achieved for obligations to eliminate previous practice of discarding fish catches that not only had malicious influence on fisheries but, also, created negative condition of the marine environment (Latvian Presidency, 2015).

In conclusion, Latvian Presidency has made important contributions of the transport sector, at the same time, enhancing competitiveness of the European Union and supporting the EU Single Market. The settlement regarding the Fourth Railway Package is important for the development of the railway market by eliminating variety of obstacles to the establishment of a Single European Railway Area and economic boost in the overall railway sector. What is more, Presidency put efforts in ensuring stricter rules for environment protection, as well as updated legal norms for fisheries and articultural activities.

Digital Europe was the second objective and the Latvian Presidency was determined to release the potential of Europe's digital economy and the Digital Single Market to benefit for the EU economic growth job creation and competitiveness. The Digital Single Market has a very big potential of complementing up to 415 billion euros to the economy of the European Union and creating thousands of new workplaces for the citizens. Latvian Presidency managed to do a very important work of forming legislative draft for the founding of the Digital Single Market, especially is such areas as of cybersecurity, data protection and telecommunications, including the balance to avoid the

possible interests clash between the consumers and industry (MFA, Results of the Latvian Presidency of the Council of the European Union, 2015).

The Presidency dedicated high attention in reaching consensus on the 2015 activities on defining Digital Single Market strategy and managed to close an agreement at the Council on the General Data Protection Regulation, which increased the level of data protection and opened new opportunities for business participation in the Digital Single Market. What are more, new legal provisions allowed implementation of fair competition and opened new opportunities for participation, which is very important for small and medium-sized enterprises. Essential aspect to guarantee unified data protection was applying the same rules for European and third country online service providers, this way elaborating on unimpeded cross-border data exchange. Increased collaboration between the Member States promoted higher supervisory by authorities ensuring common application to the rules in all the Union involving important transnational cases, newly-introduced one-stop-shop mechanism for joint decision-making and cooperation among various data protection institutions. The Latvian Presidency contributed to the establishment of the vital prerequisites for the identifying the potential of digital economy, but for fully releasing its abilities such changes need to be achieved: improvement of digital skills, implementation of high-speed broadband networks, cybersecurity and creation of consumer trust. Moreover, Latvian Presidency worked dedicated efforts for increasing cybersecurity by reaching an agreement with the European Parliament on Network and Information Security Directive (Latvian Presidency, 2015).

Very important achievement of the Presidency was an overall settlement on the Telecoms single market by ensuring a reasonable cost for EU citizens in having high quality services. The Latvian Presidency has closed an agreement together with the European Parliament on a significant decrease in roaming fees that came into force already since 30 April 2016, with a full withdrawal of the roaming surcharges as of 15 June 2017, and introduced rules for first EU-wide open internet (Latvian Presidency, 2015).

Finally, the background was laid for simplifying the application of the 'digital by default' principle, which ensures supervision of legislations by the 'digital age'. In other words, every legislative act should be formed to be fully functioning in the digital environment. This reduced administrative burden for both, companies and individuals. Latvia, also, made initiatives for releasing the potential of public administration by implementing communication and information technologies into their processes (Latvian Presidency, 2015).

Engaged Europe objective was dedicated for common work of the High Representative of the Union for Foreign Affairs and Security Policy, and the Latvian Presidency to promote security, social and economic stability to the neighboring countries and other part of the world. The Presidency was

particularly concentrated on developing relations and strategic partnerships with the countries of Eastern Partnership and Central Asia. In addition, high efforts was maintained for strengthening the EU Common Security and Defence Policy for better evaluation of security threats and principles for future work (MFA, Results of the Latvian Presidency of the Council of the European Union, 2015).

The European Neighborhood Policy continued working on the Eastern Partnership dimension with particular attention towards Southern Neighborhood. What is more, Riga Eastern Partnership Summit was introduced as a strong signal for keeping ongoing partnerships as a policy priority by providing consistent development of the EU enlargement policy and providing EU's support for integration process of the Western Balkans countries: Bosnia and Herzegovina, Kosovo, Montenegro Macedonia, Serbia, Albania, and Turkey. Stabilisation and Association Councils was led by the Latvian Foreign Minister with the named countries on behalf of the High Representative of the Union for Foreign Affairs and Security Policy for seeking an agreement on the opening of four new chapters in the EU–Montenegro accession negotiations.

The Eastern Partnership Summit in Riga only fortified the cooperation with the Eastern Partnership countries. Further collaboration was consolidated in vital matters as defense and security policy, home justice and affairs, civic society, digital economy, agriculture, transport, trade and business, media, as well as youth education and employment. Partner countries were provided with support for the implementation of association agreements, as well as, the components for free trade. What is more, the Riga Summit was a strong promise that visa liberalization for Georgia and Ukraine was the discussion of the coming years. Latvian Presidency reached an agreement on financial support of 1.8 billion euro to Ukraine, which was to the largest financial aid ever provided by the European Union to a third country. At the March of 2015 the Heads of European States and Governments highlighted the direct link between full executions of the Minsk agreements with the extension of restrictive measures against Russia. Based on this decision, Foreign Ministers of the Member States decided to extended applied sanction to Russia restricting economic co-operation until 31 January 2016 (Latvian Presidency, 2015).

The European Union maintained its engagement towards committing the transatlantic partnership, particularly by advancing the Transatlantic Trade and Investment Partnership, as well as strengthening relations with other strategic partnerships of the EU–Canada Comprehensive Economic and Trade Agreement, and progress of EU–Japan negotiations. Due to Latvian Presidency the EU Council's contribution to the foreign trade development was exceeded for facilitating access to foreign markets and proposing new possibilities to businesses of European Union. Latvian Presidency dedicated increased efforts to negotiations on a mutually advantageous Transatlantic Trade and Investment Partnership between the United States and European Union. Two rounds of discussions

were led dealing with vital matters of the agreement, like energy issues and the framework of regulatory cooperation for support for small and medium-sized enterprises. Moreover, increasing public interests on the ongoing EU–U.S. negotiations provided higher transparency as the EU negotiations mandate and negotiations documents were made publicly accessible (Latvian Presidency, 2015).

The Latvian Presidency was seeking to review the EU Central Asia Strategy by elaborating on increased discussions on border management, security, energy supplies and education exchange, at the same time approaching the interests of civil society and human rights. Presidency alleviated the EU's collaboration with the Central Asian countries – Kyrgyzstan, Kazakhstan, Turkmenistan and Uzbekistan, while acknowledging the importance of the co-operation between the EU and the Central Asia in sectors like economy, justice, energy efficiency, environmental protection, the development of green technologies, agriculture and education (Latvian Presidency, 2015).

The year 2015 was considered the European Year for Development, thus, the attention was dedicated to shaping new Sustainable Development Goals. Presidency especially emphasized gender equality a need for higher women's empowerment. The Latvian Presidency showed its dedication of the European Union as the strongest development aid donor in the United Nations with a high focus on gender equality (Latvian Presidency, 2015).

Sustainable Development Goals and European values committed Latvian Presidency to guarantee urgent involvement of the Council in providing solutions to diminish the pressure caused by migration flows in the Mediterranean. Council of the EU contributed to the preparation of the extraordinary meeting for strategic decision for ongoing problems and long-term solutions to the refugee crisis. During the Latvian Presidency it was agreed to strengthen the FRONTEX agency by preparing a naval operation to diminish human smuggling networks in the Mediterranean to increase the internal security of the European Union. Taken decisions to strengthen the FRONTEX agency was based on three priorities of targeting terrorism: to preclude radicalisation and protecting values, ensure public security and enhance cooperation with the international partners. The Riga Joint Statement on resisting the threat of terrorism was adopted by the Ministers of Justice and Home Affairs of the EU Member States has made notably contribution to formation and implementation of counter-terrorism measures. Furthermore, based on the European Council Conclusions of 12 February of 2015 and Riga Joint Statement Presidency was way paying special attention on the options given by the Schengen system for fortifying the control of external borders of the Union, at the same time opposing promotions of violent extremism and terrorism and provoking intensive communication between competent authorities and agencies. During the Latvian Presidency, was presented the extended the Internal Security Strategy 2015–2020 of European Union with more relevant actions for fighting against

terrorism, combating of organized crimes and cybercrime. Furthermore, the renewed EU Internal Security Strategy enabled more comprehensive and coordinated responses of the Union on rising security dangers like hybrid threats. With increasing security challenges the Latvian Presidency raised awareness of the need for more intensive strategic communication of Member States and a revision of the European Security Strategy was began by providing a mandate to the High Representative of the Union for Foreign Affairs and Security Policy to develop the first European Union global foreign policy and security policy strategy by June 2016. In addition, Presidency has emphasized that active strategic communication is effective in fighting against counter desinformation and propaganda campaigns, thus another mandate was given to High Representative to create a broader common framework of European Union for withstanding hybrid threats. Lastly, the Latvian Presidency worked for increasing consular collaboration among the Union States, which led to agreement of emergency situations mechanism implementation that in need assistance to the European Union citizens would be provided with no embassy of their respective Member State (Latvian Presidency, 2015) .

Latvia results of strengthening bargaining power

The Latvian Presidency has been actively working on all pillars of the European Investment Plan: European Strategic Investment Fund; direct link between investors and projects, including establishing the European Investment Advisory Hub; as well as improvement of the investment friendly environment. The Latvian Presidency secured the agreement on establishing the Investment Fund, the advisory center for investments attracted to establish the Investment Fund – European Investment Advisory Hub; EU single market was strengthened to improve the investment environment, the foundations for the Energy Union and Capital Markets Union were laid.

The gradual integration of the post-soviet countries in Eastern Europe, supported by substantial inflows of investment from the Western Europe of Europe have reached the successful results followed by the very rapid economic growth in the new Member States and let to considerably reduced differences in productivity and income across the entire Europe (Fagerberg & Verspagen, 2015). However, economic crisis consequences still can be felt especially evaluating socio-economic measures. Youth unemployment rates for those aged 20–24 in different parts of Europe since the crisis are very concerning. Starting with the, Southern Europe, where the level of youth unemployment is highest and has tripled according the situation before the financial crisis. In 2015 around half of all young adults, who were seeking a job in that part of the region could not find a vacant place. Facing such situation in the biggest counties like France and Spain is more than worrying (Landesmann, 2015). In this case, European Union is facing opposite results of the goal stated more than a decade ago of sustainable economic growth with greater social cohesion providing more and better jobs. This is the reason why so much efforts are dedicated to solve this problem, because without successful

solution large numbers of young people in Europe will be at risk of being permanently marginalized or in other words, unemployed and living in relative poor — the social, economic, and political consequences that can be strongly detrimental to Europe's future. What is more, with aging society European Union will be standing to others social problems of retired people (Landesmann, 2015). During Latvian term joint agreement was closed on implementation of the European Fund for Strategic Investments (EFSI) after signing this initiative was launched together with the EIB Group and the European Commission to solve the current investment gap in Europe by mobilizing private financing for strategic investments. The European Fund for Strategic Investments was formed for achieving concrete objectives, supporting a sustainable development in the low investment levels in Europe after the financial crisis. The biggest part of investments is dedicated to the assistance of small and medium business, research and development area and research and development to increase the entrepreneurship and startup companies to lead the business involvement of young people (European Fund for Strategic Investments , 2016).

Another solution for European socio-economic problems that Latvian Presidency provided was strategic framework for European cooperation in education and training, this way improving the education and training objectives that was stated in the Europe 2020 Strategy. Presidency led the policy debates during the meeting at the EU Education, Youth, Culture and Sport Council of Ministers on the most important issues of European cooperation in education and training, including: possible forms of collaboration and the working cycle, as well as supporting the investment for jobs and growth and a social cohesion within the strategic framework. EU education ministers endorsed the actuality of promotion of lifelong learning and mobility by providing chances for European citizens to remain in the labor market for as long as they appreciate. Another aspect was dedicated to improvement of the efficiency and quality of education and training system, at the same time promoting active citizenship, equity and social cohesion by promoting innovation of education and training at all levels, including support for entrepreneurship (EU2015, 2015).

The Latvian Presidency during the term put a lot of efforts to contribute to the possible improvements in the investment environment and this way enhancing the EU Single Market. The Presidency has reached an agreement on a number of priorities, which will increase the potential of the Single Market even more. Consequently, they removed regulatory and non-regulatory obstacles, which were unjustified and disproportionate for the EU companies, especially small and medium-sized enterprises got harmed by those regulations. Second, Presidency has achieved Services Directive at full implementation and reached an agreement on improvement of the notification procedure prescribed by the Directive for information proceeding to other EU Member States about the changes in requirements for service providers. Third, Latvia had ensured the European Investment Fund will

follow according the EU service sector policy which is emphasize sectors, which reveals the strongest potential to reach for future contribution to EU competitiveness and cross-border trade. What is more, Latvian Presidency managed to highlight the importance of the European Commission role and encouraged it to undertake more active role in monitoring process of the implementation of Single Market enforcement's rules in the EU Member States (Latvian Presidency, 2015).

During its term Latvia faced the unexpected refugee crisis and Presidency immediately obliged the involvement of the Council in order to manage the situation and provide solutions to reduce the pressure of by migration flows in the Mediterranean. The Latvian Presidency do its best in order to contribute extraordinary European Council meeting and assured the preparation for proposing immediate and, most importantly, long-term solutions to the migration crisis. Latvian Presidency came up with a decision for strengthening the FRONTEX agency. What is more, additional agreement was closed on launching a naval operation targeting and defeating human smuggling networks in the Mediterranean in order to stop illegal transportation of people (EU2015, 2015) .

Provided example reflects high efforts of Latvia by strengthening institutional coordination at the regional and EU levels, to enhance the situation of Single Market. Second, with the high struggles of Southern European countries to overcome the socio-economic problems Presidency during its term was trying everything what was in its power to provide the best tolls for solution for the biggest Member States to defeat the youth unemployment and other problems, which could in other matters stand supporting Latvian interests. On the other hand, Latvian Presidency provided immediate response to the management of migration flow. It assured smooth preparation for the extraordinary European Council meeting seeking for immediate solution that would be beneficial in the long-term.

Latvia results of strengthening argumentative power

The changing geopolitical situation in Europe due to Russia's actions in Ukraine provided a clear path for strengthening the EU's energy independence, by forming the Energy Union, which appeared among the tops priorities at EU level and a component in the third pillar of the European Investment Plan due to framework improvement on investment conditions). The absence of international organization that monitors and evaluate global energy governance as well as agreements on energy governance in a comprehensive manner, will be left with a legal gap on the international level dealing with such crucial issue as energy supply. Moreover, without common and most importantly functioning energy policy for Member States no cohesiveness can be achieved within the EU (Leal - Arcas, Ríos & Grasso, 2015).

Latvia as the rest of Baltic states end the European Union borders with Russia thus due to soviet experience and previous historical relations with Russia, Latvian Presidency held the High Level Conference by the in collaboration with the European Commission, which was named as the Riga

Process, for establishing the beginning stage of the formation of the EU Energy Union. Formation was started by discussion in the conference on ensuring energy supply security at the same time maintaining prices at the lowest possible level and providing support for vulnerable consumers – the highest objectives included in the Energy Union Strategy. Another important aspect of the Energy Union Strategy includes five closely interrelated dimensions of energy policy: energy security and solidarity; energy market with a full internal integration, including energy efficiency for limit energy demand; ensuring conversion to a low-carbon economy by employing innovations, research, and European market competitiveness. In addition, the Presidency has encouraged the discussions and maintained the dialogues on proposals from the Council on the Energy Union at both levels: ministerial and expert. In order to seek the best results the main focus was gathered towards three issues: regional cooperation for the governance to the Energy Union's, affordable energy prices for consumers and opening access to financing for the projects, which are energy-related. The most important that Latvia have exploited its Presidency status started the debate on security of energy supply and external dimension of the Energy Union. In order to meet the sustainable development objectives the European Council put significantly attention renewable energy and biodiversity possibilities with high focus towards energy efficiency of buildings and industrial sector (in particular, heating and cooling). Informal Energy and Environment Councils were discussing future coordination and development options of the EU energy and climate policy including nature and biodiversity policy. In conclusion, The Latvian Presidency has provided a strong base for future implementation processes by taking important decisions related to the establishment of the European Energy Union with promotion of transition process from an economy based to low-carbon power sources economy this way enhancing the independence of the EU energy (EU2015, 2015).

Baltic States - Estonia, Latvia and Lithuania since the implementation of Eastern Partnership presented themselves as strong supporters and have also combined this with robust national policies. Russian military aggression, crisis in Ukraine and finally the annexation of Crimea had precipitated EU-Russia relations by violating all democratic values possible. What is more, such Russian aggression presented the Baltic countries with highest political challenge possible and created risk of their independence since 1991. The Baltic States in response to the Ukraine crisis, was constantly pursuing their policy aims through the European Union, neglecting the notion that Europeanization rarely extends to foreign and security affairs. More specifically, the Baltic States with the example of Ukraine crisis suggests that Europeanization can affect extreme measures in the case of existing danger to the security and even national sovereignty of Member States (Maili, 2015).

Furthermore, during the Latvian Presidency an agreement was settled on monetary assistance to Ukraine, while unified position of Europe was adopted in pursuing the relevant solutions to the conflict

in the eastern Ukraine. The EU approved on a newly proposed 1.8 billion euro financial help to Ukraine which became the largest allotment of monetary assistance ever provided by the EU to a third country. In addition, at the March of 2015 European Council consisted of the Heads of Member States reached a common decision on the prolonging of restrictive measures against Russia. With reference to the European Council decision, on June 22 of 2015 the sanctions restricting economic co-operation until 31 January 2016 were extended (EU2015, 2015).

In order to diminish the Russian influence the Eastern Partnership was listed on top of the EU priorities list. Summit organized in Riga enhanced cooperation with the Eastern Partnership countries – Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. Collaboration was strengthened on such important areas as security and defense policy, justice and home affairs, digital economy, agriculture, business, health, trade and transport, media, civic society as well as youth education and employment. The European Union provided support for partnering countries related to the implementation of association agreements and necessary components for free trade. What is more, during the Riga Summit European Union sent a strong message to the countries of Georgia and Ukraine that visa liberalization is a question for the near future (EU2015, 2015).

All three examples starting with the Energy Union implementation and ending with the Eastern Partnership and sanctions applied Russia provides that Latvia during its term worked and maintained the contacts on such national interests which are becoming the common interest of Europe due to geopolitical situation in the region and unpredictable behavior of Russia. Common aggressors that do not respect democratic values promoting by the European Union deserve clear statement of intolerance to such actions.

Latvia results of strengthening power of reputation

As in the case of Lithuania, Latvia's first Council Presidency was seen in both ways: as a challenge and an opportunity. Latvia is relatively small and inexperienced civil service and the challenge was to prepare Government administration to fulfill the high standards that is expected from a successful presidency. Nevertheless, those six months were also seen as an opportunity on various levels. First, it was a chance to present the European Union on a larger spectrum to a relatively disinterested Latvian public. Second, Latvian had an opportunity to rebuild the negative public image of the bureaucracy in the country. Lastly, Presidency term is an extremely advantageous time to promote country's international profile. Therefore, Latvia tried to balance its presidency-related priorities between various interests both domestically, like to improve EU awareness and raise the image of the public service and international, as support fundamental EU policies and present the country and its improvements. During its Presidential term Latvia mostly followed the position of a 'good European', which is originally expected from the Presidency to behave as an 'honest broker' -

model received from a Brussels-based presidency framework. Countries, which in most of the Presidency time, follow the Brussels- based approach usually stand in a weak position of domestic policy-making. It is not surprising that Latvia adapted this model as its standpoint - its political parties, comparing at the EU level, are the smallest in terms of membership, therefore typically have short political experience (Auers & Rostoks, 2016).

Latvian Presidency mostly shined on taken decisions that have strengthened the internal security of the European Union. These decisions were based on three issues of defeating terrorism – safeguarding public security, preventing radicalization and protecting values, and enhancing cooperation with the international partners. The Riga Joint Statement on countering the terrorism's threat was presented by the Ministers of Justice and Home Affairs of the European Union countries highly contributing to the framing and implementation of relevant counter-terrorism measures. What is more, the Latvian Presidency ensured immediate response of the Council in finding solutions for minimizing the pressure derived from the migration flows in the Mediterranean. The Presidency significantly contributed to the preparation of an extraordinary European Council meeting which sought immediate decisions to the migration crisis. Furthermore, Latvia reached the agreement on the strengthening of FRONTEX agency and settlement of a naval operation targeting human smuggling networks in the Mediterranean (EU2015, 2015).

Combining Europeanization approach and small states capacity Latvia managed successfully transfer issues of external security from its foreign policy to the working agenda of the European Union. What is more, energy and border security risks instantly were taken from the national foreign policies of Baltic States (Maili, 2015). What is more, due to Russia's aggression, high migration flows showed weak spots in the Common Defense and Security Policy. During Latvian Presidency certain agreements was reached in order to make revision in the European Defense Strategy and changes common framework on EU resistance was implemented. It provided the European Union with additional capacities to exercise rights in the time of civil and military crisis and expanded the variety of management tools. The objectives of the Common Defense and Security Policy is to strengthen the capabilities of crisis management which are held by the European institutions and member states of the Union, in addition guaranteeing collaboration with use of civil and military capabilities in overcoming situations of crisis. The expanded capabilities of the EU are essential unstable geopolitical crisis situations because they allow defeating crisis by implementing such tools as preventive elimination to post-conflict stabilization and development assistance (European Union , n.d.). Summarizing, Latvia presented itself as a brave and consistent political leader in need when taking decisions with the urgent crisis. What is more, Latvia has the most delicate foreign policy in terms of Russia position due to

ethnic composition, but despite that, during Latvian Presidency in March 2015, EU leaders agreed on aligning the existing sanctions regime to the complete implementation of the Minsk agreements, which was foreseen for the end of December 2015 (Consilium, 2016).

Latvia in accordance with the smart state strategy

1. Small state should consider being very specific and focused when deciding upon its objectives and tools for implementation.

Latvia took the rotating Presidency wheel on 1st of January in 2015 with the official theme of seeking Competitive, Digital and Engaged Europe. In the preparation agenda Latvia has highlight the planned work for strengthening competitiveness of the Union, establishment of new workplaces for European citizens, development of digital implementation and deepening the partnership with the Eastern countries – all these objectives correlates with the decided theme (Ilze Juhansone, 2014). What is more, with the geopolitical shift due to Ukraine situation and Russia position Latvia had to adapt its prepared programme and include new important priorities related balancing the European internal policy aspects related with the migration flows, fortify of borders security and energy union. These were the main areas that Latvia was dedicating the biggest part of its efforts during the Presidency term (VRM, 2015).

Government of Latvia put great efforts in preparation period for the administration, and at the end of the term, due to its preparedness and non-dispersed working agenda Presidency managed to reach successful results. Among the good examples can be European Fund for Strategic Investments which was prepared in 4,5 months and is record-breaking in comparison with the Union average. Latvia was focused and behaved as an honest broker in eight meetings achieved provisional agreement with the European Parliament (Lezi & Blockmans, 2015). Another similar accomplishment was the legislation on a protection of citizens' personal data. Latvian diplomatic service was ready to fulfill the *Digital Europe* objectives and with focused work managed to bring it to the agenda for further development which has been neglected for 3 years (Grigalavičiūtē, 2015). These examples demonstrate that despite the lower administrative capacity, as Latvia has smallest number of personnel, comparing at the EU level (Auers & Rostoks, 2016) with focused agenda small countries are able to reach significant work during the Presidency with high appreciation of the entire Union.

2. While working on common interests of the European Union no clash can be afforded to appear with already existing policies.

Analysts have stresses that Latvia was following the Brussel proposed model for the presidency of honest broker, which main role to take neutral position and ensure smooth execution of institutional work (Auers & Rostoks, 2016). What is more, Latvia is most of the cases were perceived as the 'good European'; with the coming acknowledgement to its work, during the extreme situation as, renewal of

death sentence in Hungary, Latvia maintained weak position for maintaining good reputation (Grigalavičiūtė, 2015). Nevertheless, neutral position in such matters related with one state only, do not diminish the overall performance of Latvia's Presidency that was demonstrating during the term.

As mentioned, the official theme that Latvia decided to seek was Competitive, Digital and Engaged Europe. At the end of term, three concrete results were excluded: finished ordinary legislative procedures for the Youth Employment Initiative, macro financial assistance to Ukraine and continued restrictions to Russia, and preparation of European Fund for Strategic Investments. Restrictions to Russia were the sign that Latvia stood with the European Union, despite high Russian ethnicity in the country. What is more, European Fund for Strategic Investments, which was even called as 'Juncker Plan' (because it was initially proposed by the President of the European Commission), due to stagnating economic situation Latvia was very focused for reaching the best result for overall wellbeing of the Union. (Lezi & Blockmans, 2015). In addition, the selected behavior of honest broker and weaker position in certain positions propose that Latvia wanted to prove its dedication to the Union and by all means to choose the most suitable decisions in terms further development of the existing policies (Auers & Rostoks, 2016).

3. Smaller countries should always be aware elaborating on the interests of bigger countries.

When Latvia took the Presidency the biggest countries of the Union was facing stagnating economic situation. With increasing migration flows and unstable situation in Russia the leaders of the EU was looking for new ways for boosting the economic level of Europe (Landesmann, 2015). This was one of the reasons why publicity named 'Juncker Plan' or the European Fund for Strategic Investments (EFSI) was implemented on demand for an urge. Latvia has done an impressive work on such a short time preparing such a significant project. The EFSI is a fund covering budget of €315 billion, which will be established in partnership with European Investment Bank (EIB) with the main purpose to support the ongoing programmes of the EU and Investment Bank initiated activities (Lezi & Blockmans, 2015). The biggest European countries at the same time will be the biggest beneficiaries from this financial programme implemented by the Latvian Presidency.

Another very concrete achievement of Latvian Presidency is concluded Youth Employment Initiative's ordinary legislative procedures which enabled the guarantees for establishing the pre-financing amount paid to operational programmes for increasing the rates of youth employment (Lezi & Blockmans, 2015). Baltic States were not facing such huge problems of youth unemployment in 2015 comparing to Southern Europe, where around half of all young adults aged 20-24, who were seeking a job in that part of the region could not find a vacant place. It is very bad socio-economic rate level and such countries as France and Spain, obviously, cannot find proper solution, youth

unemployment has reached its peak and has tripled according the situation before the financial crisis (Landesmann, 2015).

In concluding, Latvia by dedicating high efforts on those programmes implementation was fully aware who will be the biggest beneficiaries and that it was working for the wellbeing of biggest Member States. Nevertheless, when such countries as Spain and France face the consequences of the economic stagnation the negative impact will be transferred for the entire Union. What is more, with working together with bigger states on such important projects strong partnership for the future can be established for Latvia.

CONCLUSIONS

In this thesis foreign policy of European Union small countries Lithuania and Latvia implementation was examined by identifying countries priorities of foreign policy in the time range of 2013-2015 by generalizing achieved results during their Presidency term to the Council of the European Union. Literature analysis of small countries has clarified that Members States that entered the Union in 2004 up to this time face structural disadvantages in terms of participating in the decision-making process. First, these countries are perceived as exercising lower political power due to lack of reputation and lack of expertise. Second, poorer economic situation transfers to lower economic influence. Third, small Member States are considered to have lack of European proficiency and diplomatic expertise to be policy forerunners. Presidency to the Council of the European Union is extremely important for smaller states to achieve its foreign policy objectives and demonstrate its expertise to the entire Union. Theoretical background of the thesis consisted of two parts. First, conceptualization of European Union's from the perspective of international relations theories was applied due to its political uniqueness and importance for the role of small states. Second, analytical framework was formed to assess the behavior of small states.

1. The theories of international relations enhanced its importance, relatively not so long ago. Battle of realism and liberalism gained the spotlight around the 1960's because it was the time when two different situations of international relations were taking place. First, Cold War was demonstrating the clash of two big political powers – The United States and Russia. This situation was following the traditional realism, which is based on confrontation of bi-polar powers exercising conflicts and wars as the most efficient way for defining state's position on international arena. As an alternative, European continent was concentrated towards implementation of the liberalist approach. The evolution of liberalism theory was fully disclosed from establishment of the Coal and Steel Community to the European Union. The approach that European leaders decided to follow opened new possibilities for small states to be more involved players. Liberalism is based on the cooperation between nations, in order to create future of welfare for the European countries. Second of all, liberalism brought attention to smaller states, as influential actors, which roles do count on the international arena.
2. Scholars agree that smaller states do face structural disadvantages, however, at the same time they have opportunities to upload the national interests up to the level of EU decision making. These countries have to put more efforts in forming their strategies and Panke (2010) has specified the following approaches via three dimensions of power: bargaining, argumentative and power of reputation. What is more, researchers have recognized the

paradox among small Member State and its foreign policy. The claim stands that behavior of small EU Member States is put against two extremes: whether follow small state policy, or employ smart state strategy. The paradox appears that in order to maximize the influence small country should follow the characteristic of smart state strategy derived by Wivel & Gron (2011).

3. Foreign policy implementation of Lithuania and Latvia is closely related to the European Union. Member States, which entered the Union in 2004, had to shift perception line from treating the EU as an external partner to the action of transferring its policies into internal Government's policies. Both Baltic countries had a challenging decade and reached a lot of objectives since its independence. Foreign policy priorities were identified for the period 2013-2015, because it was the time line when Lithuania and Latvia was leading the Presidency to the Council of the European Union.
4. Leaders of the European Union have highlighted that Lithuania and Latvia were managing the Presidency term very successfully and with high dedication to enhance the wellbeing of the entire Union. What is more, both countries took the leading during the difficult times in terms of unstable geopolitical situation related with Russia's action in Ukraine and refugee crisis.
 - Lithuania was increasing its bargaining power working on Common Agricultural Policy and free trade expansion with the United States and Canada. Argumentative power was enhanced elaborating on the Eastern Partnership programme, energy security and common EU energy market creation. Lithuania was shaping its image by supporting reputational power at the European level by well-prepared administration, and ambitious working agenda, especially, for energy and Eastern Partnership policies.
 - Latvia, in order to, increase its bargaining power was mostly focused for completing Investment plan for Europe and solving problems emerged with the refugee crisis. High efforts were dedicated for supporting Eastern Partnership programme and ensuring financial assistance to Ukraine. Changing geopolitical situation Latvia was, also, including in the working agenda Energy Union Strategy to strengthen energy security level of the European Union. These works directly transferred to enhancement of Latvian argumentative position. Latvia has followed Lithuania's example and started preparation process early. Moreover, active response to high migration flows and offered changes to Common Security and Defence Policy have

demonstrated diplomatic expertise of Latvia's administration and increased its reputational power.

In conclusion, assessing the results of Lithuania and Latvia's Presidency to the Council according the smart state strategy:

- Foreign policy objectives and tools formulated by Lithuania and Latvia were specific and focused;
- Lithuania and Latvia was working for strengthening the common interests of the European Union during the unstable geopolitical situation and no clash has been witnessed with existing policies;
- Lithuania and Latvia while leading the Presidency was fully aware of the interests of bigger Member States and was dedicating great efforts on such projects as Multiannual Financial Framework, Common Agricultural Policy and European Fund for Strategic Investments.

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