



# The Schengen Agreement's Impact on Latvia: Political, Economic, and Social Dimensions

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Luxemburg, 11 June 2025

The political dimension

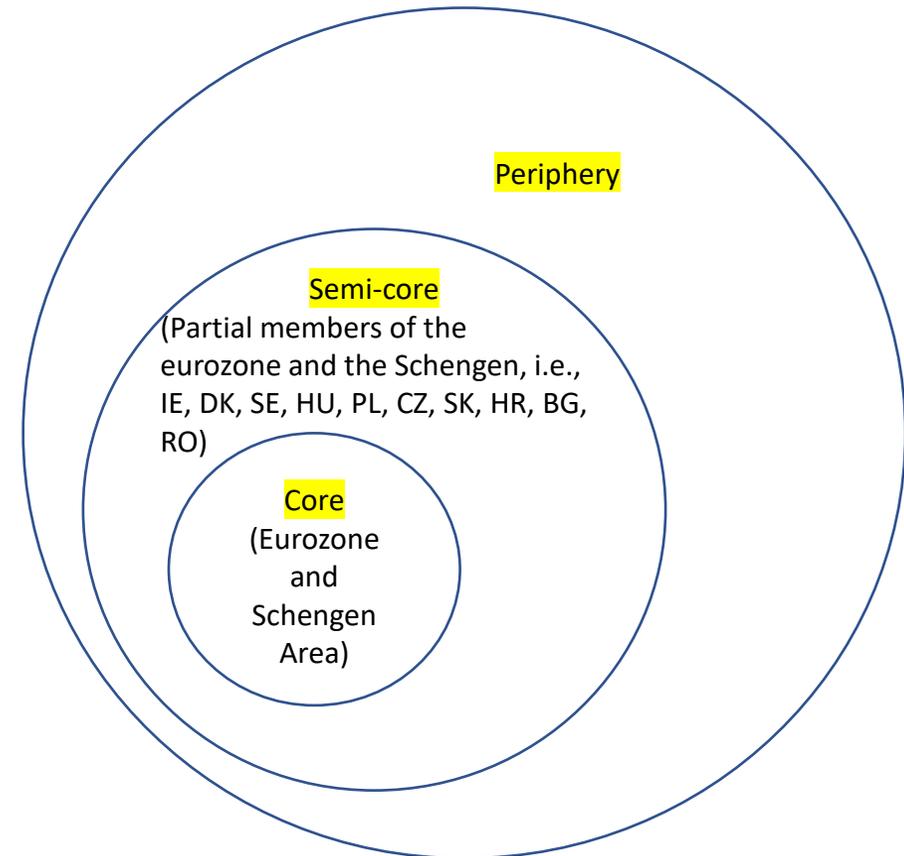
# The political dimension

- The Euro Area and the Schengen Area – the two major achievements of European integration
  - A manifestation of deep trust laid on authorities other than your own
  - However, trust is easy to lose, while rebuilding it takes a while
- Latvia full member of both:
  - The Schengen Area since December 2007
  - The Euro Area since January 2014
- Both eagerly wanted by the Latvian society after the end of the Soviet colonial repression & depravity

# The political dimension

- Put Latvia effectively at the political core of European integration
- A great symbolic sign of recognition of merit of Latvia's public institutions
- Rendered Latvia international clout

## Political concentric circles



The social dimension

# General perceptions of the Schengen Area

## The Schengen Area promotes interactions between people from different cultures



## The Schengen Area is good for business in (OUR COUNTRY)



## The Schengen Area has more advantages than disadvantages for (OUR COUNTRY)



## The Schengen Area is one of the EU's main achievements



## The Schengen Area has more advantages than disadvantages for me personally



## The Schengen Area contributes to EU security

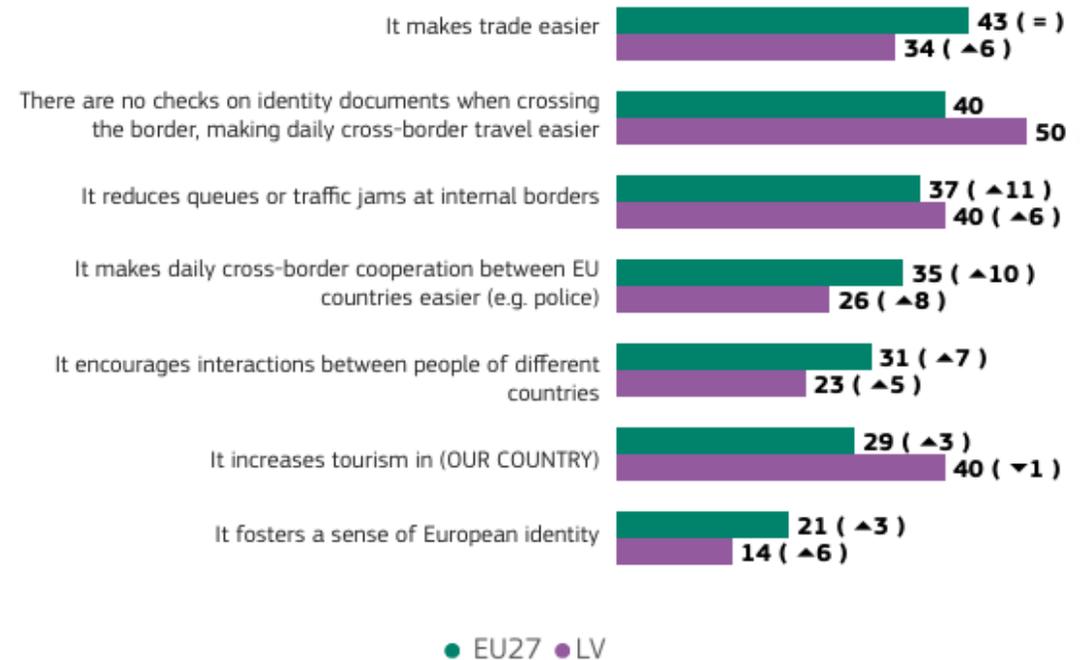


● Total 'Agree' ● Total 'Disagree' ● Don't know

# However...

- In Latvia people:
  - Underestimate the collective economic & political benefits of the Schengen Area
  - Overestimate the short-term individual benefits

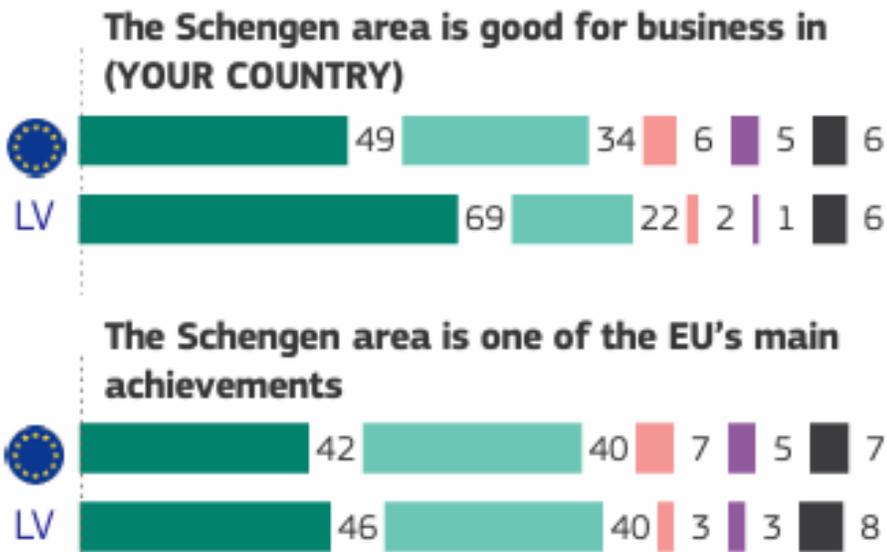
**QA6T. Which of the following do you think is the main positive aspect of the Schengen Area? And which are the other positive aspects of the Schengen Area? (MAX. 3 ANSWERS) (%)**



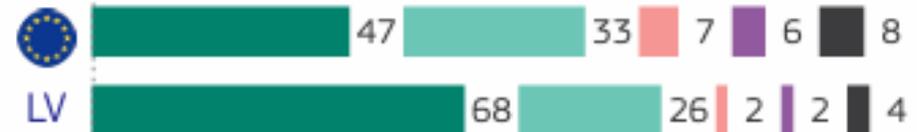
The economic dimension

# Businesses appreciate the benefits of the Schengen Area

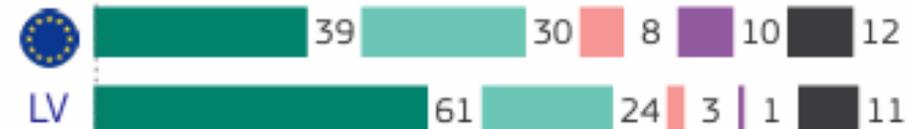
**Q9.** To what extent do you agree or disagree with the following statements about the Schengen area? (%)



**The Schengen area has more advantages than disadvantages for (YOUR COUNTRY)**



**The Schengen area has more advantages than disadvantages for your business**



█ Totally agree      █ Tend to agree  
█ Tend to disagree      █ Totally disagree  
█ Don't know

# Problem – the division of competences

- Establishment of free (without border checks) movement of people without a unified migration (i.e., asylum), justice and external border control policies
  - Free movement of people – the Community competence
  - The rest – MS competence
- Establishment of single currency area without a unified fiscal, banking and economic union
  - Currency management – the Community competence
  - The rest – MS competence

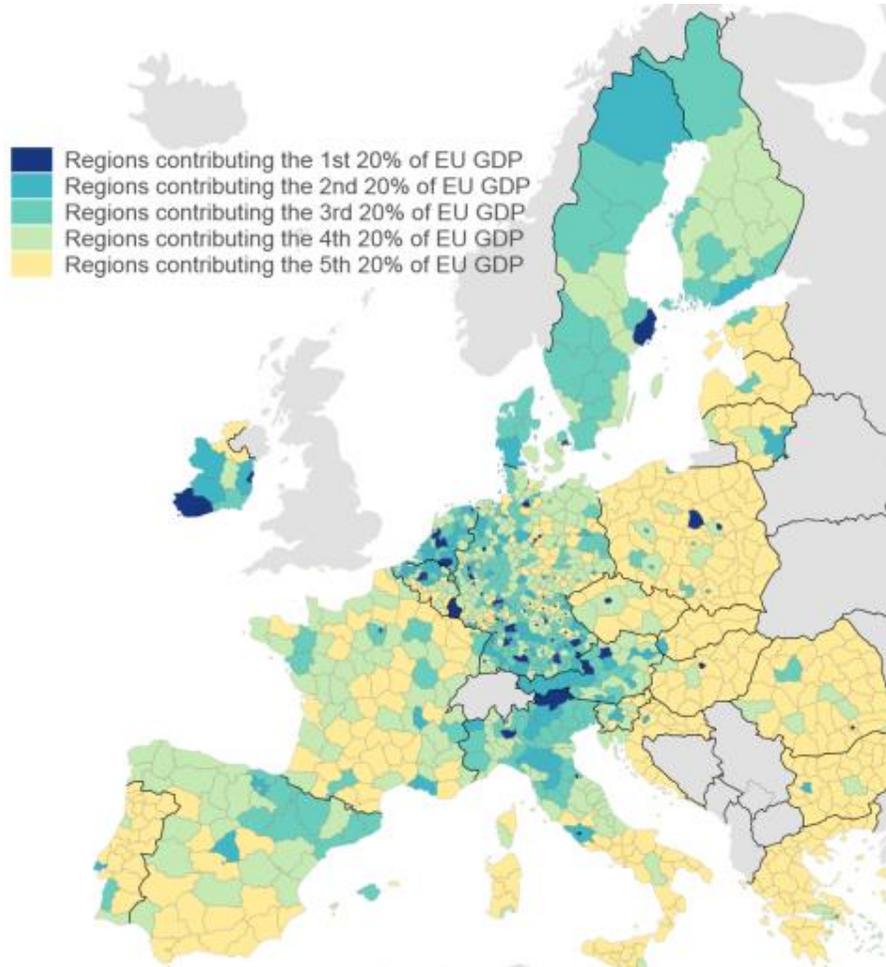
# In consequence...

- Both schemes provide ample opportunities during "good" times, but causes severe problems at crisis:
  - MS are not capable of shoring-up their economies alone, however, the existing European support mechanisms are too weak and limited in capacity
  - Latvia is in charge of large chunk of EU's external border. National border guard pushed to the limits during the ongoing campaign by Russia and Belarus to push irregular immigrants across this border

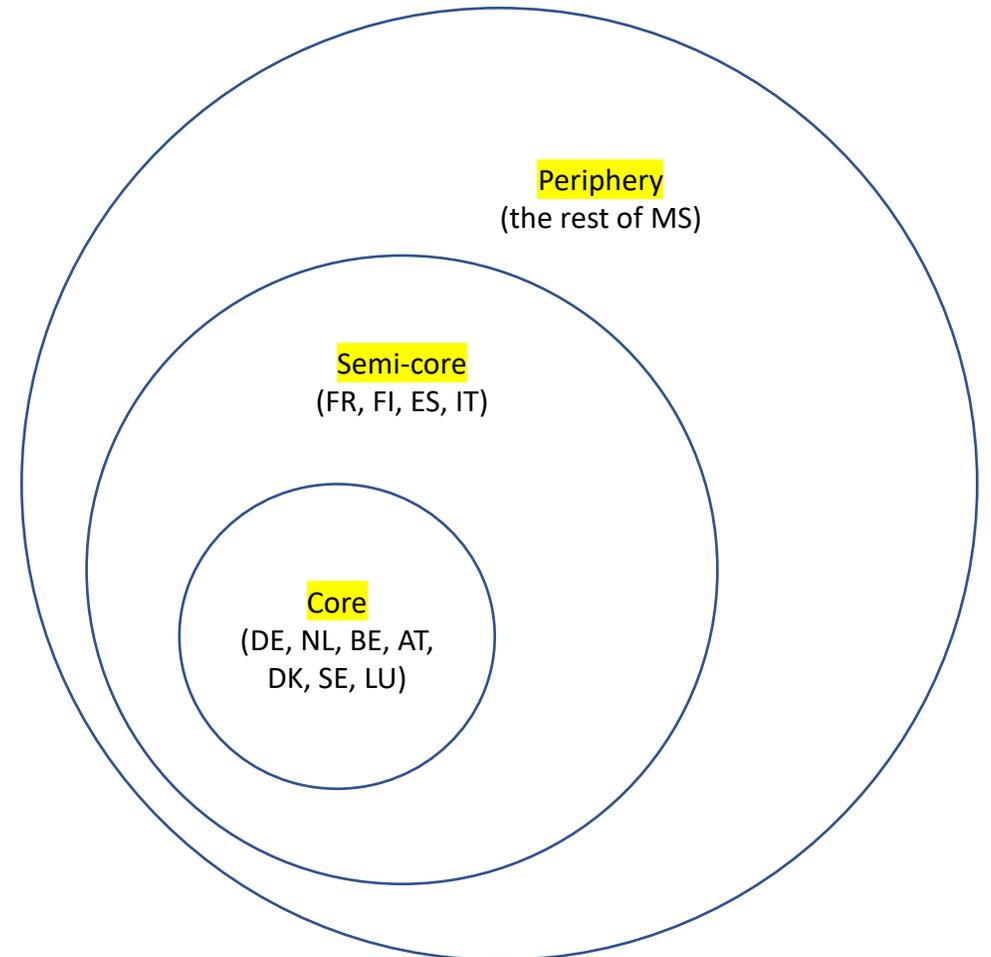
The political-economic dimension

# The economic dimension

## GDP per inhabitant at PPS, 2022

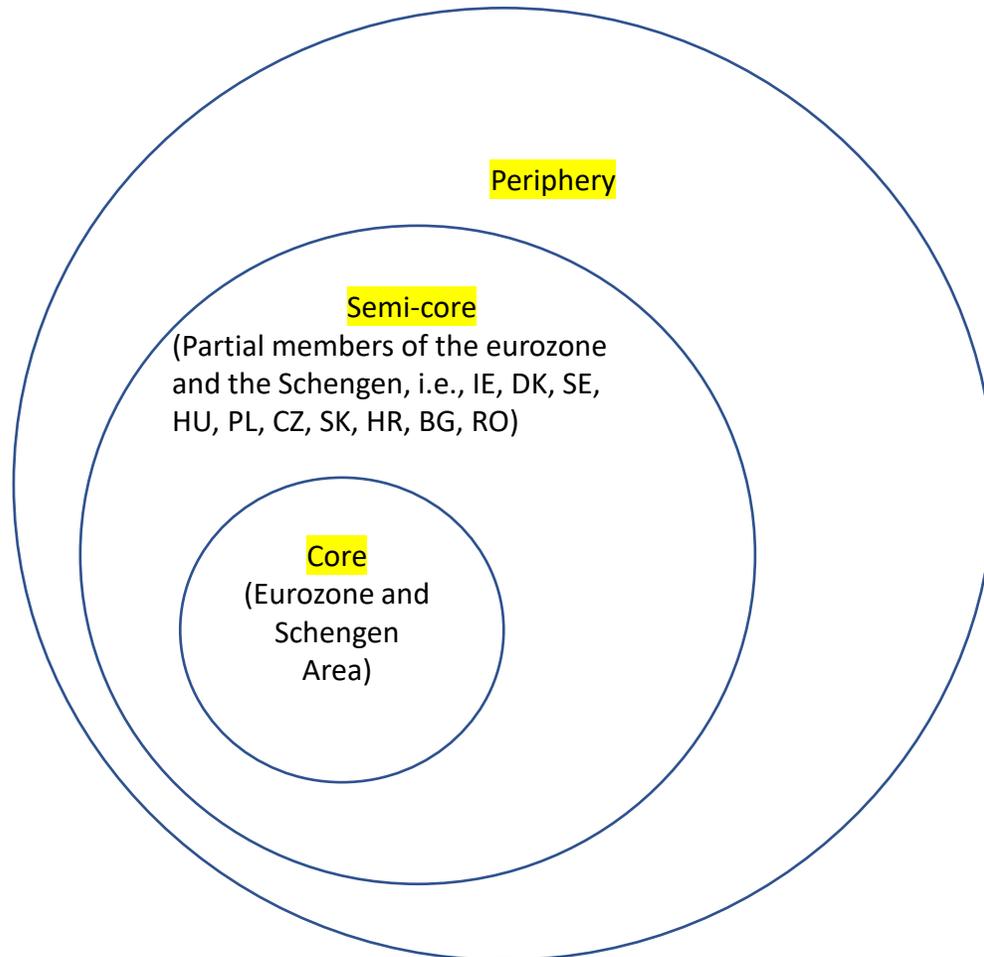


## Economic concentric circles

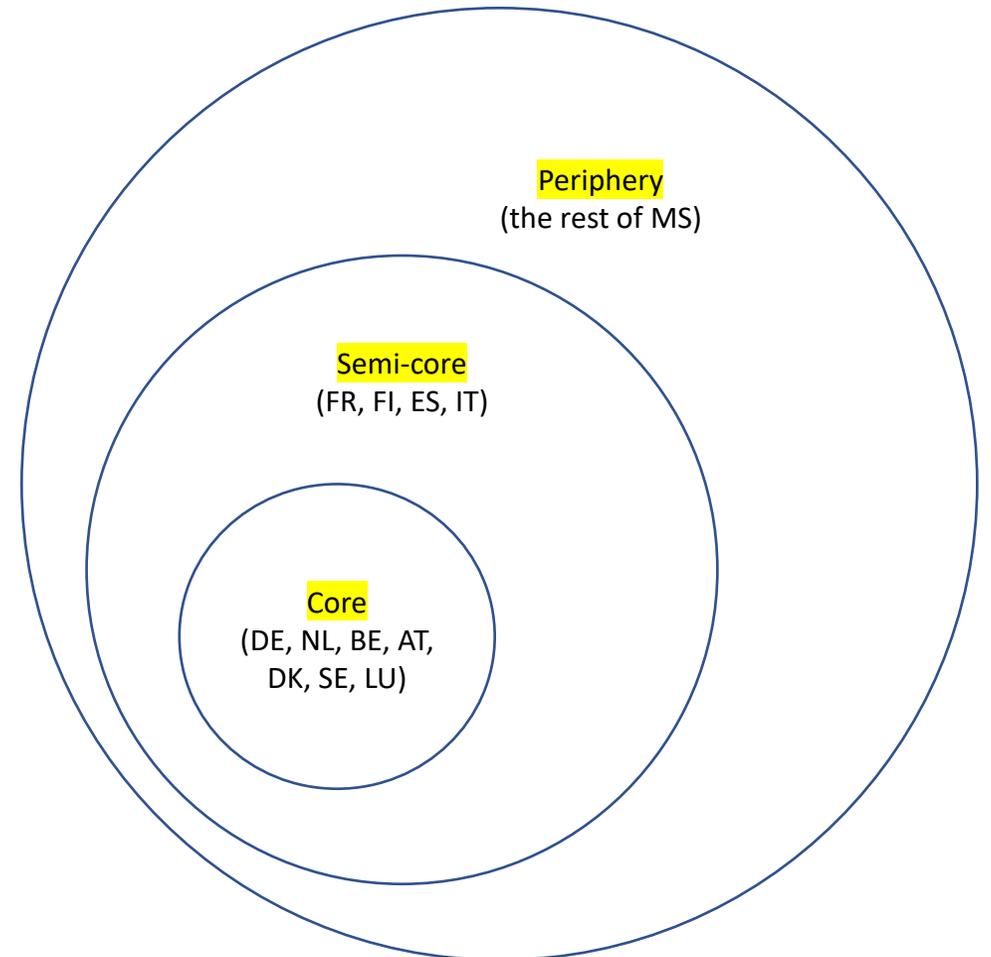


# The circles do not overlap

## Political concentric circles

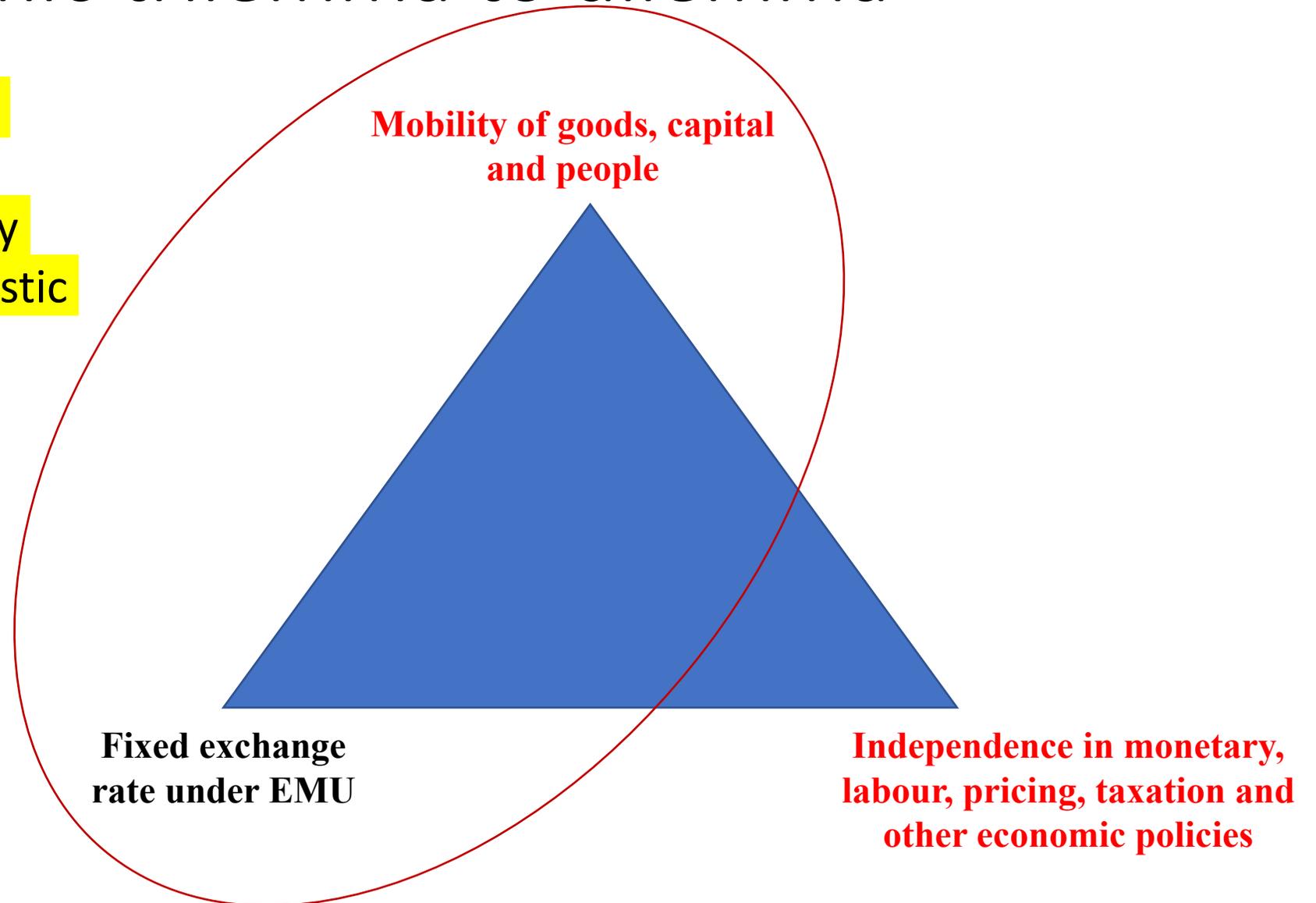


## Economic concentric circles



# From economic trilemma to dilemma

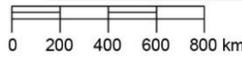
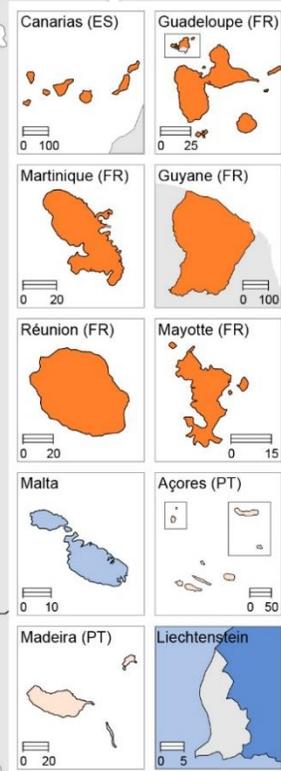
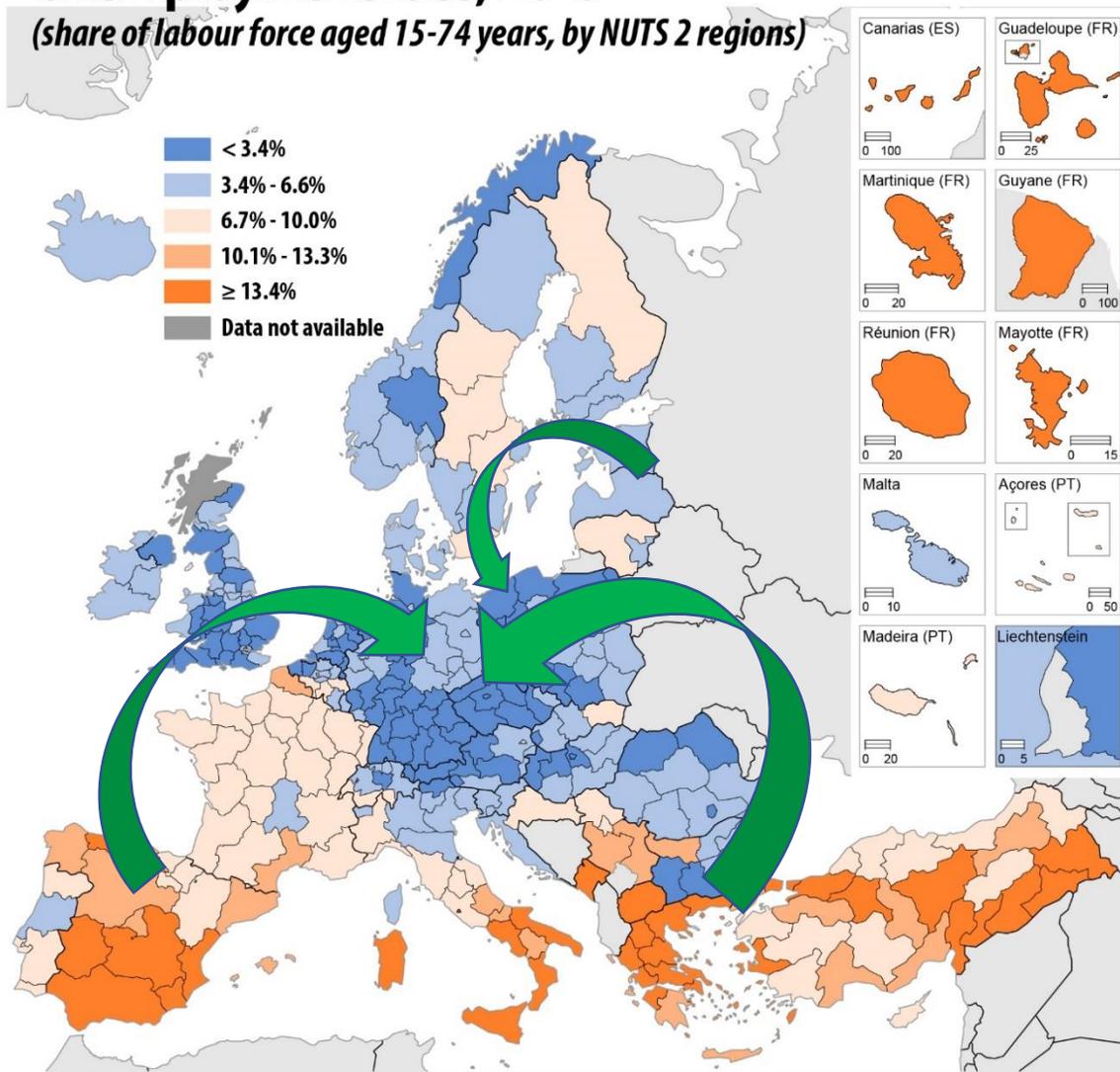
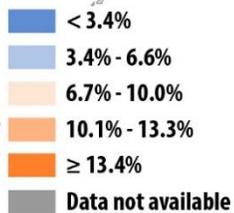
Under both integration schemes, national governments effectively lose control over domestic economies



# Unemployment rate, 2019

(share of labour force aged 15-74 years, by NUTS 2 regions)

EU-27  6.7%



Administrative boundaries: © EuroGeographics © UN-FAO © Turkstat  
Cartography: Eurostat - IMAGE, 04/2020

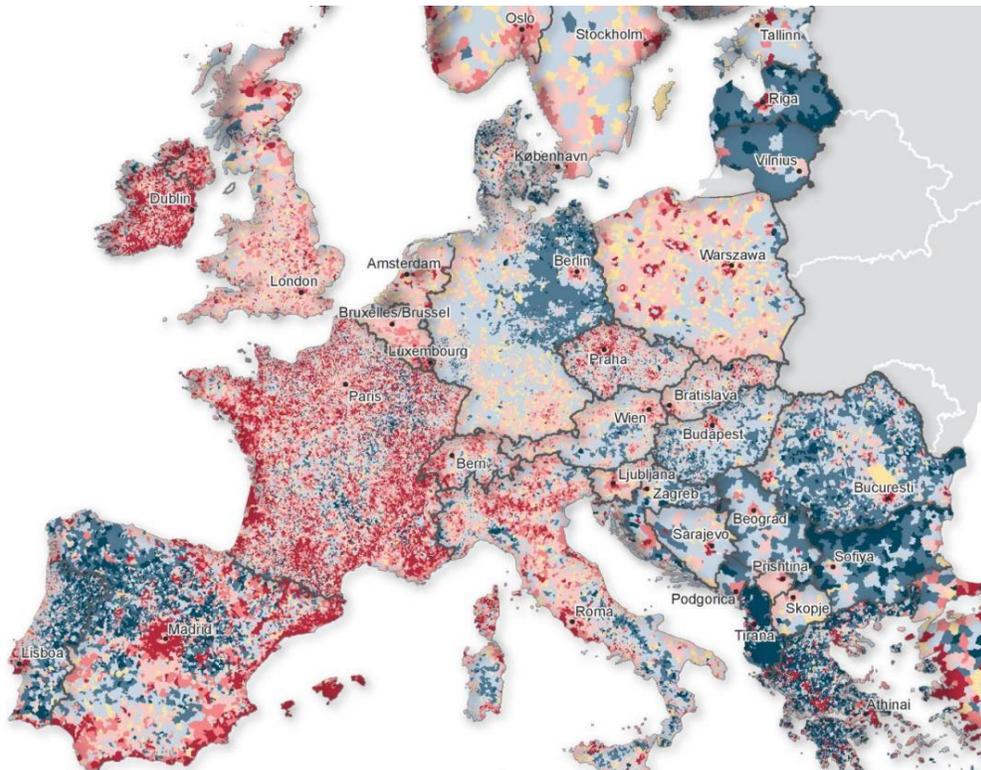
[ec.europa.eu/eurostat](http://ec.europa.eu/eurostat) 

## Unemployment situation

- Intra-EU **South-North** migration
- Intra-EU **East-West** migration

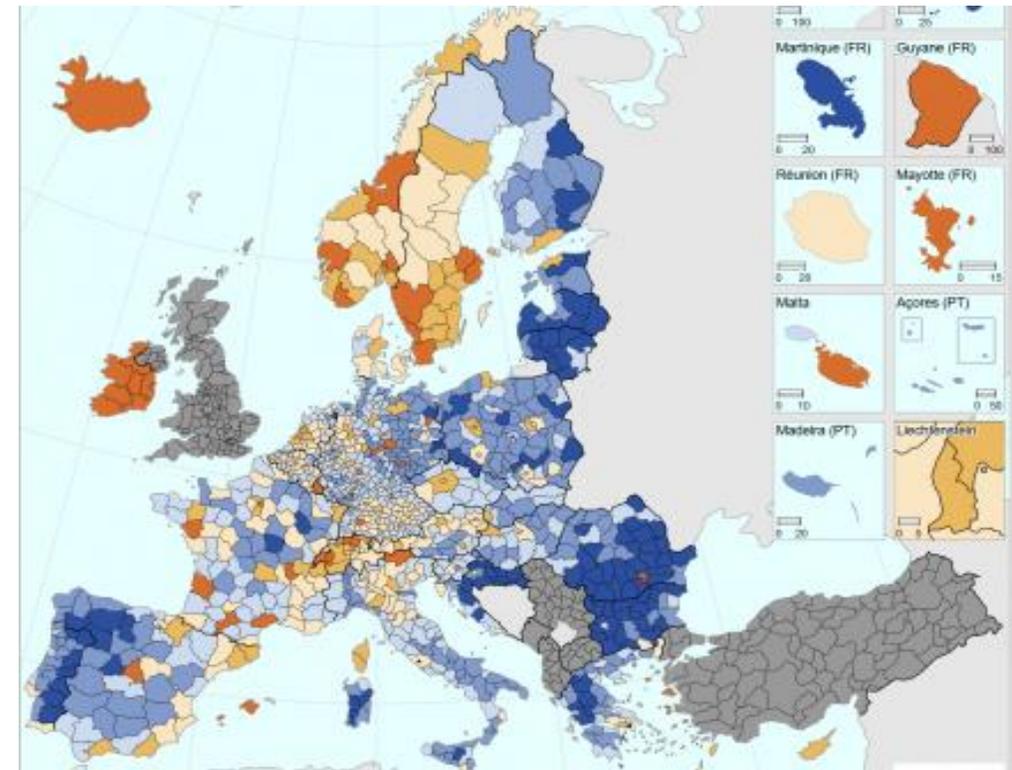
# Debilitating effect of uncomplete economic integration

**2001-2011**



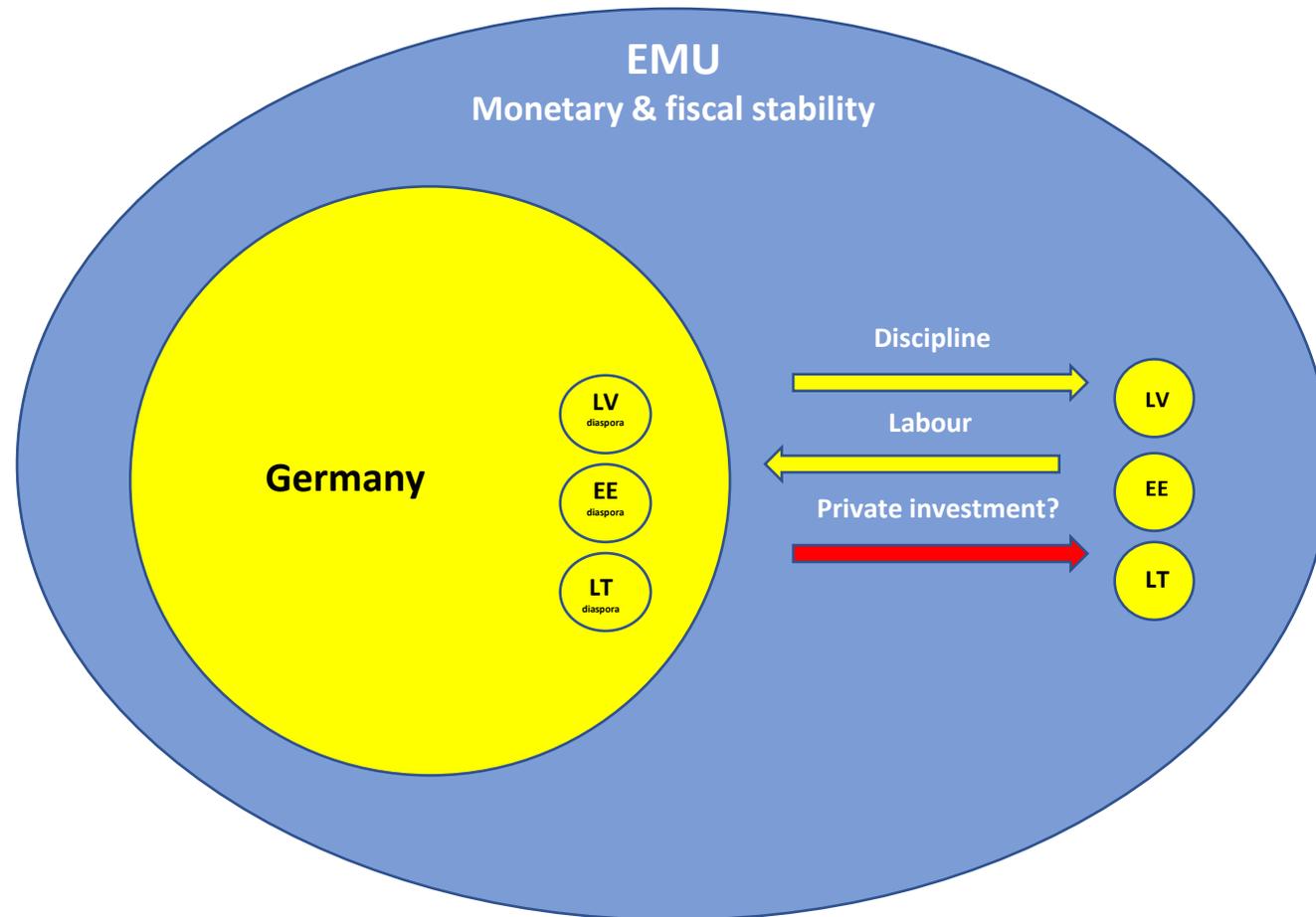
<https://www.vox.com/maps/2015/6/23/8824571/map-population-shifts-europe>

**2019-2050**

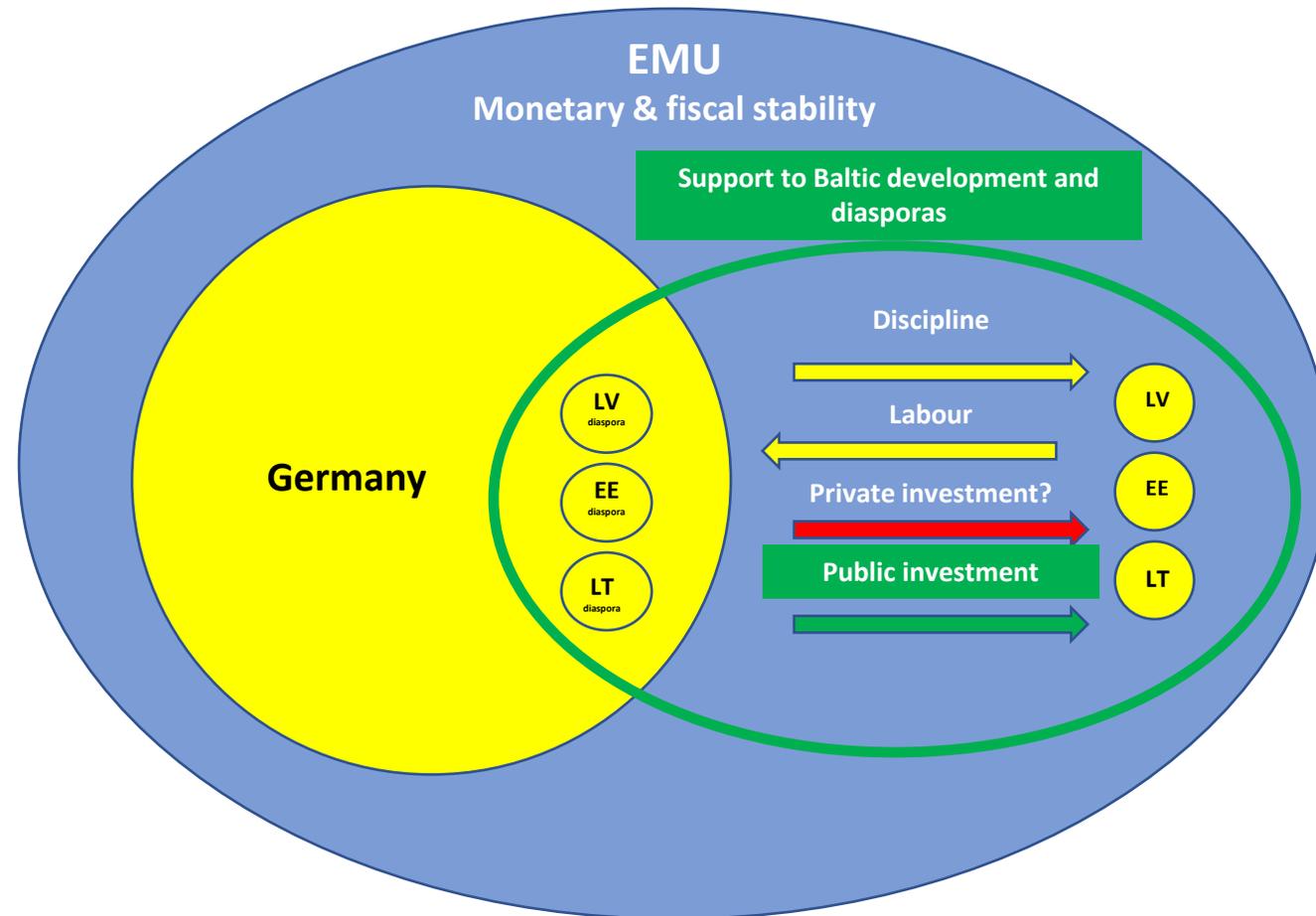


[https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Map1\\_Projected\\_relative\\_change\\_of\\_the\\_population,\\_by\\_NUTS\\_3\\_regions,\\_2019%E2%80%932050.png](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Map1_Projected_relative_change_of_the_population,_by_NUTS_3_regions,_2019%E2%80%932050.png)

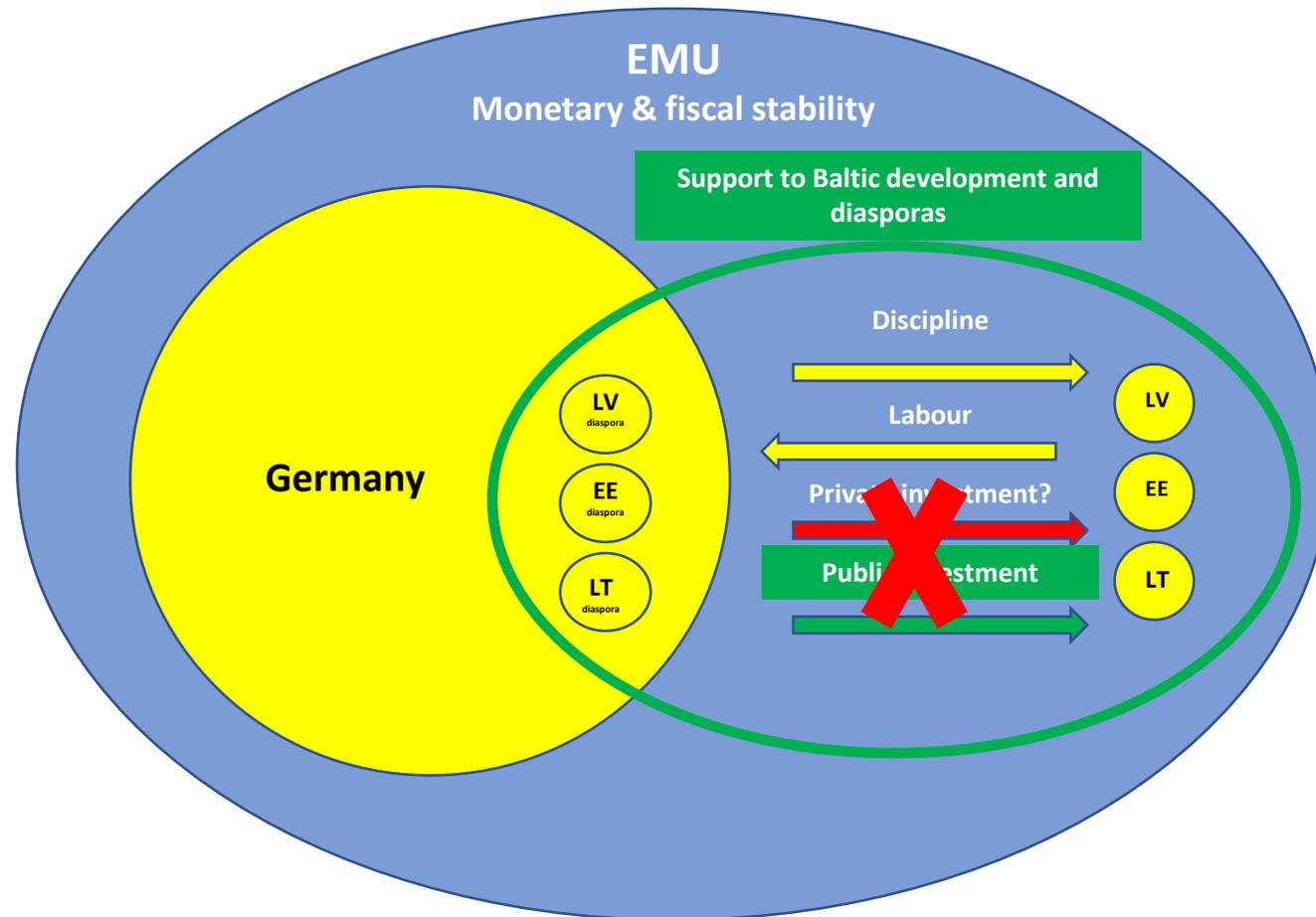
# How EMU works for the periphery today?



# Ideal-type, complex EMU for the periphery

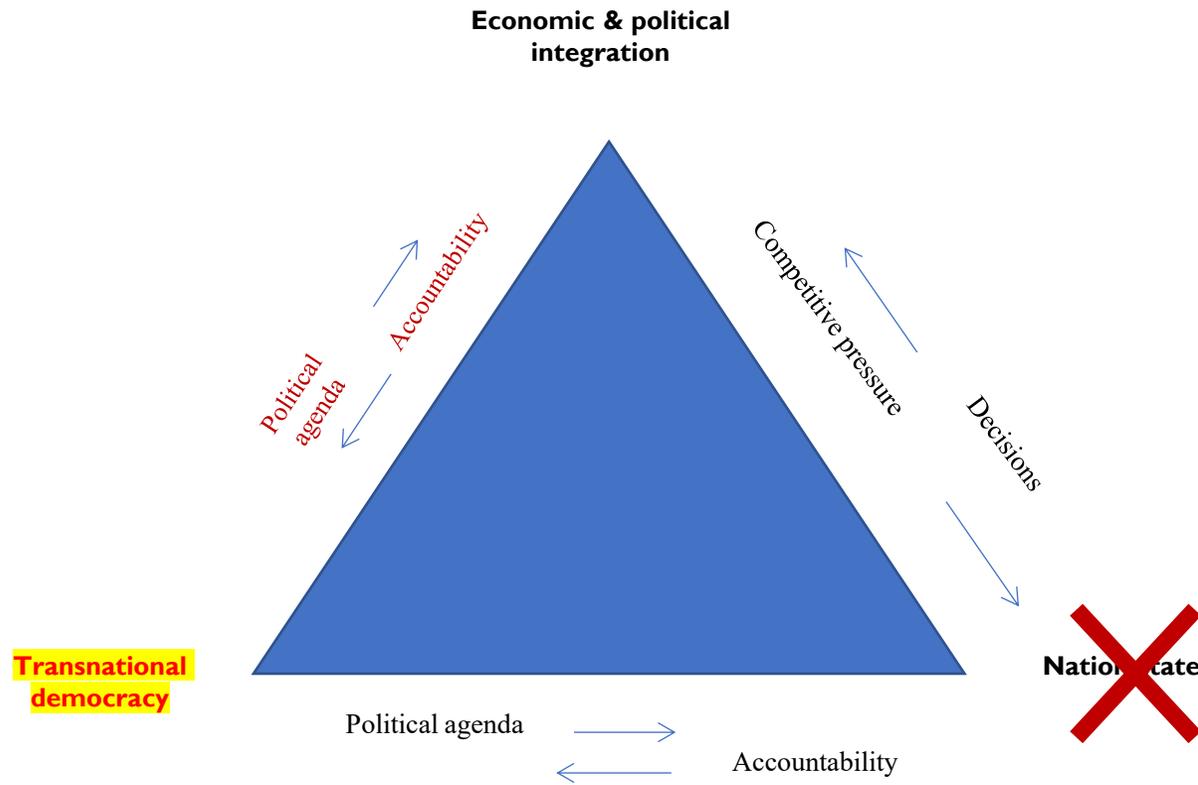


The EMU is a **simple** union, without a fiscal union, nor solidarity mechanisms



The future

# Europe's solution – trans/supranational democratic institutions???



# Generally positive, however...

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# Latvia's citizens' priorities for the EU

- 1) Stronger expectations with regard to security, economy and defence

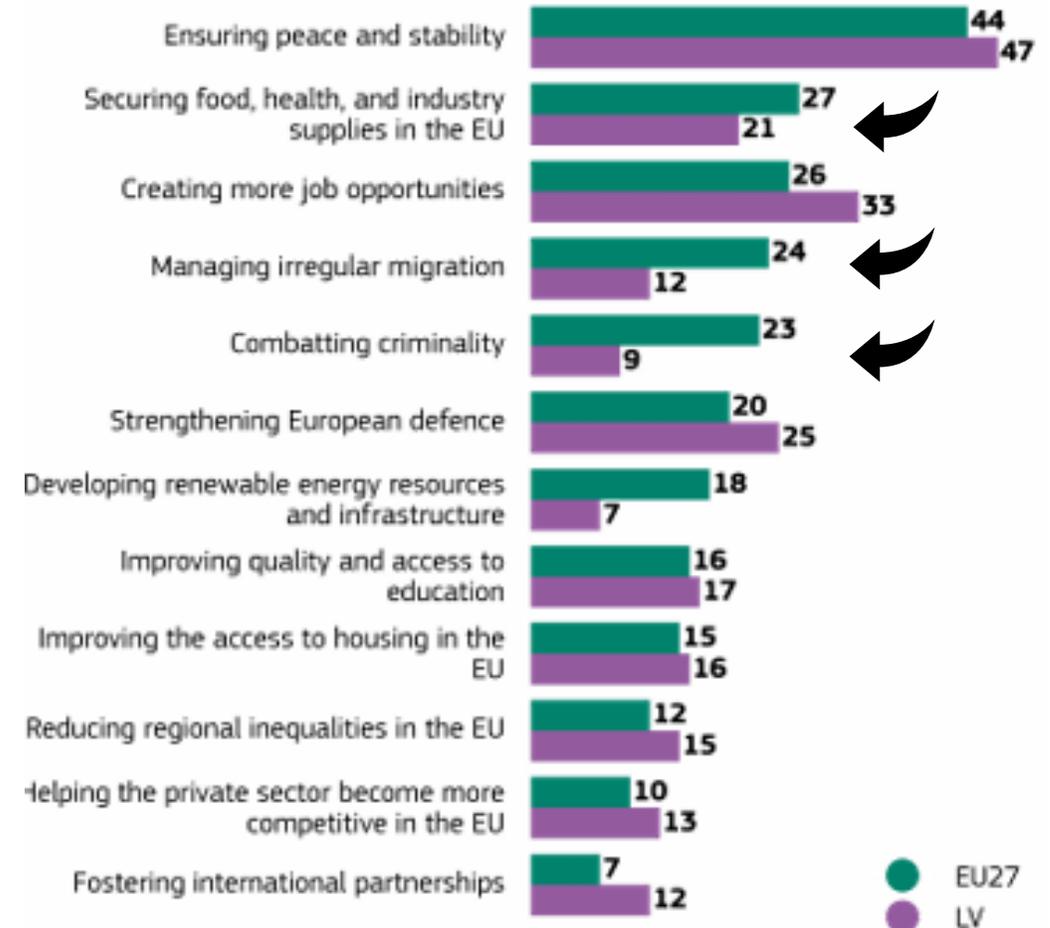
QB9ab. Which of the following actions at the EU level do you think would have the highest positive impact on your life in the short term, i.e. in the next year? First? And then? (MAX. 3 ANSWERS) (%)



# Latvia's citizens' priorities for the EU

- 1) Stronger expectations with regard to security, economy and defence
- 2) However, more pessimistic towards EU's ability to secure food, manage immigration and combat criminality

QB9ab. Which of the following actions at the EU level do you think would have the highest positive impact on your life in the short term, i.e. in the next year? First? And then? (MAX. 3 ANSWERS) (%)



# Latvia's citizens' priorities for the EU

- 1) Stronger expectations with regard to security, economy and defence
- 2) However, more pessimistic towards EU's ability to secure food, manage immigration and combat criminality

**In other words, people not optimistic about policy areas which are relevant for deeper integration in the area of freedom of movement**

**QB9ab. Which of the following actions at the EU level do you think would have the highest positive impact on your life in the short term, i.e. in the next year? First? And then? (MAX. 3 ANSWERS) (%)**

