

# THE BALTIC Times

SUMMER MAGAZINE 2018

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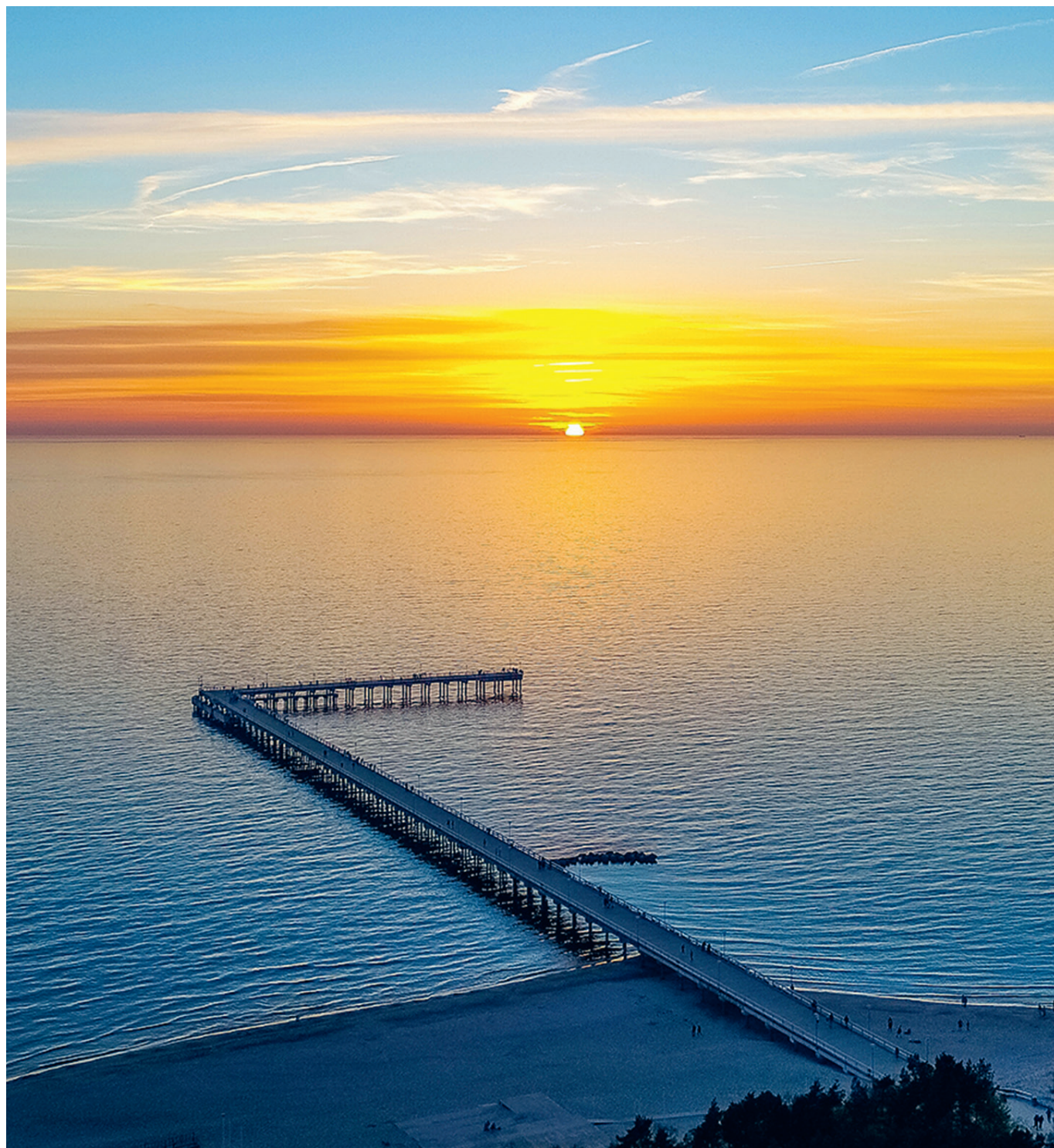


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# Welcome to The Baltic Times Summer Magazine 2018!

You hold in your hands something very special, the special summer edition of The Baltic Times, the glossy and voluminous **The Baltic Times Summer Magazine 2018!**

Feel the glossy cover and flick through the sleek pages of the magazine. If you dare sniff it (a habit I developed during my teenage years), it's okay! In this case, you'll for sure detect the smell of fresh printing ink.

Most importantly, read the magazine. If not all of it, then at least the articles that interest you the most.

As you can see, we've paid tribute to the current centenary celebrations taking place in the Baltics, with quite a few articles dedicated to the subject!

How will the Baltics look in another 100 years?

It's impossible to predict, but Valdis Birkavs, the second prime minister of post-independent Latvia, and the Lithuanian economist Rokas Grajauskas attempt to do so anyway.

Personally I believe that the region, notwithstanding a geopolitical situation, will become prosperous as the economies in Latvia, Estonia and Lithuania are driven by a wide range of local movers and shakers such as Gints Vins, CEO and board member of B2 Capital, a major debt market player, Alexander Zelinsky, a serial Latvian entrepreneur and COO at FiveConsult, a business consultancy that under his guidance has grown into a new generation company.

And the future definitely belongs to smart, entrepreneurial and compassion women such as Vita Liberte, a council member at BDO Latvia, one of the leading financial advisers in the Baltics.

There's a lot to read in the magazine, to be frank.

As **The Baltic Times** and other print publications faces new challenges in an era of increasing digitisation, this magazine is part of our efforts to re-brand the company that publishes **The Baltic Times**, a newspaper that's been around for almost two decades!



Wherever you find **The Baltic Times Summer Magazine 2018**, its 10,000 copies are distributed free in many places where people can be found throughout the Baltics, I want to assure you that the glossy publication isn't a one-time undertaking.

So after having read it, start looking for a new one!

Sincerely yours,

**Linas Jegelevicius**

**Editor-in-Chief**

**The Baltic Times**

**THE BALTIC  
Times**

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**Gints Vins,**  
**a supreme networker whose  
business-building style works  
perfectly in today's world  
of movers and shakers**



He founded and spearheaded *The Baltic Times*, the only enduring English language print publication in the Baltics, tried to salvage an embattled Latvian bank and subsequently detected abundant business opportunities in business network-building in Central and Eastern Europe which he then embarked on by buying and setting up companies in Estonia, Latvia, Lithuania, Poland, Hungary and Bulgaria. “For the whole of my life I’ve been buying, selling, developing and investing in companies,” says Gints Vins, CEO and board member of B2Kapital, part of the B2Holding group, a major pan-European debt specialist. We recently met up with Gints for an exclusive interview with *The Baltic Times Summer Magazine 2018*.

I’m humbled to speak to you as the Godfather of The Baltic Times that’s been in business now for 27 years and that remains the only English print publication covering the entire Baltic region. How did you, a prominent Latvian journalist in the 1990s, take on the challenge of becoming a publisher?

To be precise, the publisher of The Baltic Times, the only English language newspaper in the Baltics back at the beginning of 1990s, a newspaper owned by Baltic News Ltd., in company in which I represented the largest of its shareholders, the Baltic News Service news agency where in turn I was one of its founders and shareholders along with one of today’s most well known Estonian venture capitalists and entrepreneurs Allan Martinson, his classmate from Moscow University and now the banker Georgy Shabad who’s the son of the famous anti-Soviet diplomat Anatol Shabad, and our friend and partner from Lithuania the financier Tomas Marcinkus. Some other founders and early contributors to the newspaper were several Latvian expats who returned to Latvia from the USA including Karlis Freibergs, the son of the former Latvian President Vaira Vike-Freiberga, Alda Staprans, a Latvian girl from San Francisco and admirer of the famous Latvian exile intellectual, writer and painter Raimonds Staprans and Andra Raudsepa, the sister of the famous publisher of the Latvian weekly news magazine IR, Pauls Raudseps. The project started as our personal contribution in the struggle for Latvian independence. Many people were building barricades in the winter of 1990 and we were telling the world about this and many other decisive events in Baltic history from those times. Karlis, Pauls, Andra and Alda belonged to the generation of young Latvian emigres who wanted to help Latvian independence and who came to Riga as soon as the Iron Curtain fell. Myself, Allan, George, Tomas were local Baltic wannabes with big plans and ambitions for the future. It was a project where East met West, where a generation of Western idealists met with a generation of Baltic upstarts who were no less idealistic and so who found themselves kind of ‘on the same page’. We set and subsequently ran The Baltic Times for the next five years. The paper was first pan-Baltic English language information source for news, current affairs and more in the region.

What concerned me personally, I was more of a news reporter who very soon became a publisher as my personal drive and motivation’s always been building and developing the world around me not just merely observing and reporting on it. It turns out The Baltic Times has survived for 27 years, something I consider not a bad result for the start-up dream project of a bunch of young idealists.

Later, you waded into the investment world, becoming CEO of Hansa Investments in Latvia. How was the transition from the media to the investment sector? Did your previous experience as a publisher make it easier?

For the whole of my life I’ve been buying, selling, developing and investing in companies.

In the middle of the 1990s Hansa Investments, or Trigon Holdings as it’s known today, was the largest private investment house in corporate assets in Estonia, Latvia and Lithuania. Joakim Helenius, the son of a prominent Finnish Swedish family from Helsinki, one of the youngest Vice Presidents of Meryl Lynch in USA and still a figure well recognised in financial circles in Estonia managed to raise US\$60 million in private equity investments in the most promising Baltic businesses of the time. When he decided to open an office in Riga I was suggested to him as a potential candidate for the position of office chief. I had no clue about financial markets, the investment process and corporate finances at the time, but my English language skills, organisational talent and connections in local political and corporate circles made the day for both of us. I built up Hansa Investments’ Riga office and over the next four years we invested in some of the largest Latvian companies of the time including the juice company Gutta and the insurance company Balta. We participated in the privatisation of the legendary pharmaceutical company Olainfarm together with Valery Maligin, fought over the Latvian food industry with the former Latvian prime minister-turned-mogul Andris Skele, consulted and monitored the Latvian dairy industry which was then managed by another future Latvian prime minister Aigars Kalvitis, and were already involved with the Latvian banking industry in the form of what was then the Latvian Zemes Banka, the Baiba financial group and others.

**The 1998 Russian financial crisis had a severe impact on the economies of its neighbouring countries, including that of Latvia. Hansa Investments managed to sail through it largely unscathed. How did you manage to do this?**

Hansa Investments made prudent investments and in fact made a lot of money for Joakim Helenius. However Joakim lost a lot of assets during that time in Russia and decided to shrink his operations in the Baltics. Big losses and bad times in business is a real test for the stomach and the personality. I really like that Norwegian saying that one has to be with his partners in both good and bad times, but I guess Joakim is more of a Swede and so we didn’t part on particularly good terms, but his time was also a great push for me to go into the business by myself.







Turning around companies isn't an easy task. Unfortunately, they typically come to us at too late a stage and we'd be happier to see them at that stage where additional funding could still make a difference for them. If we get our hands on the company at that stage we'll almost certainly be able to turn it round.

**Over its seven years in business B2Kapital has expanded to 22 countries and in 2016 was listed on the Oslo Stock Exchange with just over 2,500 stakeholders and a market value in the range of €800 million. An astonishing accomplishment! Now B2Holding is among the top five debt purchasing and debt management companies in Europe. What do you attribute to this success? How does the corporate culture at the B2Holding Group work?**

Indeed! It's remarkable achievement! B2Holding isn't just the fastest growing company I've ever invested in and worked for, it's also one of the strongest corporate developments I've ever heard of. So far it's grown faster, stronger and more consistently than most of today's large technology companies in the world. The founders of B2Holding have twice run similar corporate developments before. They weren't new to the industry. Also, this wasn't a start-up from boot-strapping. The first shareholders in the company made some capital available for it and they did it because the same team had already proved itself in this business. But also the personal qualities and professional approach from the top team members matter. I was with the company from the very beginning and I must confess that I've invested in it not just my own assets but also many sleepless nights and enthusiasm and used my vast local personal business and political connections, first in all three Baltic countries and then further afield in Poland, Hungary, Bulgaria and many other countries. To be able to deal with Eastern and Central Europe, one has to understand it, its historical backgrounds and cultural differences, politics, the local business environment and local village priorities and local ways of thinking. This is exactly why for Brits or Americans the Baltics and CEE are still terra non grata. But for us Eastern Europeans this is our playground! B2Holding had the luxury to have a couple of us in the team from the very beginning and I believe we made quite an impact on the early decision making for the company expansion in the CEE region. This has been a very important factor for the fast growth of B2Holding.

You also mention corporate culture at B2Holding. In its early days a lot of trust and delegation of decision making into the local entities was made by national management, lean central corporate management and distributed investment decision making. The only really centralised functionality in B2Holding is fundraising.

**You're eagerly eyeing new CEE markets. What do you find so attractive about them? How do you create value through networking in the CEE region?**

Yes! I strongly believe that the CEE region is still the best platform to prepare oneself for the jump onto the world stage. Some CEE markets like Poland or Romania are vast in size and comprehension, self-sustainable and dynamic. Some others such as Hungary or Bosnia have very specific national issues making a big impact on local business and politics. Then there are the tiny and difficult markets like all three Baltic States and those functioning like entries to some other bigger ones like Bulgaria for Romania, Slovenia for Germany, Croatia for Italy and Cyprus for Greece. One has to learn the historical backgrounds of these European statehoods, monarchies and nations to really grasp who and what will function where and who and what won't. For example one should understand how stupid it would be to put an Austrian in charge of a Hungarian company or try to subject any company



in the Baltics to the rule of a Finnish director. One should understand the reasons why Estonians operate well in the Latvian and Lithuanian markets and Croats in the Serbian but not the other way round, that an Estonian yes means yes, a Lithuanian yes means maybe and a Bosnian yes doesn't mean anything at all. And there's much more, such as issues of transparency, politics, ethics and human resources, but if one has an intelligent and professional Eastern European management structure in charge of the process (not German, British, Russian or Nordic and only maybe Americans or Jewish are getting close to it), there's a chance to create a well functioning corporate network in the CEE with a very high premium value in it precisely because the process of building such a multinational network is a close to impossible task for an outsider even if he or she comes in with strong financial back-up and corporate culture. The margins are still high, the competition is comparatively low and there's a lack of funding and liquidity in each and every separate market but a multinational network has a value and a very strong value in it and there'll always be American or other global investors with money to invest that's far beyond their own building capability. One still has to remember that there's a lot more money in the world than there is real things to exchange it for.

**What do you believe sets Lithuania, Latvia and Estonia apart from each other in terms of business environment and mentality?**



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**You recently said that the Latvians have the most 'adaptive' business culture? Did you say this out of courtesy to your homeland?**

Well, first of all I'm Latvian, so I have my own biased opinion on the issue. And yes, I do believe that the Latvians are the most adaptive of all three Baltic nations. There are of course many historical reasons why this is so. Just look at the map and remember how many world wars have been fought on that small piece of land. The Swedes against the Russians, the Poles against the Swedes, the Germans against the Russians and the Russians against us and everybody around us, and all those peoples have crisscrossed Latvia back and forth many times but the local people have managed to survive and thrive and are still considered to be one of the longest surviving and settled nations and languages in Europe! How do you imagine it was possible? Well, by being adaptive and being survivalist, and that's exactly who we Latvians are! The Lithuanians are a much more proud and nationalistic people but also a bit more stubborn, although nowhere near as stubborn as the Poles. The Estonians are much stronger with their small village instincts, better organised, more united in maintaining their ethical standards and corporate and national culture. But you know how it is amongst our three small nations. Business always came from the north to the south and not vice versa.

Can you give us an insight into your business mentality? What matters most to you? How do you usually make big-time decisions? Spontaneously or gradually?

Research the field first and strike after. Try to learn by spending other people's money, not your own. Collect smart people around you! Buy low, sell high, collect early and pay late. Surprise your partner with sensitivity and recognise that later it might be necessary to show your sharp teeth from time to time or else you'll be eaten by somebody else in the food chain. Be sarcastic and don't give a damn about irrelevant emotions. Be a missionary! That always brings back money. Be vital. Have charisma. Change the world and live by your own rules. But be yourself and love the people who matter to you!

**Despite being a savvy and hawkish investor you call yourself 'old school' when it comes to running a business. What do you mean by this?**

I take care of my employees and they take care of my customers. Give freedom of decision-making but ask for results in return. I believe that most business still takes place at the business place and not

**Turning around companies isn't an easy task. Unfortunately, they typically come to us at too late a stage and we'd be happier to see them at that stage where funding could still make a difference. If we get our hands on the company at that stage we'll almost certainly be able to turn it round.**

at home. I believe that things to be done are first to be learned and not the other way round. Summing up, there's one and only definition, ie. professionalism. I believe that most problems in the Baltic countries as well as in most post-Soviet nations suffer from this, but for the Latvians it's been a particular anthropological demon. There's even a magazine published for it in Latvian. It's called Do It Yourself. In traditional Latvian families, teaching others to do everything by themselves is seen as a virtue. I believe that in the modern world this is a disaster. This is one of the main reasons for becoming unprofessional. People try to do everything by themselves even if they're very, very bad at it. And this is exactly the opposite in my world. I prohibit my employers doing something they're not professional at doing! If one does something as an amateur he steals the work from a professional, he does it badly and even if he tries his best it takes him five or 10 times longer than it would take a professional. We have amateurs in politics, amateurs in business, amateurs in universities, amateurs in state institutions and amateurs in government. I'm sick and tired of that and very many other professional people in society are too. Bad politics creates a bad reaction from society at large. Professionals don't, even if you disagree with their principles.

**You recently said "I like to stack the world with things!" What do you mean? Is this your credo?**

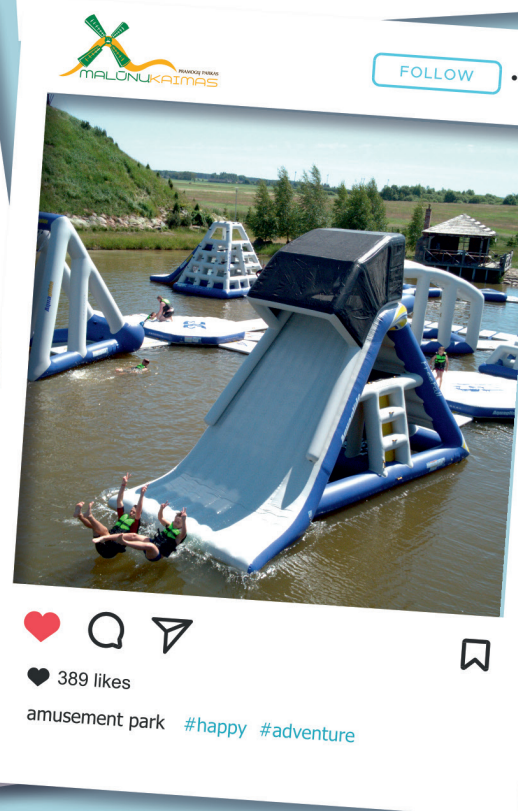
My mother raised me in the typical old school Eastern European tradition of chivalry in which virtue is when the men are strong, trustworthy and caring and the women are smart, resourceful and beautiful and together they make a strong family, a strong tribe and a strong state. That also goes for the companies I'm building. I'd like to believe that at B2Kapital we have a strong tribe and a strong, resourceful and very effective company with an already established corporate tradition. At the same time no-one but ourselves should care about how we're remembered in this world after we're gone from it, and the best evidence of who we were and what we did are the things we leave behind. And these aren't only material things. The famous Russian poet Pushkin said it, and this is my wish too:

"Я памятник себе воздвиг не рукотворный  
К нему не зарастёт народная тропа..."

So, I live with a mission and I carry it through in business. And the funny thing, as Jeff Bezos once said, "...when you live with the mission the money will follow anyway..." And I have lots of proof to show that this is the truth!



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**The Balts have what  
it takes to live like  
the Swiss during the  
next century**



Linus JEGELEVICIUS

**How will the world and the Baltic States look in another 100 years? If they focus on high-tech, education and are open to the world, then the future will be bright, believes the well known Lithuanian economist Rokas GRAJAUSKAS. *The Baltic Times Summer Magazine 2018* recently sat down with him to ask him this and other seemingly unanswerable questions.**

**Over the last centenary the Baltics have had an amazing journey, from the plough to bio-technologies so to speak. How do you see their economies developing over the next 100 years?**

A hundred years is obviously a very long time. However, we can see certain trends. For example, there is no doubt that the world will increasingly find itself living under the conditions of the fourth industrial revolution, namely more rapid and all-encompassing digitisation and a greater use of artificial intelligence in all spheres of life. The question we should ask is what role will the Baltic States play in this revolution? To what extent and how fast will they be able to take full advantage of these processes? Will we be among the world's leading technologically advanced countries?

It is vital that our businesses, the government and particularly the education system adjust to these transformations and make the necessary decisions as soon as possible because it takes time for investments, especially in human capital, to show results.

For example, Estonia started investing in its IT image and infrastructure more than 15 years ago but we started seeing significant effects of the IT sector on the broader economy only several years ago with the expansion of exports of IT services. The IT sector is increasingly becoming the driving force of the Estonian economy.

**Do you agree the assertion by a European Commission official who said off the record that Estonia is investing heavily in high technologies whereas Lithuania and Latvia are still more likely to invest in the rehabilitation of old buildings or constructing new ones?**

Well, I'm not into self-flagellation, which is sometimes so characteristic of us Lithuanians. As a matter of fact we've accomplished some great things in electronics, photonics and biotech. The share of high-tech in our economy is growing but the rate of growth should be higher.

Going forward, it will be crucial that the Baltic countries focus on higher value added products, produce unique, sophisticated, expensive products. This is the only way to catch up with the richer countries in the West. Although some Baltic high-tech companies are on a par with the best in the West, on a larger scale we've still got a lot of catching up to do.

And in order to do that we need to fundamentally change our education systems, starting from the kindergarten and finishing the universities. Because to be good at tech it requires not only skills and knowledge but also courage, curiosity, risk-taking and many other things. These things have to come from the earliest age possible.

**Speaking of Lithuania's future living standards, will they be more Greek or Swiss?**

(Grins) A very hard question to answer. Let me just say that

for a long time we in the Baltics didn't have the possibility to decide on our future ourselves. Never before have the Baltics been in a better situation than now. Our membership in such bodies as NATO, the EU or OECD, ensures our security, opens our economies to wealthy markets and attracts investment.

In other words, we have what it takes to live like the Swiss. It is now up to us to make good use of these opportunities.

**One of the biggest domestic challenges is emigration and low birth rates. Do you see Lithuania coping with them in the second centenary of its statehood?**

Indeed, demographic trends are worrisome all over Europe. Only a few Western nations have high enough fertility rates. However, despite the gloomy predictions, I remain optimistic. If our economies continue growing, we will reach a point when tables will turn and more people will want to come to our countries than leave. This is when we will be able to attract more talented and skilled immigrants. This in turn has the possibility to strengthen us further as only open and diverse societies flourish.

**The world has turned towards decentralisation and de-globalisation recently. Does it worry you?**

It does. It should worry everyone, I believe. It is not unlikely that with the ongoing technological changes and the unevenness in income distribution these trends will get a boost worldwide. This could lead to social tensions and political disturbances throughout the world. For the small Baltic economies, any kind of retrenchment of globalisation would be a disaster as our security and economic prosperity depends on open borders and international cooperation. It's hard to predict at this point whether the trend of de-globalisation is set to deepen. I prefer to believe that it won't.

**With the exponential development we're seeing in manufacturing, do you believe it's possible to predict how the world, let alone the Baltics, will look like in this super-fast changing world a 100 years from now?**

It's indeed impossible. We can perhaps speak about certain trends and what will influence them, but that's all. Some of them can last perhaps another 10 or so years, but they won't last for a century, especially with the rapid speed of technological advancement we're currently witnessing.

**We have what it takes to live like the Swiss. It is now up to us to make good use of these opportunities**





*Valdis Birkavs was Prime Minister of Latvia between 1993 and 1994*

Linās JEGELEVICIUS

Insightful, genuine, witty, gregarious and to some, even eccentric. These are just a few ways to describe 75-year-old Valdis Birkavs, Prime Minister of Latvia between 1993 and 1994 at a time when the country's newly restored statehood was facing many challenges. Today, the legend of Latvian politics enjoys a quieter life, although he remains an outspoken figure in Latvian society and, as a member of the Club of Madrid, an independent non-profit organisation made up of 81 former democratic presidents and prime ministers from 57 different countries, partakes in many of its events. *The Baltic Times Summer Magazine 2018* recently sat down with Mr. Birkavs to talk about the Baltics, the current centenary celebrations in the region, Donald Trump, Vladimir Putin, China and... immortality.



# Each of the three Baltic countries might follow their own path in the future

**What do you see as the highs and lows of the 28-year history of independence in the Baltics?**

The 28 years we're talking about were years of rapid ups and serious downs, of huge hopes and deep frustrations, of visionary solutions and unexpected disappointments. They were also years of short-sighted approaches, of both a commitment to govern and political incompetence, and of both political romanticism and cynicism. These were varied years. However, we accomplished our main goals to restore and strengthen the state, to develop a market economy and to join both the European Union and NATO. After achieving these goals though, the country hasn't properly articulated the new vision for its development which would unite people to achieve new goals. It was overwhelmed with day-to-day issues and didn't pay adequate attention to strategic development. As a result, a number of other problems, such as social inequality and ethnic disharmony, remain unresolved. We also encountered new and unexpected problems. For example, active and continuing emigration, which has caused some economic difficulties as well.

I was hoping that in 30 years we'd have made more progress in terms of our development, finding ourselves in a better place. If we've failed to do so, it's our own fault.

**What will the Baltic States look like in another 100 years? Do you believe that by 2118 they'll have coped with their demographic and economic challenges? Which of the three states stands the best chance of succeeding?**

Just as in the 20th century, the fate of Latvia as well as that of Estonia and Lithuania will largely depend on the geopolitical situation in the world, where the main players will not only be the USA, Russia and members of the European Union representing Europe as a whole, but also China. It's never easy to predict the balance of power in the future. However, as long as the European Union exists, the Baltic States will also be here. I don't exclude the possibility that each of the three Baltic countries will follow their own paths. At the moment, it looks like Estonia, which follows the example of Western Europe and which has learned a lot from its neighbour, Finland (including a balanced and pragmatic attitude towards Russia), has managed to achieve great success within the high-tech field, to restructure its education system and to get international recognition for its achievement. On top of this, Estonia has managed to unite its people. I think the country will continue developing in this way, and I doubt it will go down a different path.

Lithuania, of the three the one with the richest and most varied history having had four royal dynasties, has always historically collaborated with the Polish, Belarusian and Ukrainian people and has had a special relationship with Russia, and will continue its collaboration with other Central and Eastern European



***Latvian Prime Minister Valdis Birkavs met Pope John Paul II in 1993***

countries deepening its integration within the European Union. There's no doubt that the future of Lithuania is one of an economically developed and ethnically united European country.

As to Latvia, I've always been convinced that, in the future, Latvia should be significantly more connected to Scandinavia. This is true for Lithuania and Estonia, as well. To me, the Nordic-Baltic Eight framework seems to provide a future with the most prospects for both Latvia and its neighbouring Baltic countries. The next generation of Latvian politicians should define the new vision of Latvian development for the next 10 to 15 years. And the current politicians, after they celebrate the first 100 years of Latvian independence, should immediately start resolving the country's existing economic and social problems. I wouldn't worry about Latvia's future in the coming 100 years. As I see its future, it's collaborating with the international community, is open to ideas and people, democratic for everybody and well known in the world by its achievements. Regardless of existing or future problems, I believe Latvia will manage to overcome them because I believe in Latvia's potential.





*Latvian Prime Minister Valdis Birkavs and US President Bill Clinton met several times in the early 1990s*

It took me a long time to decide whether I'd add Bill Clinton to my circle of role models. I've met with him many times and we've had numerous interesting discussions and are quite friendly. He's made some professional mistakes, but who hasn't? Bill Clinton has done so much for the sake of Latvia.

**With the current pace of technological advancement do you believe humans will have settled on Mars and beyond in another 100 years? Which flag will Mars' first colonisers wave?**

I think that the first team to get to Mars will be the one which manages to create an interplanetary base on the Moon, thereby avoiding issues created by the Earth's gravity. There are only two possibilities at the moment, namely the United States and China. Neither of the countries has announced any willingness to place their banner on Mars yet. The only person who's started actively preparing to go to Mars is Elon Musk. However, as a private businessman he may encounter some unexpected obstacles although I believe the United States government will fully support his efforts. I'd like to note that just as the competition between the United States and the Soviet Union contributed to the exploration of space and the development of spacecraft, the competition between the United States and China will help with the exploration of Mars. I hope, when the world's ready to go to Mars, it will carry the banner of the United Nations.

**Can you predict how the world will look geopolitically in 2118? Will the United States maintain dominance in the world? What does it depend on?**

In the next 100 years, the current era which has lasted for over 500 years and where the white race has dominated the world, will slowly vanish. In its quest to bring Western civilisation to the world, this era saw a world in which this dominant force ruled with aggression and the fruits of its technological and scientific achievements. I believe that in the 21st century Asia will become the new dominating force, and this century will become the Asian century. The last 20 to 30 years saw an amazing, goal-oriented, rapid development of this region, and also witnessed significant social and economic accomplishments. It seems as if Western civilisation is somewhat tired, whilst Asia is full of energy and vigour.

The United States, undoubtedly the world leader for many years, is itself in some kind of crisis. The country, unfortunately, is rapidly losing its prestige, but despite this it will continue to exert its existing influence. To recover and restore its former glory

will take a significant amount of time and resources. At any rate, the world will stop being unipolar. The two most obvious centres of influence in the world are the United States and China. The future geopolitical influence of the European Union and Russia is unclear at the moment. Much will depend on the relationship between the United States and China, and the competition, cooperation, or possibly conflict, between these global powers.

We must take into consideration here that the essence of capitalism will change. In the words of Jacques Attali, a former President of the EDRB, financial capital will, eventually, be replaced by a global distribution system, one that won't be similar to capitalism as it's defined today. Until recently, civilisation has been developing in a so-called 'empty' world, which has been less populated, contained numerous, vast, undeveloped territories and plenty of natural resources. The evolution of capitalism in today's over-populated world, along with decreasing resources and fewer territories, requires a new philosophy, political and economic approaches and education system. Those born years after this interview is published will see a completely different world in 2118, provided however that the world can work together to solve the myriad of possible environmental catastrophes brewing on the horizon.

**Where do you see Russia and China in 100 years?**

Napoleon once said, "China is a sleeping giant, but when it wakes up the whole world will tremble."

My perception of China's influence on the world is much kinder. China isn't merely a nation state, but rather an entire civilisation with both a unique and rich history and traditions. China has had, essentially, almost the same borders for over 2,000 years, and 90% of the population consider themselves ethnic Chinese. Traditionally, China considers what legitimate power is by assessing its competence, not necessarily whether such power was achieved via democratic means. China's highest ruler is like a father in charge of his family, protecting and supporting the Chinese people. China has never been and never will be Western. This wasn't understood by Western experts who hoped that with the development of China's economy it will become more akin to a Western country. The



current Chinese leader is already aspiring to be a global economic market leader. He's defined goals for China to become a green nation before 2050, and he proposed both infrastructural and development projects in various regions of the globe.

By comparison, Russia's role doesn't seem as impactful on a global scale or overly peaceful. Here I'd like to note that Russia's two-headed eagle looks to both Europe and Asia. I think that Russia's strength and weakness hide within this two-folded nature. I want to emphasise Russia's European nature. In the words of former German Chancellor Helmut Kohl, the security of Europe is impossible without Russia. From a geopolitical standpoint, in the coming 100 years (though, the sooner, the better) it would be highly beneficial for both parties if the European Union would establish some common ground with Russia. I wouldn't blame Russia for seeking a closer connection with Asia in general and with China in particular, since a significant part of Russia is in the Asian continent. Russia, with its huge land mass, natural resources and relatively small population still belongs to the 'empty' world, without a doubt both a great privilege and, simultaneously, an issue of concern. If Russia can manage to balance its interests in both directions and collaborate with both continents, its geopolitical role in the world will definitely increase. I'm positive that in the 21st century both of these countries will play different, though definitely extremely significant roles.

**What can trigger a Third World War? Will it be nuclear, digital or a combination of both?**

In my opinion, the Third World War, if it happens God forbid, will be neither nuclear nor digital. It would happen in space. Space communication systems, spy satellites and other known or unknown technological cosmic gadgets would be destroyed and/or disabled creating chaos in one region or another. There are rumours that different kinds of systems with the ability to create mass destruction already exist. They include ones that could cause environmental disasters or even worse, such as underwater explosions causing huge tsunami waves that would wash away coastal towns and villages.

As I see it, the most probable demonstration of aggression will show itself via regional military conflicts. If there's a reason to be scared of something, all countries should be scared when the means of mass destruction fall into the hands of the most extreme terrorist forces. Our only chance of fighting them with any likelihood of success would be through a collaborative and coordinated effort by all countries. All of these inferences and conclusions don't however mean that we won't encounter any kind of digital conflicts between countries or political opponents.

## Does Russia pose a real threat to the Baltics?

War, military, and other experts classify Russia's threats to the Baltics as highly dangerous. Western experts have thoroughly analysed all the existing weak spots, the European Union's military forces, which are described as fragmented and non-effective, the slow mechanism of NATO's decision-making process and its internal problems, known tension between the United States, the European Union and Turkey, and have specifically focused their analysis on Latvia's problems. Yes, Latvia's problems, since they believe it's the most vulnerable given the issues related to its political system, economic development and socio-ethnic problems as we've already discussed in greater detail above. Russian experts also reviewed this topic, and I'm absolutely positive that, in general, their conclusions coincided. However, in none of the conclusions have I come across any analysis as to *why* Russia would invade any state which is part of the European Union and NATO. One may



At an international conference focusing on the new generation democracy I raised the idea that democracy, as such, guarantees a legitimacy of power, but not its competence, and, obviously, there's a lack of competent professionals within the political sphere. The Finnish President Tarja Halonen strongly opposed this notion and insisted that politicians don't have to be professionals. I still stand my ground. From my perspective, decision-making power without competence is simply dangerous. Donald Trump's election is concrete proof supporting my point of view. I think the reader understands whom I consider to be a more predictable politician.

**As both Latvian Prime Minister and Foreign Minister of the early 1990s, you've dealt with an impressive line up of political stars such as Bill Clinton, Margaret Thatcher, Francois Mitterrand, Boris Yeltsin and others. Who left the biggest impression on you?**

I've met with all of the aforementioned people several times. I must note here that I've met around 200 presidents and prime ministers from different countries, many of whom were also members of two international clubs, the InterAction Council, which was founded in Tokyo in 1983 and consisting of roughly 50 ex-presidents and ex-prime ministers, and the Madrid Club, founded in 2001, whose members consist of over 100 participants. I've sought those whom I would consider role models for a long period of time, and there aren't too many of them. Two people I haven't met and, as such, perhaps they are my permanent role models are Winston Churchill and General de Gaulle, who, incidentally, didn't understand each other well. I highly value the late Chancellor of Germany, Helmut Schmidt, who demonstrated the truest leadership qualities I admire. It took me a long time to decide whether I'd add Bill Clinton to my circle of role models. I've met with him many times and we've had numerous interesting discussions and are quite friendly. He's made some professional mistakes, but who hasn't? Bill Clinton has done so much for the sake of Latvia. He's also so charming and friendly, a brilliant intellectual, but the decisive factor in adding him to this small circle were his activities after he left office. He's an Honorable President of the Madrid Club. His ambitious large-scale global projects demonstrate that this statesman is concerned about the future of the whole planet.

**Do you remember any funny situation from your dealings with government officials?**

Once, there was a break in the summit of prime ministers of the Baltic Sea States in Riga. The German Chancellor Helmut Kohl, the Swedish Prime Minister Hans Göran Persson and I went for a walk at the Doma Square. Looking around, Chancellor Kohl, exclaimed: "Göran, this is a typical German city!" To which Swedish Prime Minister Hans replied: "No, Helmut, this is a typical Swedish city!" The only thing left for me to say was: "Gentlemen, I agree. Riga once really was the largest city in the Swedish Empire, but now it's the capital of independent Latvia."

**Do you believe today's world leaders are less charismatic, intelligent and passionate about politics?**

In discussing world leaders, especially Western leaders, their choices of self-expression and behaviour have definitely been influenced by long-standing peaceful circumstances, positive economic developments and an overall increase of prosperity. All of this leads to an exaggerated political correctness. One must keep in mind that the ever-present mass media also influences this behavioural paradigm since no politician remains un-judged in the event of gross political incorrectness. That said, polite and bal-

## I believe that in the 21st century Asia will become the new dominating force, and this century will become the Asian century.

anced intellectuals who thoroughly think about their words and behaviour often appear dull. Therefore, more often than not, we're witnessing 'comedians' on the political scene. However, a certain amount of political correctness is required in international affairs to appropriately formulate all communications. So, in response to the question asked, I say that only major crises create great leaders.

**What does politics mean for you?**

Life in politics is akin to life in an aquarium. Everyone sees you and anyone can make the water dirty. Many observers sharpen their hooks in order to pull you out of the aquarium. If we're not using allegories here, life in politics means being permanently responsible for everything you've done or not done, and being criticised for decisions made or not made. But if one thinks that the main purpose of being in high level politics is taking advantage of all the benefits, then, at least as far as I'm concerned, I don't relate to Feuchtwanger's description of the main character in his book *The Pretender*, 'Once he had tasted the sweetness of power, he was unable to live without it anymore.'

**Would you like to be immortal? How do you want to be remembered 100 years from now?**

It's quite clear that in the next 100 years science will either be very close to achieving or will have already achieved immortality. If anyone would like to be immortal, they should read *Home Deus* by Yuval Noah Harari, a professor at Jerusalem University who tries to prove how an individual may become physically immortal. His biggest group of followers are very wealthy people. They get together and discuss the latest inventions and achievements in the field of immortality, they set up foundations, encourage the development of relevant scientific research by investing billions of their profits in the field, and they're convinced that they'll be immortal. At one of these gatherings when many other people were present in addition to this 'wealthy class', the audience was asked to cast a vote. There were very few people who were willing to join the 'immortality club'. One of them expressed an opinion I fully share. immortality will make life senseless. As to whether I'll be remembered in 100 years time, I'd prefer that Latvia remains immortal.

**Is there a decision or achievement you were involved with that you're particularly proud of?**

What I consider the most important task during my period in office was membership of Latvia in the European Union and NATO. I wasn't sure I'd be in office when the goals would be achieved. However, I'm proud that I managed to do everything to start the negotiations about Latvian membership, which, as we know, proved to be successful. It was 2002. My party, the election platform of which was 'We did what we promised', lost the elections. However, Latvian membership of the European Union and NATO was already guaranteed, and I left politics two years before the official ceremony.



# High-tech wheels manufacturer SMW Wheels continues to expand

The activities of Riga-based SMW Wheels, one of the leading global manufacturers of premium high-tech wheels for cars and motorcycles, have continued to expand during the past year

- Several new contracts were concluded with large OEMs. Initial deliveries of prototypes are already underway including to Daimler Mercedes-AMG.

- The wheels for the famous Roadster, to be officially released in 2020, were developed collaboratively between Tesla and SMW. The resulting prototypes were produced by SMW.

- Additional negotiations are underway with several Tier 1 companies in Germany and Italy.

- A new application was filed with the US Patent Office for an innovative Air Passage Module mechanism for run flat and other types of wheels. Several more patent applications are currently being prepared for submission.

- A new wheel design was registered with EUIPO to add to the existing line-up. Several additional new designs were acquired.

- SMW is a proud sponsor of HGK, a home-grown Latvian company and one of the top drift teams in the world. SMW also



sponsors the Formula Student Team Tallinn.

- SMW is producing wheels for USA-based Hypercar Development, building the fastest street-legal McLaren cars capable of traveling at speeds of over 300 mph.

SMW is considering listing its shares on the local Nasdaq First North stock exchange. There has been some preliminary interest from investors. "This will facilitate continued implementation of our rapid expansion plans, capitalizing on the current momentum," says SMW's Managing Director Eleonora Pole.



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# The Soviet Union who owes

Linas JEGELEVICIUS

Regardless of how Russia and the Baltics will deal with each other over the next 100 or 1,000 years, the insolvability of one question, namely of the damage cause to the latter by the former over the period of its 50-year occupation, is more likely than to harm relations than anything else. How would the Baltic economies look now if the Soviet Union hadn't annexed Estonia, Latvia and Lithuania? Would the three states be like Finland today? To find out, *The Baltic Times Summer Magazine 2018* sat down to talk with Gatis Krumins, the Rector at Latvia's Vidzeme University of Applied Arts and a prolific Baltic researcher into Soviet-era damage.

Can the question 'Who owes what to who' be answered properly considering the intricacy and vague methodology of the issue?

Of course, we can define the question in different ways, but the main idea in my opinion is to understand the economic processes of the Soviet time, and find correct, research-based answers to several questions, and one of those can be 'who owes what to who'. I think that it's more important for our society to understand some important trends in our history. If we know the truth about history, we can build our strategies for the future. If you ask me why it's so important now a quarter of a century after the collapse of the USSR, my answer is because of the geopolitical situation, because the leading Kremlin politicians in the Russian Federation are trying to restore relations with other countries in the former USSR with Soviet methods, only changing the word USSR with Russia. And in communication with society, in Russia and the neighbouring countries and the entire world, they're using the same arguments based on Soviet propaganda about large investments and help given to the Baltic States during the Soviet occupation period.

The Kremlin is trying to strengthen this using lies based on the Soviet myth about the unsuccessful development of the Baltic States before and after the Soviet occupation. With the help of this myth, they're constructing another new myth about the biggest geopolitical catastrophe of the 20th century, the collapse of the USSR. We should deconstruct this Kremlin propaganda with research-based arguments. This is a very important aspect. Our society, our young generation, should know the truth about the period of Soviet occupation and the many socioeconomic aspects of this period.

I see that the influence of propaganda is pretty great nowadays, and when disinformative narratives prepared on a wrong historical basis are transferred to society, we should provide the correct alternative. If somebody thinks that we can withdraw from the in-



**Gatis Krumins is Rector at Latvia's Vidzeme University of Applied Arts**

dependence, either fully or partly, and after this we'll receive some payments or investments from the east because it's our historical experience in relations with the USSR, it's totally wrong. So this aspect is much more important, to show the truth about past relations. From my point of view, the question about compensations and payments is a secondary thing.

Disinformation and manipulation methods were used profusely in the past, and because of the success of this approach the Kremlin propagandists are trying to use similar methods and approaches today. One example. During the post-Second World War Soviet occupation period there was a significant difference between the living standards in Latvia and Estonia and other territories of the USSR, especially during the 1940s and 1950s. Year on year this difference decreased, but we were always reminded. And how did the Soviets explain this situation? Not with the real situation before the Soviet occupation and the considerably higher standards of living and the economic situation in Latvia and Estonia compared to the situation in the USSR but with large Soviet investments in both countries after the Second World War. And at the same time the Soviets declared that the Baltic countries were completely agrarian and underdeveloped before the occupation. Total lies, but it worked! After visiting our countries, tourists and immigrants from different parts of USSR exclaimed, 'And all this is with our money!' And this was a first weapon in



# and the Baltics: what to whom?



*Long queues were part of the life during the Soviet era*

the 21st-century Kremlin narrative about the 'ungrateful Balts'.

**Has there been much research carried out on the subject in the Baltics and Russia?**

In the last 10 years a group of researchers have calculated the losses from the Soviet occupation of Latvia. The main themes of the research were the economy and finance, the environment and ecology, demography and losses from the occupying Soviet military. The research received some financial support from the Latvian State, from a state established commission. In Estonia 10 years ago a book was published, *The White Book on the Losses of the Estonian Nation during the Occupations (both Soviet and German, 1940 – 1991)*. Also the Lithuanians carried out research in this area after the restoration of independence. The work isn't finished. During the last five years I've worked with documents in the Latvian State Archives, and this summer I completed a research project about economic and financial relations between the Latvian SSR and the USSR during the occupation period. I found documents (formerly in a 'secret' status) in the form of accounting reports on all revenue and expenditure in Latvia, both in the USSR and Latvian SSR budgets between 1946 and 1991. So I've estimated a financial balance of Latvia during the entire Soviet occupation period after the Second World War. After finishing my work with the Latvian documents, last summer I visited archives in Estonia and Lithuania. And I've found similar documents and have made the first



*The VEF Minox, the smallest camera in the world during the 1930s. The camera was made in Latvia, a technologically advanced country at the time*

I see that the influence of propaganda is pretty great nowadays, and when disinformative narratives prepared on a wrong historical basis are transferred to society, we should provide the correct alternative



Группа II. Расходы по социально-культурным мероприятиям, судам, прокуратуре и собраниям органов государственного управления.		
Символ отчета-номера	Наименование ведомств	Кассовый расход
196	Министерство государственных предополнительных и материальных резервов .....	576.496-28
179	Министерство вооруженных сил СССР .....	172.598.71 4-10
181	Министерство вооруженных сил СССР (пенсии) .....	11.343.886-61
183	Министерство внутренних дел СССР .....	205.999.366-71
185	Министерство внутренних дел СССР (пенсии) .....	2.061.816-58
187	Министерство государственной безопасности СССР .....	304.288.407-86
189	Министерство государственной безопасности СССР (пенсии) .....	876.595-29
Итого по группе II.		697.744.279-88
Группа III. Прочие расходы		
Символ отчета-номера	Наименование расходов	Кассовый расход
Итого по группе III		
Итого по всем трем группам		768.427.307-95
Итого по ведомству № 24 общего счета .....		414.892.659-
Итого всех расходов по общему бюджету, который должен быть равен сумме перечисленного отчета по балансовому счету № 6...		1.183.319.966-95
УПРАВЛЕНИЕ ЛИТОВСКОЙ РЕСПУБЛИКАНСКОЙ КОНТОРЫ ГОСБАНКА СТАРШИЙ СОВЕТНИК ФИНАНСОВОЙ СЛУЖБЫ /СИНОВИЧ/ ГЛАВНЫЙ БУХГАЛТЕР КОНТОРЫ /ВЕНИКОВ/ ЗАН. ГЛАВНОГО БУХГАЛТЕРА КОНТОРЫ /САВЧЕНКО/		



*A queue for beer and vodka during the Soviet period was as common as a queue for anything else*

### ***A copy of a Soviet document on Soviet expenditures in Lithuania from the Lithuanian State Archive***

calculations about the post-war period. Therefore, I can present the first conclusions about the territories of the Baltic States in general. During the post-war period we transferred more money to the central Soviet budget than we received. So the investments in the economy and infrastructure were financed using Baltic money. At the same time we unfortunately also funded the entire soviet military and secret services in our territories.

A couple of year ago a thick book of more than 1,000 pages was published in Moscow made of archive documents about economic relations between the Baltic States and Russia between 1953 and 1965. Unfortunately, these documents mostly show only one side of our relations, ie. what and how much was invested in the territories of the Baltic States. There's nothing about the income in the central budget, nothing about the military budget. And Moscow has stated that this book deconstructed the myth about the Soviet occupation. If we compare both methods, mine and their, I used all expenditures and revenues, but the Russian researchers only one side, the expenditures. And also partially. There isn't a single word about the military sphere. You can describe hundreds of projects where some central ministries participated with some investments because the integration level in the Soviet economy was very high, but without some general analysis of how much was spent and how much at the same time was obtained, you can't answer the general question 'Who was the real investor and who was the receiver?' The responsible editor of this book is Jelena Zubkova. We met some years ago in Moscow and Riga, and eight years ago she published a book about the sovietisation of the Baltic States. Unfortunately she changed the terminology (from occupation to inclusion, incorporation), and she used only references from Soviet authors and statistics. I sent some documents to Jelena this winter, for evidence of my methodology and results, but I think she can't use them because they're still secret in Russia.

A very important aspect for the Baltic countries is cooperation in different fields, not only in economics, but also in research, strategic communications and media literacy. We have the same problems, and our answers in resistance to this disinformation will be stronger if we cooperate. For example, in the previous year, when the Russian Ambassador in Lithuania publicly stated that Lithuanian should pay compensation for Soviet investments (US\$72 billion), I immediately answered on the basis of my re-

## **If we compare the standard of living in the Baltic States, in particular in Latvia and Estonia, with other European countries in 1940, they were above the average level, approximately on a par with Finland. The quality of life was high. The average middle class salary was higher than the equivalent in Germany**

search in the Lithuanian archives. My message was published in Lithuanian and Russian, in Latvia and Lithuania. The results of my research were published in Estonia, Ukraine and elsewhere. All post-Soviet regions should cooperate and strengthen their societies with education. Because of this reason, in our university in this autumn we'll begin two new Master's study programmes in English, Media and Information Literacy, and Strategic Communication and Governance. Our region and the entire Western community need specialists in these areas. We should explain our history and specifics in our relations with Russia not only for our society but for our strategic partners in the West. If we create a joint communication platform, our voice will be much stronger.

**What has your research on the subject revealed? Can it be deemed credible from the point of statistics, methodology, etc?**

The main source of my research is archive documents, the originals of the central accounting reports about the revenues and expenditures of the central Soviet and republican state budgets, prepared by the Soviet Central Bank branches in the capital cities of the Baltic States and signed by responsible persons such as the heads of the branches and the chief accountants. At the end of each year central accounting reports were prepared in these branches on the basis of monthly reports containing information collected from various smaller branches in cities and districts. A large part of the documents were related to the Ministry of Defence and the Ministry of State Security and were marked 'strongly secret'. All the revenues from the territory were divided into two parts, namely the republican and the central budgets. The results were collected in one large document (with former





***The Red Army tanks rolled in central Riga on Jun. 17, 1940, marking the beginning of an annexation that would last for 50 years***

scrupulous descriptions, and dividing in many smaller sections, different taxes, other incomes etc.), and the summary contained the sums channelled to the central and the republican budgets. After receiving the accounting reports and checking them, the Central bank office sent feedback from Moscow at the end of January. We can just thank the bank clerks for their scrupulosity and the perfect order of the documents they kept.

The accounting reports show economic trends during different decades and the priorities of the Soviet regime in the Baltic States. The highest level of centralisation within economy and finance was during the time of Joseph Stalin rule when three quarters of all revenues were first transferred to the Soviet central budget and after that a part of it returned back. After the death of Stalin we can clearly see reforms in decentralisation, the responsibilities of the republics increased significantly, and the military expenditures were growing more slowly. But during all times (here I can speak about Latvia where my research is finished) we paid more into the central budget than we received back. Throughout the occupation period there were only two exceptions when the Soviets spent more money in Latvia than they took, in 1954 and 1990. In 1954 we received compensations for agricultural products. I think this was related to Lavrentiy Beria's policy after Stalin's death and the fights for leadership in Moscow when Beria was looking for allies in the Baltic republics. This wasn't the only thing during this time. He started a policy for a more intensive use of local languages and other activities in order to further respect the national interests of the Soviet republics. In 1990, after our declaration of independence on May 4 the new Latvian government stopped the money transfers from the local economy to the central Soviet budget. This was a very important aspect connected to the collapse of the USSR because after the Baltic States many other republics, including Ukraine and the Russian Federation, reduced the financing of the central budget. In the middle of 1991 the budget deficit of the central Soviet government was more than 40 percent.

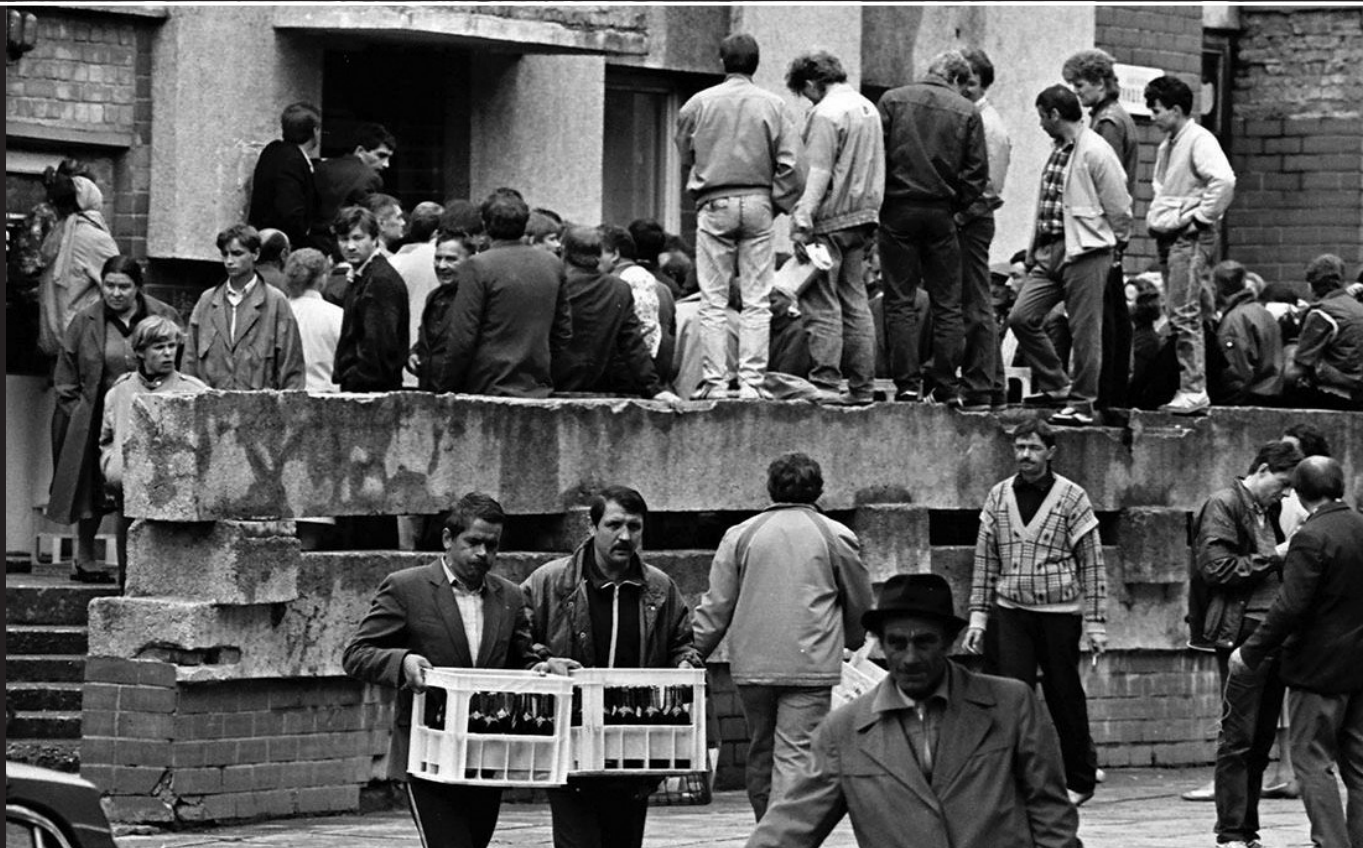
**Which of the three Baltic States has received more in terms**

**of the economic relations with the USSR? Which has been the biggest contributor and what determined the uneven numbers?**

I can comment on all three Baltic States during the period between 1946 and 1950. First, there were no Soviet investments in the Baltic economies from specific centralised sources during this time. We paid more into the central budget than we received back. In reality we paid for the development of the other regions in the USSR.

Lithuania's economic situation, both at the time of the occupation as well as the post-war years, was considerably more complicated than that of Latvia and Estonia, but also Lithuania transferred larger amounts into the Soviet budget than it received back. Thus, from these Lithuanian earnings the Soviet regime not only funded the fight against the national resistance movement but also some of the money was channelled into other purposes outside the territory of Lithuania. In 1949 the revenue of the Lithuanian territory (the USSR and the Lithuanian SSR budget together) was 2.617 million roubles, whilst expenditure in Lithuania, including the military and repressive institutions, was 2.458 million roubles. Thus, 159 million roubles were channelled outside the territory of Lithuania. The situation was quite similar in Estonia. In 1949 the total revenue was 2.642 million roubles whilst expenditure was 2.503 million, or a 'profit' for the Soviet regime of 139 million roubles. The largest amount, 526 million roubles that year, was invested into the Soviet central budget without returning by Latvia. The total revenue in Latvia that year was 4.381 million roubles. In 1949 the Baltic States not only covered all military and repressive forces with its own territories but also sponsored the Soviet central budget with 824 million roubles.

In Lithuania in the 1940s much higher amounts were spent on the Ministry of State Security and the Ministry of Interior than in Latvia and Estonia. This is because of the very active national resistance activities against the Soviet occupation regime during the post-war years. In 1948, more than half a billion roubles from the Soviet budget were spent on the needs of the Ministries of the Interior and National Security, which was more than in Latvia and Estonia combined.



Overall, the total revenue in the occupation period between 1946 and 1990 from the Latvian territory in the Soviet central budget was 40.6 billion roubles, but the expenditures just 24.7 billion roubles. So we paid 15.9 billion roubles more than we received back.

This is 18.8 percent (of the total revenue of 85 billion roubles of the central and republican budgets together) from the Latvian territory, the result of the Soviet cohesion policy of the more developed territories supporting the less developed ones. It wasn't voluntary, but Moscow's decision. We financed the Soviet military and all the profits from our economy were transferred to the USSR.

**Where would the Baltic States be now if it hadn't been for the Soviet occupation?**

If we compare the standard of living in the Baltic States, in particular in Latvia and Estonia, with other European countries in 1940, they were above the average level, approximately on a par with Finland. The quality of life was high. The average middle-class salary was higher than the equivalent in Germany. We were countries with a high development potential. In Latvia before the Soviet occupation we produced cars, planes, complicated agricultural machinery, modern radios and the smallest camera in the world, the VEF Minox. In 1939 the Kegums hydroelectric power plant started working. Unfortunately, the normal development of our countries was stopped by the Second World War and the Soviet occupation. The Soviets developed industry in our countries, but this industry was important for Soviet needs, for the Soviet military complex, and all profit went towards the Soviet central budget. Investments in social needs were very small. Hundreds of thousands of immigrants without roots, and the official propa-

ganda says 'you're welcome. You're building Socialism in the poor underdeveloped republics. Of course, there was no integration policy during this time, and if somebody asked to learn a local language he was called a nationalist.

We were in a much worse situation than the Soviet satellites in Europe (East Germany, Poland, Czechoslovakia etc.). Because we were a part of the Soviet Union, we paid a lot of financial resources into the Soviet central budget. We financed the Soviet military in our territories. Our economic integration into the USSR was deeper. Our industry worked for military needs and this is the answer as to why industry collapsed after the collapse of the Soviet regime. It wasn't possible to switch the direction of factories which were focused on specific military orders for decades.

It was much more complicated to rebuild our economies after the collapse of the USSR than after the First World War. The economic model was very different, as was education, and the experience and understanding of the free market and real democracy in government.

**Do you think Russia, the inheritor of the USSR's rights, should be held accountable for the shift in Baltic development due to its aggression in 1940?**

I partly answered this before. I think it's not important. Russia should change its strategic philosophy. I believe this is a big mistake of today's Russian political elite in communication with the world and society in Russia trying to construct narratives about the success story of the USSR. The collapse of the USSR was not the biggest geopolitical catastrophe in the world in the 20th century. It was the creation of the USSR and its satellite system after the Second World War. If Russia understands that, it will be the biggest compensation for us.

1 <http://www.riigikogu.ee/wpcms/wp-content/uploads/2015/02/TheWhiteBook.pdf>

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3 <http://www.rubaltic.ru/article/kultura-i-istoriya/17122015-okkupacija/>

4 Елена Зубкова. Прибалтика и Кремль. 1940-1953. Москва, 2008.

5 <https://ru.delfi.lt/news/live/istorik-utverzheniya-ob-investiciyah-sssr-v-litve-i-vsej-baltii-lozh.d?id=74889170>

6 Министерство государственной безопасности СССР

7 Министерство внутренних дел СССР





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*Former Icelandic Foreign Minister  
Jon Baldvin Hannibalsson*

Linus JEGELEVICIUS

**As a nation, Lithuania has many good friends. One of them, former Icelandic Foreign Minister Jon Baldvin Hannibalsson, is particularly close to the nation's hearts. It was Iceland that, with Hannibalsson's spearheading efforts, went against the grain and was the first country to recognise Lithuania's declaration of the restoration of its independence in February 1991. Mr Hannibalsson, who recently published the book *The Baltic Road to Freedom – Iceland's Role*, kindly agreed to answer a few questions for *The Baltic Times Summer Magazine 2018*.**

On the cover of the new book the publisher says that you 'took the lead in soliciting support for the Baltic Nations' restoration of independence'. Isn't this a bit of an exaggeration if you don't mind me saying?

To answer this question, I prefer to let the facts speak for themselves. Western reaction to the restoration of independence of the Baltic States was first officially put to the test at a CSCE conference in Copenhagen in Jun. 1990. In attendance were all the foreign ministers of Europe and North America. This was one of a series of high level meetings on disarmament and inter-state relations after ending the Cold War. The foreign ministers of all three Baltic States (Meri, Jurkans and Saudargas) had been invited to plead their case. When they arrived, the Soviets said, "Get

them out, or we're out." The Danish hosts capitulated. The only foreign minister of the 37 present to protest and take up the Baltic case was the Icelandic one. My spontaneity is in the book. This was the first time I lent my voice officially to theirs, which had been silenced. I continued to do so in international forums, not the least within the UN, NATO and CSCE, until the very end. In Jan. 1991, when Moscow had decided on a crack-down by force, Landsbergis issued an appeal to NATO foreign ministers to arrive in Vilnius to demonstrate their support. I was the only one who responded and arrived on the scene. In Aug. 1991, after the attempted coup d'état in Moscow had failed, there was a power vacuum in the Kremlin and confusion in the West. I used this window of opportunity to invite Meri, Jurkans and Saudargas to



# He did it!

## In awe and rage of others

**I firmly believe in extending Nordic cooperation at any level to the three Baltic neighbouring states. Together we have the means to maintain a thriving region which can successfully deal with the challenges that lie ahead.**

Reykjavík where we formalised Iceland's recognition of the Baltic States' independence. If Iceland didn't lead, other states certainly followed. The US managed to do it a day ahead of the Soviet Union.

**Are you saying the Western leaders at the time were against Baltic independence?**

Not necessarily. But they had a different agenda. They were negotiating the end of the Cold War in partnership with Gorbachev. There certainly was a lot at stake, including the peaceful reunification of Germany. Western leaders made the fateful mistake of staking the success or failure of their policy exclusively upon the political fate of a single individual, Mr. Gorbachev. When his vaunted reforms failed to materialise the only thing left for him to do was to try to keep the Soviet Union together at all costs. That was incompatible with Baltic independence. That's why the leaders of the independence movements in all three Baltic countries were urged to settle for a compromise with their colonial masters, without preconditions. And President Bush senior appealed infamously to the Ukrainians in Kiev, "to keep the Soviet Union together" in the name of peace and stability. Obviously, Western policy was in tatters.

**Why didn't the Icelandic government follow the leaders as small nations are supposed to do?**

That is explained at length in my book. But part of the explanation is personal. I stem from a very political clan in my country. I'm the third generation of socialdemocratic leaders who've had to fight with Moscow-oriented communists in our movement right from the beginning in 1916. Under the motto 'know thy enemy' my eldest brother studied in Moscow and did postgraduate work

in Warsaw with Kolakowsky. I myself did postgraduate work at Harvard on comparative economic systems, including the Soviet economy. We knew it was in a mess. We soon realised that Gorbachev didn't have any reform plan. We were well connected with dissidents in Eastern Europe. Our conclusion was that the Soviet Union was in an existential crisis, just like the Western colonial powers had been in the post-war era. There was no need to postpone Baltic independence or to sacrifice their aspirations for freedom in order to prolong the Soviet-Union's death throes. Yeltsin proved our case.

**You claim that politicians in the West seem to be 'chronically illiterate' when it comes to understanding Russia. What's wrong with their perception of the country?**

I had in mind Churchill's famous dictum about Russia as "an enigma, shrouded in mystery.", also the transcripts of the conversations of 'the big three' in Teheran when they were deciding upon the fate of the post-war world. Roosevelt comes across as weak minded, superficial and ineffective. The only thing that seemed to matter to him was how he could get the ethnic East European vote in the US at the next elections. He appealed – to Stalin of all people – for help. Cynically, Stalin assured him of his sympathy! Churchill, having betrayed all his commitments to the Polish government in exile, consoled himself, it seems, by irrelevant rhetorical flights. The only one who was focused on the issues was the imperturbable grand master, Generalissimo Stalin. He got everything he wanted, outmanoeuvring his adversaries on almost every count.

I must admit that in the early nineties, after the fall of the Soviet Union, most of us were overly optimistic, believing that Russia would somehow manage to emerge from the chaos and the turmoil as some sort of a democracy, even with a free press and an independent judiciary. We should have known better. Russia has definitely reverted to her past, as an authoritarian state under an all powerful leader, shielded by a kleptocracy. The slavophiles have completely thrashed the westernisers. The ideology is about a Eurasian utopia on a restored Empire. The battleground is in Ukraine.

**Isn't it naive to expect Russia to pull out from Eastern Ukraine or the Crimea? If so, does it make any sense to keep the economic sanctions against Russia in place indefinitely?**

Well, the imperialists in the Kremlin know that without Ukraine there is a slight chance that Russia will succeed in restoring her empire. They don't want an all out war of annexation. Instead, they're ready to wage a long drawn out pseudo-war of at-



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**This was one of a series of high level meetings on disarmament and inter-state relations after ending the Cold War. The foreign ministers of all three Baltic States (Meri, Jurkans and Saudargas) had been invited to plead their case. When they arrived, the Soviets said, “Get them out, or we’re out.” The Danish hosts capitulated.**

## Can Russia ever turn into a Western type democracy?

Last question first. Give them a millennium or so. But let us not overestimate the menace. In many respects Russia is a strangely backward country. I remember vividly a story told by President Mauno Koivisto of Finland. During the Stalinist industrialisation frenzy in the thirties, Koivisto went as a young student hitchhiking in the northwestern region of Russia where there are many Finno-Ugric-speaking people. He came to a village completely untouched by what was going on in the industrial regions. No train, no roads, no electricity, no water, no sewage system. Nothing. Since then we've had a world war, industrialisation projects and technological revolutions that have changed the face of the earth. Koivisto made it his habit during his long life to visit this village every 10 years or so. Nothing changed. Nothing at all to the end of his days in a new century. Russia is vast. Who is going to fill up the empty spaces of Siberia during the rest of this century? The rise of China is going to affect Russia drastically. Can Russia stand alone or does she need allies in facing the challenges of the future? Putin's current foreign policy is revanchist, but not rational in the long term. Among Russia's choices is to make amends with the European Union. But then Russia will have to discard dreams of empire and settle for the existence of a normal country which isn't a threat to its neighbours. Until then, her neighbours will have to stick together and contain the bear by effective deterrent.

**Do you still keep in touch with the leaders of the Baltic independence struggle?**

Landsbergis and Meri became friends for life. Without mentioning names, I maintain contacts with politicians who are still active, mostly in Lithuania and Estonia. Less so in Latvia, perhaps because of the frequent changes in government there. But also because I've accepted invitations to teach at the Institute of Political Science and International Relations of the University of Vilnius and at Tartu University in Estonia. I taught Master's degree courses on small nations in the international system and special courses on the Nordic model in comparative economics. This gave me an opportunity to gain deeper insights into their societies, in Lithuania and Estonia. Perhaps I feel most at home in Vilnius because the City Council has made me an honorary citizen with free transport, tax-exemption and a free burial ground when my time is up.





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Photo by Evgenia Levin

# Into the SECOND century

**The Lithuanian state will endure, its borders won't change, but what's contained within the borders is undergoing a radical if not yet fateful transformation. Lithuania is experiencing a major demographic crisis. The country is emptying out.**

## Kestutis GIRNIUS

When Lithuania first declared its independence on February 16, 1918, the Lithuanian nation was as much a project as it was a reality. Even though the Grand Duchy of Lithuania was one of the largest states in Europe during the 14th and 15th centuries, the lack of a written language and general cultural backwardness undermined the possibility of national consolidation. In subsequent centuries the nobility was polonised, the peasantry was enserfed and the Lithuanian language disappeared from public life. Even towards the end of the 19th century it was unclear if a primarily backward peasant ethnos could develop into a modern nation rather than dissolve in a sea of russification or polonisation.

Lithuania regained its freedom in 1918, but it would have remained a provincial backwater of a powerful empire if it hadn't been for the fortuitous outbreak of the First World War and its even more fortuitous ending and the defeat of both its overbearing neighbours Germany and Russia. Lithuanian independence was decidedly not the result of the irresistible surge of an overwhelming nationalist movement, but the happy circumstance of the vacuum created by the implosion of Lithuania's mighty neighbours.

It was easier to identify factors that would have retarded rather than promoted Lithuanian nationhood. The sociologist Ernest Gellner noted that culture and ethnicity became a major factor in politics with the dawn of industrialisation. Modern society requires a specialised division of labour, which in turn requires generic and universal schooling. The monopoly of legitimate education becomes more important than the monopoly of legitimate

violence. For most men employability, dignity and self-respect depend on education, that there's no gap between language and culture and the high culture of the surrounding environment. So you aim for a state of your own.

The second great theoretician of nationalism Benedict Anderson conceives the nation as an 'imagined community', imagined because members of even the smallest will never meet or know their fellow nationals. The ability to imagine the nation is tied to increasing literacy, the development and adoption of standard print languages and the massive publication of books and especially newspapers that allow their readers to identify with fellow readers and speakers in a territorially defined space. The reading classes, the bourgeoisie that generally led the national revivals, couldn't have constituted itself as a class without the press.

Cities are the natural spawning grounds of industrialisation and high culture. Few Lithuanians migrated to cities or entered schools, even elementary ones. There were no cities in which ethnic Lithuanians constituted the majority. According to the Russian 1897 census, Lithuanians constituted 2.6 percent of the population of Vilnius, 6.6 percent in Kaunas and about a fifth or a quarter of the population in smaller towns. The titular nationality must 'nationalise' the cities, so to speak, for only within their confines can one create the institutional framework for the development of high culture, science, the arts and education. That the first play performed in the Lithuanian language *Amerika Pirtyje* (America in the Bathhouse) was produced in August 1899 in a barn in the village of Palanga on the Baltic coast is eloquent testimony to Lithuania's backwardness. Lithuanians were under-







# Another 100? Why not! The Baltics are known for pulling off incredible feats!

Karlis STREIPS

Lithuania went first on Feb. 16. Estonia followed just over a week later on Feb. 24. Latvia was the slowcoach among the three, declaring its independence in the wake of the First World War only in Nov. 1918. From there on in, the destinies of the three small republics on the coast of the Baltic Sea were more or less the same. All three had to fight independence wars, with Lithuania suffering the worst by losing a fair amount of its eastern territory to Poland. Between the two world wars Vilnius belonged to Poland, the Lithuanian capital moved temporarily to Kaunas and Latvia had a border with Poland along the strip of land where it currently borders Belarus. The onslaught of the Second World War created some reordering of territory, but there too all three Baltic States lost many men (and a few women) in battle, and thousands of people fled to the West to become émigrés. During the first year of the Soviet occupation in 1940-41, all three countries suffered massive deportations to Siberia, the aim largely being to destroy the intelligentsia and governing systems of all three of them. Each country lost the vast majority of their Jewish populations to the Holocaust. What followed was almost 50 years of occupation and repression. The Lithuanians were smart, realised the direction in which the wind was blowing and quickly took over most Communist Party positions for themselves as opposed to handing them over to the newly arrived Russians. The result of this was that at the end of the occupation barely 10 percent of the country's residents were ethnic Russians, meaning it was relatively easily to give citizenship to all of them and thus avoiding the non-citizen issue that has plagued Latvia and Estonia ever since.

As the Soviet Union began to collapse, Lithuania was once again first out of the gate with its declaration of restored independence on Mar. 11, 1990. Estonia followed on Mar. 30 and Latvia lagged behind, its declaration coming only on May 4. As the first one to go, Lithuania faced the brunt of Soviet opposition, suffering a period of economic sanctions. The final death throes of the regime cost the lives of people in all three countries as Moscow desperately tried in vain to reinstate control. On Aug. 21, at the conclusion of a poorly organised coup in Moscow against Mikhail Gorbachev, all three Baltic States became independent once again, and unlike in the wake of the First World War, this time the world was quick to recognise their independence.

What can we expect as we look forwards into the next 100 years of Baltic existence? In the short term, of course, the largest military threat is and remains Russia, which has been increasingly rattling its sabres on the borders of the three Baltic States. Thank all that is good for the fact that in 2004 NATO swallowed its misgivings about the three small countries with their three small armed forces and admitted them into the fold. It would be hard to imagine Vladimir Putin daring to take on the world's most powerful military alliance, and it's lost on precisely nobody that he's been able to wage his mischief in Ukraine, Georgia, Moldova and elsewhere precisely because those aren't NATO countries. Thanks to the presence of the NATO alliance, Latvia is more secure now than it's ever been. If, therefore, there's anything in the military



realm to worry about, it's the possibility that President Donald Trump will bumble his way into a major conflict with North Korea or perhaps somewhere else in the world. Should the worst come to the worst and a nuclear exchange were to take place, that would be a disaster for the entire planet. Fingers crossed that the era of Trumpistan will end before something like that can happen.

In economic terms, the Baltic States enter their second century still rather low on the scale among European countries, in particular among those of the European Union. I remember thinking when the EU admitted Romania and Bulgaria that it was a good thing because now, at last, Latvia wouldn't be at the bottom of the rankings. The country suffered the biggest economic collapse in the wake of the global economic conflagration in the late 2000s that began in America and that spread throughout the world. Even today, salaries, particularly in the state sector, haven't recovered to where they were before the catastrophe. Since then, economic growth has slowly recovered, a bit more so in Estonia than in the other two Baltic States according to most calculations. Estonia has always been pretty much the leader of the pack in this regard, perhaps because of its close relationship with Finland just across the water, but also because its government, unlike Latvia's and Lithuania's, successfully implemented shock therapy methods in the early 1990s which, once survived, put Tallinn on a much better footing for future economic development. Latvia by comparison, very much dilly-dallied and has done far less to tackle corruption as well.

There may be epidemics. There may be wars. I'd hesitate to make firm predictions about what will happen next week, let alone over the course of the next century.



In political terms, all three countries are still very much run by the Soviet generation of politicians. The Latvian Saeima (Parliament) has only 18 members between the ages of 21 and 40, and someone who is 40 was born in 1978 and is therefore very much a product of the occupation period. There are two reasons, to my mind, as to why there are so few young people in politics. One is that countless thousands of young Latvians, Lithuanians and Estonians live and work somewhere else. In many cases, they've taken citizenship of their adopted country and have quite possibly become lost to their motherlands forever. Second, politics in this part of the world is seen as a dirty business. A young person only has to look at the polls that show Parliament and political parties being as popular as a skunk in a perfume shop and think, "Not for me."

This is a bad thing. One major issue is that young people don't carry Soviet-era baggage with them, which means that they don't remember the occupation apart from the stories they're told by their parents and grandparents. Above all, they don't see non-Latvians, non-Estonians and non-Lithuanians as automatic enemies. True, Latvia's National Alliance was created by young people (the vast majority of them male) and the initial Everything for Latvia movement was largely the work of high school and university students. These are true nationalists who sometimes veer into xenophobia, so they're not the best example of young people thinking differently to their elders. But for others, many young people have spent time abroad studying and have witnessed a far more open world. Polling among those who now live in England, Ireland and elsewhere tells us that they're not just there for the money. They also appreciate living in a place where others smile at them and are willing to enter into a conversation, whilst the people back home can be dour and unhappy. They appreciate the diversity of the communities in which they live and work. Those who do return home automatically come back with a broader understanding of societies and how they function. On one particularly hot-button issue, gay and lesbian rights, I believe that if only young people were surveyed, a majority would be in support of such rights even when their politicians behave like three wise monkeys who see nothing, hear nothing and say nothing. The Saeima recently rejected a petition with over 10,000 signatures on it in favour of a domestic partnership law without even debating it on its merits or in any other way. The majority on the relevant committee rejected any discussion about the possible bill at all. I believe that a change in generations will be needed before debate about such issues can really begin.

Of course, the next century will involve problems that aren't just about the Baltic States alone. Poverty and chaos continue in much of Africa and the Middle East, the refugee problem will continue for the foreseeable future and the Latvian government's almost flat refusal to accept any of them won't work in the long term, if only because mass emigration has caused serious labour shortages at home. Climate change will continue to threaten the planet, and the Baltic States, all three of which are next to the sea, have reason to fear rising ocean levels. There may be epidemics. There may be wars. I'd hesitate to make firm predictions about what will happen next week, let alone over the course of the next century.

And yet during this centennial year, it's not worth being afraid. The existence of the Baltic States is something of a miracle and there remain plenty of nations in the world without a nation state. And turning from Soviet republics into NATO and EU member states in less than a decade and a half? That was a pretty neat trick indeed.



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*Rong-chuan Wu is head of the Taipei Mission in Latvia*

Head of Taipei Mission in Latvia:

**Taiwan and the  
Baltic States  
face similar challenges**



As leading players in the collapse of the Soviet Union, the three Baltic States burst onto the world and showed to the people

The Taiwanese Association for Education Through Art NGO has been running the World School Children's Art Competition over the last 50 years. Bearing in mind the active participation of Baltic schoolchildren, we managed to collect 80 award-winning paintings created over the last five years for the 2018 Taiwan-Baltics School-



children Painting Exhibition as a way of celebrating the current centenary in the Baltic States. We've spared no effort in participating in international and local cultural events throughout different municipalities in the Baltic States.

**Last summer, the Taipei Mission in the Republic of Latvia successful held the Taiwan-Baltic States Alumni Association conference at Bauska Castle. Is it to do the same again this year and if so, where will it take place?**

The Taiwan-Baltic States Alumni Association, composed of those who've attended various academic studies, training programmes and seminars, serves as a platform to promote understanding between Taiwan and the Baltic States.

Benefiting tremendously from the 2017 Bauska Castle Seminar, the society's members certainly expect another gathering to work towards new ways and means of further promoting and strengthening relations between Taiwan and the Baltic States. As the association covers all three Baltic States, we don't exclude the possibility that the 2018 even might take place in Estonia or Lithuania.

**What do you find so unique and outstanding about the Taiwan-Baltic States Alumni Association?**

top six holders of foreign exchange reserves. As a major supplier of goods across the industrial world, Taiwan has to further open up its market and connect to the rest of the world. When I was working in Ottawa, Taiwan was Canada's 11th largest trade partner with a bilateral trade volume of over US\$6 billion. Nominally, Taiwan exports to each of the three Baltic States at an annual volume of US\$200 million with products including computer components, electronics, automobile parts and machinery. Since there are a lot of IT products transferred to the Baltic States via Germany or other EU countries, the figure doesn't reflect the reality. Hence it's imperative for the Baltic States to turn the table and play the role of transiting Asian goods to neighbouring countries. The main products Taiwan imports from the Baltic States are timber, processed food, pharmaceuticals and livestock. The Baltic States are the ideal trade and investment partners for Taiwan to enter into the European Union and CIS due to their geographical advantage. There are 10s of thousands of containers of timber exported from the Baltic States every year. A Taiwanese investor is seeking local partners for establishing a processing factory so as to transfer timber to



The Taiwan-Baltic State Alumni Association is designed to not only promote friendship but also to support professional development for its members who have visited and gained a common experience of Taiwan. Drawing on Taiwan's social and economic development, a range of contemporary development issues such as land reform, rural and urban developments, trade and industry, agriculture, small- and medium-sized enterprises, healthcare and environmental protection were introduced to the Baltic participants, including government agency staff, high ranking officials and NGO workers. The association is an educational and experimental platform for members to brainstorm various thorny issues and forge creative solutions. I personally learned and benefited from the experience tremendously.

**As the head of the Taipei Economic and Cultural Office in Canada you said over 18 months ago that the future of Taiwan's economy lies in "further opening up and connecting" to the rest of the world. What are Taiwan's economic interests in the three Baltic States? How is trade going? Where do you think more needs to be done and what potentials do the countries possess?**

Taiwan was the world's 22nd largest economy and the 18th largest trader of merchandise in 2017. Furthermore, Taiwan is an economic powerhouse which for decades has been among the

value-added furniture parts. As small-scale economies, the Baltic States should coordinate and identify priority industries based on their comparative advantages and attract foreign investors through taxation and other incentives.

**Despite its diplomatic isolation, Taiwan has become one of Asia's biggest traders. It's considered to have achieved an economic miracle, becoming one of the world's top producers of computer technology. What would be your advice to the small Baltic economies? How can they compete on an equal footing with the major economic superpowers?**

Indeed, Taiwan's information and communication technology industry is thriving and plays an indispensable role in the international supply chain for high-tech products. Taiwanese companies hold huge market shares in semiconductors, PCs, mobile devices, broadband appliances and display products and technologies.

As globalisation and liberalisation has an increasing impact, the world economy has offered both crises and opportunities for small-scale economies over the last two decades. The Baltic States, with their relatively small economies, are more flexible in response to a rapidly changing world economy especially with in the high-tech industries. Blessed with highly educated human resources and the prevalence and proficiency of English, I believe





information and communication technology is the comparative advantage for the three Baltic States. With similar economic infrastructures and environments, the three Baltic States could cooperate and forge a set of development strategies to develop clusters of ICT industries. One of the common challenges faced by Taiwan and the Baltic States is the outflowing of talents. In countering China's political bid to lure Taiwanese talent recently, Taiwan has formulated eight strategies seeking to keep talent at home. I'm deeply convinced that the Baltic States, with their competitive economic environments and flexible development strategies, will become a paradise of ICT industries within the EU.

#### **Have you discovered any Taiwanese goods in the local shops?**

I'm a regular visitor to Riga's leading electrical distributors such as Elkor and Euronics where I observe local consumer preference towards gadgets and gizmos. You have no difficulty finding Taiwanese products such as Asus, Acer and HTC on the shelves. Although there are sizeable made-in-Taiwan products here, most are imported from German distributors instead of directly from Taiwanese manufacturers. On the other hand, as the bilateral trade volume between Taiwan and China reaches US\$200 billion, I believe a certain amount of Chinese products in the Baltic markets are produced by the 100,000 Taiwanese businesses currently investing in China.

#### **Have any Baltic brands reached Taiwan?**

A wide range of Latvian products can be found in Taiwan. Olainfarm, a leading manufacturer within the chemical and pharmaceutical sector in Latvia, has been present in Taiwan for many years. Latvian peat and Balzams also recently arrived in the country. With a view to promote Baltic brands in Taiwan, we invited nine reputable Baltic food companies to jointly participate for the first time in the 2017 Taipei International Food Show held last June to demonstrate some of the unique Baltic food products such as organic dried fruits, chocolates, egg products, canned fish, berry wines and cheese etc. Their participation created new opportunities for business cooperation between Taiwan and the Baltic States.

#### **How can a Baltic citizen obtain a Taiwanese visa? How is tourism between the Baltics and Taiwan?**

Since the introduction of the visa waiver between Taiwan and the EU in 2011, all Baltic citizens can now stay in Taiwan for up to 90 days without a visa. Thanks to a mutually beneficial arrangement, the number of tourist and business visitors from Taiwan to the Baltic States has increased dramatically in recent years. It's estimated that 100 Taiwanese citizens visit the Baltic States every day during the summer. You'd be amazed to find many fascinating articles from countless Taiwanese blogs describing the rich tourist resources in the Baltic States. Rich historical and cultural sites as well as scenery spots feature among the main attractions for tourists from Taiwan. The Baltic States are also proudly noted as one of

As leading players in the collapse of the Soviet Union, the three Baltic States burst onto the world and showed to the people of Taiwan that freedom and democracy are the common causes of human beings. I was struck by their resilience and perseverance to the pursuance for dignity in an overwhelmingly oppressive environment.

the safest and most friendly places to visit in the world. We expect more and more Taiwanese tourists to visit in the near future.

#### **Only 20 countries recognise Taiwan. Do you see this number growing in the near future? What more can the Baltics do to support Taiwan?**

Since the People's Republic of China substituted the Republic of China (ie. Taiwan) at the United Nations in 1971, many countries have succumbed to our mutually exclusive foreign policy and sided with it. The Taiwanese government and its 23 million people are especially grateful to the 20 allied nations for their staunch political support. Despite our diplomatic isolation and oppression, our vibrant democracy and robust economy help manage to maintain substantial cooperative relations with the United States, Japan, the EU and other key nations in the areas of economics, trade, democracy, human rights and regional security. Both the government and people of Taiwan are committed to introduce professionalism and institutionalisation into its international development aid programmes.

On the other hand, Communist China, with its centralised economic influence, is manipulating decision-makers in Western democracies as the Economist noted last December. As a full-fledged democracy, Taiwan has no intention to compete with totalitarian China in terms of the number of allied nations. As our large neighbour waxes its political and economic power, the international community should treasure Taiwan. With common causes and values, we'll continue to promote and develop mutually beneficial relations with the Baltic States. As the first President of the United States said, a government of the people, by the people and for the people shall not perish from the Earth.

#### **As you end your second year in Riga, what major discoveries have you made? Do you find time for hobbies? The past winter must have been hard for you after a series of diplomatic posts in the Caribbean?**

I'd like to seize this opportunity to pay my respect to the people of the Baltic States for their perseverance in conserving traditional culture and in their pursuit of freedom. I always accompany visitors from Taiwan to pay tribute at the Riga's Freedom Monument and share with them the fascinating and inspiring story of the 1989 Baltic Way. When walking in Kronvalda Park near my office I enjoy seeing the confidence and happiness on the faces of people I see around me. I also not only enjoy playing golf at the Ozo golf course during the summer but ice-skating at the Riga Congress Centre Tent in the middle of the winter.





# MEP Laima Andrikiene: The most important thing is to protect our core values and lifestyle



Linās JEGELEVICIUS

**The European Union has probably never dealt with so many challenges as it is at the moment. For the block, which unites 28 European member states, it's becoming increasingly difficult to make decisions. The EU has been shaken by a wave of victories by radical and populist parties whilst its enemies stand by, maliciously rubbing their hands. "My understanding about the essence of the European Union hasn't changed from the very moment Lithuania joined. A strong European Union means a strong Lithuania, and vice versa," MEP Laima Andrikiene told *The Baltic Times Summer Magazine 2018*.**

The elections in Italy demonstrated that the wave of so-called 'anti-establishment' movements hasn't yet subsided in Europe. Are you worried about it, especially in the run-up to the European Parliament elections next year?

Because I'm a Conservative, readers will most probably immediately snub my remarks: 'Well, the Conservatives are talking about threats again.' However, there are too many of them hanging over the European Union now. We never had so many of them before.

My understanding about the gist of the European Union hasn't changed from the very moment Lithuania joined. A strong European Union means a strong Lithuania, and vice versa. Because of this, unlike some of my colleagues in the European Parliament, I don't want a weak and polarised European Union which is drifting apart. I want to see a strong European Union.

Unfortunately, the block that unites 28 member states with 510 million citizens currently looks like a hulking great giant with feet of clay. It's unable to make decisions and it doesn't properly execute the decisions it adopts.

The mechanism of decision-making – by the consent of all member states – on many issues discussed is often hardly achieved. Five, 10 or maybe 15 states at most may agree and adopt a unanimous decision. However when 28 states do this, reaching

consensus is often impossible. It's one of the biggest challenges the European Union has encountered.

Enemies both inside and outside the EU are happy seeing such a European Union, one entangled in long and fruitless discussions and therefore unable to adopt decisions in a timely manner. It's a shame that the traditional parties amidst the increasing inefficiency of the EU not only fail to reflect the expectations of the people and lose their credibility, but also, in a way, help extreme political forces and extremists come to power.

There are also external threats to the European Union. Primarily, these are the fragile transatlantic relations. I'd say, with the new US Administration and a new host in the White House (President Donald Trump), these relations are being fundamentally disrupted. The European Union has to communicate with the US President in the way it would with a petulant child. Of course, the two big and unfriendly powers of China and Russia are happy about this weakening of relations.

The second threat is the Kremlin, which is becoming more and more aggressive. Europe is increasingly recognising this fact and the fraction in which I work in the European Parliament is no exception. Europe understands that not only the Baltic States, but also the other member states alone can't deal with the challenges arising from Moscow's aggression. Therefore, we all have to unite.

The third real external threat is China and its hegemony in the world. I haven't turned a deaf ear to the words uttered by Xi Jinping, the country's President who's also the General Secretary of the Communist Party of China, at the party's congress: by 2050 China will dominate the world. China is acting very strategically and in a planned way towards this goal. Through a series of economic expansion strategies, billions are being allocated for the promotion of China, as well as its propaganda in the world.

Summarising, it's obvious that both China and Russia are unhappy with their roles in the world and are seeking to change the present political order. It'll probably sound strange, but the main occupant of the Kremlin, Vladimir Putin, still can't forget the words of US President Barrack Obama, namely that Russia is only a regional power. Therefore by all means possible Russia tries to prove this isn't the case. It interfered in the US and French presidential elections, started war actions in Syria, attacked Ukraine and annexed Crimea. In order to implement these and other possible actions of that kind, a weak and polarised European Union is needed. Maybe somebody will tell me I'm exaggerating?

Just remember what happened before the presidential elections in France, when Vladimir Putin met Marine Le Pen, the leader of the extreme right. He supports extreme political forces in different countries. Steve Bannon, the former advisor to Donald Trump, who's proud to be a Leninist, both before and after the elections goes to Italy to meet the leaders of the radical parties who have a very critical stance towards the EU and offers them his help.

**When thinking about the European Parliament elections next year, what should the traditional parties offer in order to counter the radicals? I also have in mind the European People's Party, which you represent in the European Parliament? What message is important for you to send now?**

It's not an easy question and not an easy task for traditional parties. It's not by chance that Antonio Tajani, the President of the European Parliament, who, by the way, is a member of our political family [the European People's Party fraction in the European Parliament], expressed his apprehensions that extremist parties may win the European Parliament elections next year. I thought for a while, isn't he exaggerating? Maybe his thought will mobilise

the electorate to vote for the traditional parties and their policies which are based on our possibilities and an objective analysis of the situation and not on populist slogans.

The European People's Party is already preparing for the European Parliament elections. Our priorities reflect the most important concerns of European citizens, what they've emphasised in surveys or when voting in national elections. This is security and defence, protection of the EU's borders, matters of youth, EU competitiveness [innovations] and social issues [poverty].

The uppermost priority is security. This issue is actually not only for the Baltic region. It's important for everyone. I think, having declared a trade war against the European Union, Donald Trump will aim at NATO. When our long-time ally, the US, has the same goals that are in Russia's list of priorities we have to understand that the world has changed and that there may no longer be the ally's helping hand during a decisive moment. Therefore, we shouldn't wonder when we hear about strengthened cooperation among EU states in the area of defence, about establishing the European Defence Fund and the funds allocated from the EU budget for the said fund and that we have to strengthen the structure of NATO. When the United Kingdom leaves the EU, 80 percent of NATO's defence spending will come from non-EU allies, namely the USA, the United Kingdom, Turkey, Norway and several other members. He who pays the piper calls the tune.

Second, here comes border protection. It's not normal that Turkey is guarding the EU's borders. In 2015, during the refugee crisis, the European Union assumed the obligation of paying €3 billion to Turkey, so that the country would stop in its territory the streams of migrants from Syria and Iraq. We assumed the obligation and we're paying the amount annually. Another sum of €3 billion was promised in case this will be necessary. We can't be sure that the day won't come when the Turkish President Recep Tayyip Erdogan, who is flirting with the Russian President Vladimir Putin, might say, "Deal with your migrants yourselves!" We have to protect our borders ourselves.

And yet another priority is our youth. It's not normal when in the 21st century, in the richest continent on the planet which is Europe, in many EU member states young people under 30 are the most unemployed social group. This means it's the most prone to social vulnerability.

We all were or are young, therefore we know well what the majority of young people seek, namely to finish their studies and find a properly paid job which corresponds to their education. Today, when a young graduate can't find a job for a couple of years, which corresponds to his or her education and knowledge, this demoralises such a person very much. Unfortunately, in the European Union, in the economically-wise richest block on the planet, a new generation of such young unemployed people has grown up.

The good news is that the European Commission and the current European Parliament are proposing to double the amount of funds allocated for youth programmes and studies in the 2021–2027 budget, which would improve their competitiveness in the labour market.

It's the youth that especially supports the idea of the European Union. Surveys demonstrate that the younger the person is the more he or she supports the European Union. As many as 75 percent of 20-year-old Brits are currently in favour of the UK staying in the European Union.

Innovations and scientific research are also among the priorities of the EU budget. This doesn't surprise us as we live under conditions of global and especially intense competition.

CONTINUED ON P. 57

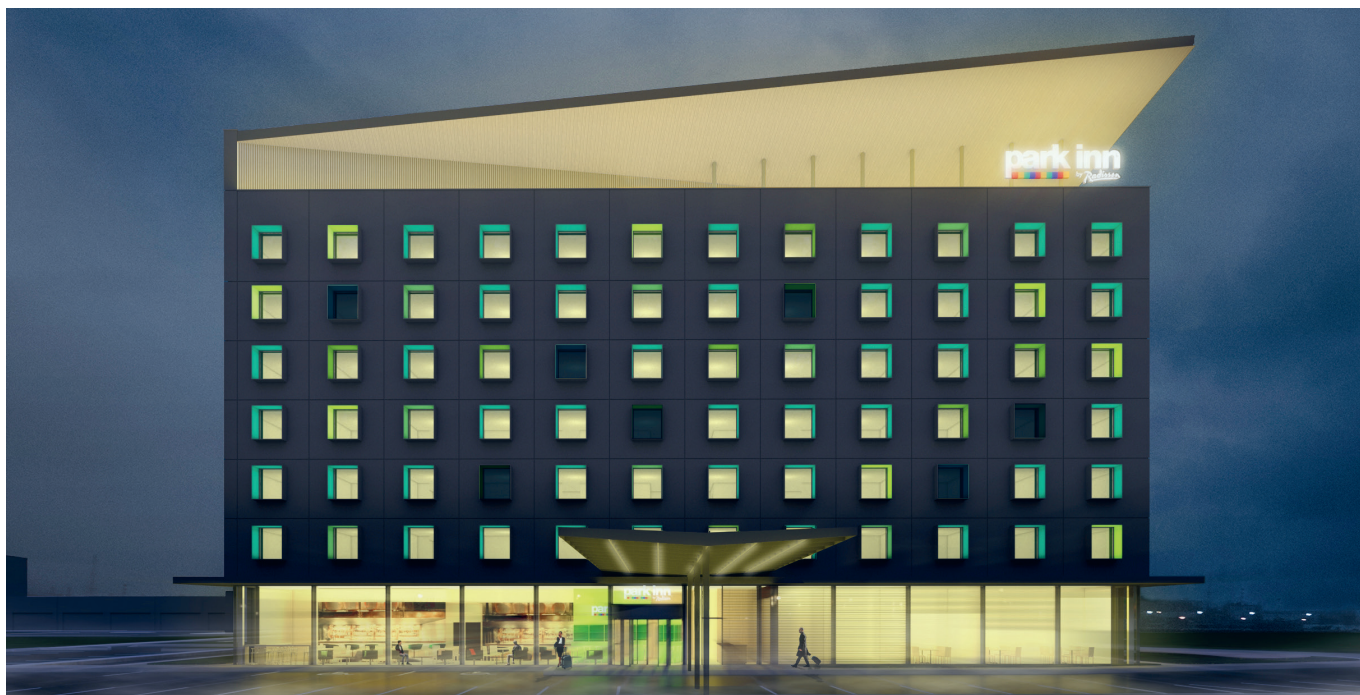




# Western standards: a hotel and commercial centre to be built next to Vilnius Airport

In the rapidly developing territory close to the Vilnius Airport in the Lithuanian capital, a commercial project is rising in the form of the VNO Business & Retail Park. Over the next couple of years, in close proximity to the city's Ikea and Nordika Shopping Valley, a business class hotel will be built alongside an office building and shops selling well known international brands in the household, interior, and home décor market. The VNO Business & Retail Park project, which is based on Western business practices, will be implemented by the real estate project developer VPH.





*Over the next couple of years a business class hotel will rise offering office space and a variety of shops*

### **Inspired by global examples**

Vilnius International Airport, which every year attracts an increasing number of passengers, is located right next to the project. With the main bypass road to the north and a railway connection immediately to the west, it is clear that the possibilities for communication and business development are excellent. The construction of the VNO Business & Retail Park, which will cost a total of €80 million, will be built on 9.5 hectares of land on Vikingu Gatve (Viking Street).

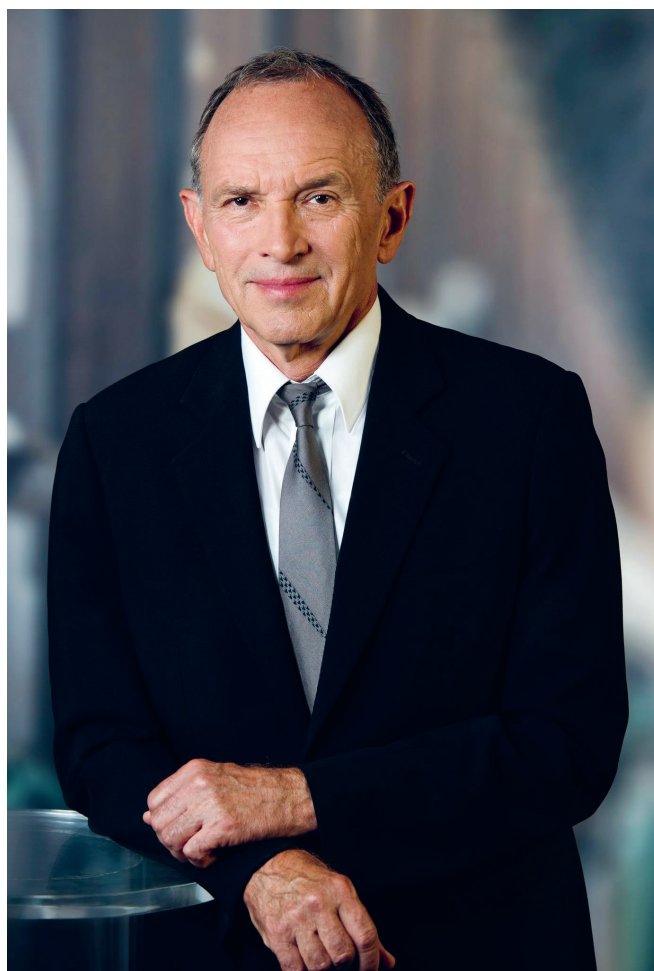
Today in the Baltics only Tallinn has well-developed airport infrastructure. Vilnius and Riga remain capital cities without proper commercial territories near their airports. The ambitious Vilnius project will embody the best business practises of the West. By implementing this project the developer seeks to take advantage of the opportunities arising in Lithuania due to the country's rapidly growing business and tourism sectors.

"For years a good number of thriving European cities, London, Berlin, Milan, Brussels, as well as the capital cities of neighbouring countries, Warsaw and Tallinn, have been making use of the strategic advantages of developing business hubs next to their airports. There is no doubt that Vilnius has the space and market potential for a large-scale commercial project on such a strategic territory near the airport as well. When developing the VNO Business & Retail Park particular attention has been given to the needs and convenience of the tenants. Furthermore, we will ensure that the established businesses will benefit from their mutual synergy", says Barry Nabuurs, Director of VPH, the Lithuanian real state development and management company.

### **A business class hotel next to the airport**

Within the territory of the project a new business class hotel will be built that will be operated by Radisson. This will give added value to other commercial projects being developed in the VNO Business & Retail Park.

The creator of concept of the hotel is Marius Jakulis Jason, a well-known lawyer and investor with long-term hotel experience in Lithuania. Jason is convinced that all international airports in the neighbourhood must have a modern hotel with a commercial centre. The businessman, who moved to Vilnius from New York in 1992, has



*Marius Jakulis Jason is a well-known lawyer and investor*







### ***The VNO Business & Retail Park project is based on Western business practices***

been actively participating in hotel building and management since 1995. AAA Holding, which is managed by Jason, owns the business class Radisson Blu Royal Astoria Hotel and the premium class Kempinski Hotel Cathedral Square, which are both located in Vilnius.

The businessman is convinced that “[the] success of the project should depend of many factors. Firstly on a rapidly growing Vilnius airport, an increasing number of flights and the growth of the city’s economy. Furthermore, an especially important factor is the well-known international hotel operator Radisson. When we have a well-recognised name we will be able to attract more guests, as this international brand has the highest number of hotels in the Baltic States and Russia.”

The hotel, with a total space of 5,000 square metres, will stand out with due to its high level of service. Moreover, guests will be met by modern and up-to-date meeting, co-working and catering spaces, as well as a convenient and large car park.

“Finally Vilnius, just as other international capitals, will have a hotel with a restaurant and a business centre near its international airport. It will become an attractive space for staying, enjoying good cuisine and meeting with business partners”, says Jason.

According to Jason, the success of this long awaited project will be determined by the mutual experience of VPH, Orion Securities and himself in the area of business development.

“The hotel will be geared towards all travellers. We hope to see guests who come here for business matters and who will visit the commercial centre and we also hope to see tourists who come to Vilnius. The hotel will be a convenient place to stay for passengers whose plane lands at night and whose final destination is another city or town in Lithuania or even Minsk. Such visitors will be especially welcome to stay in the hotel”, says Jason.

### **Commercial centres next to airports: a tendency which is growing in popularity**

The VNO Business & Retail Park will also see the construction of shops, service centres and modern contemporary B+ class office buildings. On a plot of land adjacent to the airport, VPH will be implementing a office complex. The value of the said planned investment amounts to approximately €20 million.

The business centre, which will include a total of 12,000 square metres of space for rent and which is located in an exceptionally convenient place, will offer its tenants car parking with space for 600 vehicles and the possibility to avoid traffic jams. The recently completed road construction works of Vilnius’ western bypass



***Aurimas Maldunas is CEO of Real Game***

brought the airport even closer to the city centre. Furthermore, alternative types of transport are constantly improving. Public transport connections are improving and a new bus stop is planned next to the business centre. Car sharing locations and a modern bicycle infrastructure are also planned.



For a considerable period of time to come, cars and other motor vehicles will remain an important part of business, both as an employee's means of commuting to and from work and as part of the work process, especially for tenants working in the commerce and service fields. It has been planned that the tenants will get as many parking places as they need. Even though parking will be made available for a fee, their numbers will not be limited. Construction is expected begin at the end of 2018.

VPH's partner in the search for tenants is the commercial real estate consultancy company Real Game. Its CEO Aurimas Maldunas says that for modern companies certain attributes are important in their working space. One of them is an open planned office. The majority of recent research has shown that a properly planned open type office space stimulates creativity and cooperation and enhances employee efficiency.

"In modern companies, offices with unassigned workplaces for employees are growing in popularity. Collaboration, teamwork spaces in offices, convenient kitchens, modern meeting rooms as well as playing and relaxation spaces should also be mentioned. Often an employee likes to work on his own, surrounded by tranquillity. For this purpose the office needs so-called 'focus' spaces in which the employee has the possibility to work alone. All of these office attributes will be implemented in the new multifunctional commercial centre under construction", says Maldunas.

The business centre has been designed in such a way that its interior can absorb as much light as possible. The furthest place from a window is only eight meters away. Three blocks will be joined into one complex with each block having over 2,000 square metres of total space easily hosting 200 employees.

Airport and aviation enthusiasts will also have something to enjoy in the form of a terrace and rooftop café with a place to observe and photograph planes.

Real estate specialists say that the demand for offices in Vilnius is growing rapidly. At the end of 2018 730,000 square metres of office space will be available in the city of which 240,000 square meters have been opened during the last three years.

"The pace of opening new offices is record breaking. However, office space per capita still lags considerably behind when compared to that of Western and Central Europe. If we calculate office space available, it amounts to 0.9 square metres per resident in Vilnius city and its suburbs. In Western Europe the figure is four or even five square meters. As the Lithuanian economy rapidly develops and reaches European averages, I believe that the need for offices in Vilnius will grow", said Maldunas.

According to Maldunas, offices located further from the city centre are as popular as the ones located in the central part of the city. Successful projects located away from the centre demonstrate that companies want to settle further away from the stress of the city centre. Maldunas also says that starting in the last century, complexes of buildings of this concept complete with shops, offices, hotels, casinos, museums and even concert halls are built near modern airports all over the world.

Real Game's head continued, saying "there are many examples of this concept abroad. The first factories near airports were already established in the 1930s. One of the first 'airport cities', which included a cinema, a couple of hotels and a Michelin star restaurant was opened at Paris Orly Airport in 1961. Currently, in capitals around the world, it would be hard to find an airport without a developed business infrastructure adjacent to the airport."

### **The project will attract global leading brands**

Real estate experts assert that the majority of the main cities in Europe already have commercial objects of this kind adjacent to their airports.

The Ülemiste business and commerce centre was established



**Barry Nabuurs is CEO of VPH**

in a strategically convenient location very close to Tallinn International Airport not far from the Tallinn-Tartu and Tallinn-St. Petersburg highways. More than €51 million was invested into this ambitious project.

The business centre opened its doors as early as 2010. Currently more than 200 companies of different sizes have established themselves in the centre. Today, it's the largest fashion and family centre in Estonia with over 160 shops and places of entertainment.

The Orioncenter lies directly opposite the International II Caravaggio Airport, which is located four kilometres from the Italian city of Bergamo. Each year the airport handles over 10 million passengers, a great many of whom visit the Oriocenter too. It's one of the most important and prestigious commercial centres in Europe and features more than 200 shops, in which visitors can find goods from leading European and global companies.

One of the goals of the initiators of the VNO Business & Retail Park project is to attract the leading trademarks of the world. The first to sign an agreement was the world sports goods giant Decathlon. When opening the first shop in Vilnius, the representatives of the company expect to bring together an active and leisure time-loving community.

Within the territory of the VPH project, the Decathlon shop is already under construction. The shop will feature 5,000 square meters of space, the yard around the shop will feature 5,800 square metres of space and a further 700 square metres will be allocated for sports. Visitors will be able to try goods which have been tailored for basketball, table tennis and other kinds of sports.

VPH, UAB is a real estate projects development and management company. Its executives have more than 30 years' business experience in Canada, the Baltic States, Russia and Belarus. The total space of commercial projects under development by VPH amounts to over 130,000 square metres. VPH's head office is located in Vilnius and it has branches in Riga and Minsk.

**UAB VPH information**



## WOMEN LEADERS



*Zivile Pinskiuviene,  
the mayor of the  
town of Sirvintos*

# Zivile Pinskuvienė: Lithuania's toughest ever woman mayor

Linās JEGELEVICIUS

On the one hand, Zivile Pinskuvienė, the mayor of the town of Sirvintos near Vilnius, often chastised for the scalping of her numerous political nemeses, is arguably one of the most controversial mayors Lithuania has ever had. On the other, as a tough visionary she's turning the until recently dull grey town into a modern business and population-friendly town increasingly favoured by those seeking refuge from the bustling capital some 60km to the south. *The Baltic Times Summer Magazine 2018* recently caught up with Mrs Pinskuvienė who kindly agreed to answer questions on a wide range of subjects.

You are one of just a few female mayors in Lithuania. Do you feel you're subject to higher requirements because of this fact? In the event of a mistake, would you face more criticism compared to a male mayor? Do you feel more responsibility because of this?

As there are not too many women mayors in Lithuania I do feel an elevated attention. Of course, the requirements are higher for me. Therefore, when one chooses the road to publicity, politics and power, each woman needs to not only thoroughly evaluate her character and manners, but also she has to prepare herself to live under a magnifying glass. Responsibility is my middle name. Be it business, politics or holding the mayor's office, I feel responsible even for those things, that don't directly depend on me. However, these things are related to the region in which I work and the people I represent. I think and I see that in the event of a mistake, males are more easily pardoned. If any troubles happen in processes which aren't directly related, often a woman is 'written off' just because she's a woman.

Sirvintos is sort of a matriarchate. It's the only municipality where four of the highest positions including the mayor, the director of the administration and the deputy director of the administration are held by women. What do you better than the men?

I don't emphasise gender at work. We work with men too. This is just the way the situation has become. However, I see many positive advantages. Work at a municipality is related to direct communication with people and a woman filters each question through her emotional filter. This allows one to develop closer relations with the local community, to have a closer and more sensitive view of each case and problem.

Generally speaking, do you find gender equality and feminist discourse important? Don't you think that sometimes people go too far?

I sometimes like to joke that if it's a woman tackling a problem the problem will be solved in a much quicker and smoother manner.



I sometimes like to joke that if it's a woman tackling a problem the problem will be solved in a much quicker and smoother manner.

However, I indeed think that in every work, in every institution or team, clearly set responsibility limits and distributed tasks are much more important. In other words, it is not about gender equality, but about direct responsibility for his or her own words and work.

**Do you feel flattered when you're used as an example of a female leader as well as an example of female empowerment?**

I don't feel like I am an example. However, I'm really pleased when I communicate with young people who often come for a consultation, when a young person listens to my advice, lends his or her ear so to say. Again, I couldn't say that the issue of gender is important here. On the contrary in fact. These are the young lads whom we have to encourage so that they're not afraid to take responsibility for their lives.

**What kind of a boss are you?**

Firstly, I'm demanding on myself, therefore, I'm equally demanding in the respect of others. I find it very important that people who work as a team should believe in each other.

**What kind of wife and mother are you?**

When I'm at home my family doesn't see the mayor and politician in me. At home I'm a real woman, a loving wife and a caring (sometimes, probably I care too much) mother.

**The biggest achievement has been the one that can't be explored by touching it. After many years of stagnation, the doors of the Municipality have finally been opened for everyone. Sirvintos has become a district which is a family-friendly and comfortable to live in with a good infrastructure and new kindergartens even in rural areas.**



***Possibilities for mutual collaboration are under discussion with Toyoei Shigeeda, the Plenipotentiary and Extraordinary Ambassador of Japan in Lithuania***

When you first became mayor in 2015 Sirvintos became the centre of mass media attention due in part to the sacking of the heads of companies subordinate to the mayor as also to the firing of several municipality employees. Your opponents say you got rid of those executives who were un-loyal to you politically. What would you say to that?

As I've already mentioned, when seeking the best results, firstly it's very important to trust your team. Direct elections of mayors, which for the first time in Lithuania took place in 2015, granted direct powers for a mayor to form his or her own team. If the law provides that then I'm directly responsible for activities of institutions and to make them operate as effectively as possible. How can one require good work and results if the mayor doesn't trust an executive of an institution? In this case a mayor makes a decision to change such an executive. It's not a novelty, it's a procedure based on democratic principles which can be seen both in Lithuania and the West. A newly elected president, a head of government, a minister forms his or her team in which he or she trusts. However, I

can bravely say that meanwhile the army of clerks in Lithuania is unshakable. These are the two sides of our independent Lithuania. With one voice of the President, Prime Minister and other high ranking officers talk about reducing the bureaucratic mechanism and the numbers of clerks in order to optimise our institutions and to give young people a chance to work. With another the bureaucracy continues the same as it always did. Or even worse.

In the case Sirvintos the courts say for example, "the restructuring of the municipality administration has been formalised by the decision of a competent body. Changes made to the structure are real and the purpose of the changes has been to optimise the work of the Municipality administration". However, by the same judgements all the dismissed employees are returned back to their positions. It's not us who experiences this but also others in the country. Maybe those reorganisation cases received less publicity, such as those at the Government Chancellor's Office and, recently, at the Ministry of Finance. Hence, the nice-sounding slogans and reality are two very different things indeed.







has been installed. We're currently finishing constructing new social housing apartment block and a football stadium that meets the highest requirements. The construction of a new swimming pool is also under way. We've implemented multiple initiatives, all of them initiated by the public, starting different events and ending with a monument erected in honour of the famous local education figure Ignas Seinys. New traditions of charity fund-raising events have also emerged.

Businesses that create new jobs in the district receive the highest possible tax benefits, which are the prerogative of the Municipality (land, land lease, property tax) and these tax benefits can be as high as 100 percent. Our work, tailored towards the safety of the residents and for the creation of a quality environment, has received awards. For the first time in the history of the district, in 2016 we nominated for a Bright and Safe Town award for the installation of new and modern lighting in the town. We do this so that Sirvintos will become an open and safe town, attractive for young families bringing up a healthy young generation so that Sirvintos would become a sports-loving town and district.

Of course, our wishes and plans may be big, but without support from the highest authorities we won't be able to implement these large projects and works. I'm very happy and I extend my thanks to the current Government of the Republic of Lithuania and the Prime Minister Saulius Skvernelis.

**Sirvintos has heavily invested sports infrastructure. What exactly has been done in this direction?**

The name Sirvintos has been well known within the Lithuanian sports community for decades. Strong hockey, football and athletics traditions predetermine excellent results and achievements. Every year the schools in the district feature as first-prize winners among the sportiest educational institutions. Two and a half years ago, the various athletes who promote our district were training under deplorable conditions. We had no practically sports infrastructure. The Soviet-era swimming pool had mould growing on the walls, the stadium resembled a ploughed field and our outdoor basketball courts featured broken baskets and playing surfaces.

When we began working in 2015 our team decided it was necessary to strengthen the position of the town as an active and sporty one. We believe that from childhood we have to rear healthy, active and confident residents, citizen of Lithuania. We have to create conditions for young people so that they find sport attractive and achieve results rather loiter around the town. Maybe then we won't have to treat these people for alcohol addiction and we'll cease counting the rising number of suicides.

When we began to encourage these active and healthy lifestyles and to make it easier for people to pursue sports, we invested in two large projects, the construction of a new stadium and sports centre. In addition to these we're also implementing smaller although no less important projects such as the renovation of sports facilities in schools with the installation of new training equipment etc. Last year we opened a wakeboard park in town, which immediately became a big draw for young people.

A modern sports infrastructure and a convenient geographical location will not only ensure Sirvintos is in the right condition for the local community including children, young people, families and the elderly to enjoy their active leisure time here but will also provide possibilities for those from further afield to get involved and to also make it possible to organise domestic and international sporting events and competitions.

**Is Sirvintos' legendary champion women's hockey team still alive?**

Yes, it's more than alive. The women from our 'Inta' veterans' team continue to reap the highest rewards both in Lithuania and abroad.

**Sirvintos is located just 60km away from the capital. What**



***The start date for the construction of a new Sirvintos Sports Complex has been announced! The swimming pool is due to open late 2018***

**impact does this have on the economic life of the district? How has Sirvintos managed to take advantage or plans to take advantage of the situation?**

As I've already mentioned, when investing in infrastructure, education, a healthy lifestyle and the education of children and young people, we're creating conditions in which the Sirvintos region becomes especially attractive for young families. Even now, we see a good numbers of families relocating from Vilnius and buying houses or larger apartments here. We have everything here. No queues to get the kids into the kindergartens and schools, and we have wide choice of extra-curricular activities including sports, art schools, extracurricular circles and children's play room.

The district has a strong business community although young people often choose to work in the capital city where the wages are higher. Thus, the Sirvintos district, much in the same way as with other small residential towns situated near big cities of Europe, is oriented towards a convenient and comfortable family life.

We help businesses not only by giving them considerable benefits we also approved a certain procedure allowing businesses to settle here by investing into the common infrastructure of the Municipality. We already have some good examples. In 2016 a new shopping centre was built, whereas the residents of our town not only enjoy the shopping center but also the extension of the town's main streets. Another businessman is already working on a project for a new hotel. In accordance with the same procedure, in cooperation with the Municipality he'll build it on State-owned and it will incorporate car parking lots and children's playgrounds. In this way, both parties achieve mutual benefits. We actively cooperate with partners from abroad and have developed





**Mayor Zivile Pinskuvienė receives reward for Sirvintos being the first municipality in the country to have installed modern LED lighting lamps and fixtures in the entire town**

contacts with the Embassy of Japan not only for the purpose of different projects but also for the purpose of mediation in making new business contacts.

**The Sirvintos region has many sightseeing opportunities. The cultural site at the UNESCO-listed ancient capital of Kernave has more than 18 archaeological and history monuments. This is a treasure. Have tourist numbers to Sirvintos increased because of this?**

Every year Kernave welcomes and increasing numbers of tourists. Ypatingos Rasos (St. John's Eve) and the Day of the State are holidays when we organised a live archaeology festival, which attracts flocks of visitors not only from Lithuania but also from abroad. An authentic, antique environment inspires many visitors to come again and again. Of course, after paying a visit to Kernave we suggest visitors take advantage of the opportunity to visit other places of interest in the district. Our region has 18 manors, manor homesteads and ecological farms. One can really see a lot, taste local cuisine and even stay overnight.

**What are your hobbies? How do you cope with stress at work?**

I feel alive when I get a rush of adrenalin. This is why my hobbies include water scooters, water skiing and extreme driving. Indeed, my hobby is my work. Probably this is because I get enough extreme situations at work.

Is this why you participated in the 1,000km rally in Palanga?

Yes, this was a very special experience, one where it's possible to test your skills, thinking and reaction and to experience a great feeling in the process.

Lithuania is celebrating its centennial. However you're probably more concerned with the direct mayoral elections next year?

For an active mayor four years is indeed a very short period.

Especially when you're aware of the bureaucratic mechanism here, which covers everything with a cumbersome process of 'preparation-considering-evaluation-public tenders'. It's not a secret that this year is the last one before the municipality elections take place. However, it's not the elections that occupy my thoughts and the thoughts of my team. The biggest challenge is to finish the many projects we've started on time. The elections are just like an exam. In the elections it's people who play the most important role.

**You're Vice Chair in the new Social Democratic Labour Party. Why do you believe in the prospects of this new political force and why did you decide to join?**

We can see how tense and distorted the current political situation in Lithuania is. The parties, which consider themselves as classical, do everything in their power to unsettle the political system. Pointless struggles for party influence takes place, and it seems that in such a way the parties seek to distort the fundamental principles of democracy. Instead of focusing on work, politicians focus their efforts on how to establish some commission, inspections in order to investigate each other's actions and to dig out something and how to sort something out.

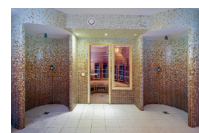
It seems that the people don't exist for them. And this is horrible. Lithuania needs stability. This is why, having received offers from experienced and state-minded politicians (I have in mind ex-Prime Minister Gediminas Kirkilas, ex-Transport Minister Rimantas Sinkevicius, ex-Minister of Justice Juozas Bernatonis, Minister of Health Rimante Salaseviciute, etc.), I decided to join my efforts towards creating a new centre-left party. I firmly believe that the party is a political power that needs to work for the people to represent their interests. This isn't a platform for personal purposes and struggles for leadership. Fight and competition may be only for Lithuania and its people.



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# BDO Latvia: more energetic and hungry for success



Photo by Oleg Zernov

**Vita Liberte is a Council Member at BDO Latvia, one of the leading financial advisers in the Baltics**

**Having started as a legal service provider, you've significantly expanded your activities over the years. Why is this? Entering new markets must always be a strain.**

For us it's not a strain but something exciting as both myself and Janis Zelmenis worked for the BIG4 before we started our own venture. We've seen the results and strongly believe in one multi-service practice that enables us to understand and meet the needs of our clients. Apart from legal services, we now provide audit, transaction advice, taxation and accounting services. With a wider range of skills around we achieve business outcomes for our clients rather than sell standalone services. We like to think of ourselves as one integrated platform that both our clients and staff can use so we can deliver a more responsive service at a lower cost.

**As the Council Member of BDO, tell me about some of its milestones of your company.**

**Linus JEGELEVICIUS**

A former student at New York University, Vita Liberte is a Council Member at BDO Latvia, one of the leading financial advisers in the Baltics. Being a role model for Baltic women's empowerment and a great example of how women are succeeding more and more in business in the region, she is nevertheless down-to-earth and humble. "Ownership of our firm is made up of 50 percent women, and the leading positions are also taken by them. Empowering women for their right and opportunity to use their talents and knowledge has been part of our business strategy since the very beginning," she recently told *The Baltic Times Summer Magazine 2018*.

By its 10th anniversary BDO Latvia had grown from a five- to 50-people firm, and we continue expanding the range of our services further. Our company has been ranked the 5th most active due diligence provider in the global Mergermarket league tables. In 2017, our outsourcing team won two prestigious awards at the Payroll World Awards in London. The same year I was named a Woman Leader in Tax in Latvia by *International Tax Review*, a magazine covering a broad range of international tax issues.

**How important to you is empowering women both in your company and in general?**

Ownership of our firm is made up of 50 percent women, and the leading positions are also taken by them. Empowering women for their right and opportunity to use their talents and knowledge has been part of our business strategy since the very beginning. Happy and confident women aren't a rarity in Latvia in general, but it's very important to keep recognising them as good employers, mothers, wives and citizens to promote a healthier and more positive environment in the country.

**Having worked for the major tax powerhouses including Deloitte and PricewaterhouseCoopers, can you say where BDO holds an edge?**

We're more energetic and hungry for success than the rest. We have that grit in us that makes us move. Together with my partner we're the two local owners of BDO Latvia and thus we assume a greater responsibility and motivation in the development processes and the service we deliver to our clients.

**If you were in a position to give advice to the Latvian government on reforming the country's tax system, what would it be?**

In 2017 The Ministry of Finance together with various institutions did tremendous work developing new regulations for tax reform. Due to having to write new laws and regulations, it was possible to create a simple and fair tax system. However, looking back at the results, a lot was simply copied from the old system thus creating a hybrid system between the new and the old.

There are many exceptions, reservations and interpretations within Latvian tax laws that make the whole tax system incomprehensible for the average taxpayer. Lately there have been more and more discussions about tax consultants being replaced by robots in the future. However, when looking at the Latvian tax system one can only wonder whether the robots will be able to handle it.

The new differentiated personal income tax system took effect in 2018. The idea itself isn't bad, but the thresholds for the differentiated tax rates have been set similar to the ones in the UK which has a completely different average income. Furthermore, the same question about the calculation of tax arises, since such a complicated tax system has been implemented in Latvia for the first time.

Regarding corporate income tax, the whole system was changed and now only realised profits are taxed. The idea mightn't be bad, but I'd have left the old system in place which was working successfully. The only issue was related to the correct and full application of the law. With the new CIT system the government hopes to increase the amount of investment into the country, although nowadays companies around the world are focusing more on the quality of infrastructure, workforce and other factors rather than simply considering which tax system will benefit their bottom line the most. The government should have resolved these issues first, which means focusing on young people and education. Nothing will move forward as long as the old way of thinking remains in the country.

We'll only be able to assess the effectiveness of these reforms next year when the last annual returns are submitted and the profits are calculated.

**Can you tell us about BDO's presence in Lithuania and Estonia? Are you planning to expand beyond the region?**

Currently there are BDO offices in Estonia and Lithuania. Each office is unique, offering a specific set of services.

**The Latvian banking system has been shaken up recently. What do you believe needs to be done to avoid similar problems in the future?**

There are several actions that need to be carried out in order to avoid similar shake-ups in the future. First of all, the government should develop a detailed framework to provide banks with clear guidelines that specify the characteristics of approvable or prohibitable clients. Secondly, the banks should be vigilant in ensuring that all regulatory requirements are met, as their client portfolio shouldn't include companies that are engaged in illegal activities. Even more importantly, all legitimate clients should be served without interruption.

**We see crypto-currency companies popping up all over the place. Should that be a concern to local governments, bearing in mind that the market isn't so well regulated at the moment?**

Regulation is indeed at a very early stage of development, and we're facing a situation where, due to bureaucracy, the legislator isn't up to date with the current events in the sector. The number of companies whose business is related to virtual currencies is growing rapidly, therefore it's especially important to develop a legal framework that's not only in the interest of state tax policy but also fosters entrepreneurship and protects consumers. We're very active in this area, and recently were the first ones to obtain a tax ruling

on the treatment of gains from the sale of crypto assets. This ruling has set a new policy with regards to the taxation of crypto assets, and we'll continue to clarify regulation in other areas.

**Yet BDO Latvia accepts payments in Bitcoins. How is that going?**

BDO Latvia and the law firm BDO Law have always been actively following the latest developments and innovations in the world of technology. For some time we've been advising clients on the legal and tax aspects of the use of virtual currencies, emphasising not only the benefits but also the risks. Demand creates an offer. The decision to accept payments in Bitcoins was a natural response to the current events in the modern world. Interest in billing in the virtual currency is currently not large, but it's stable. We associate this with the fact that customers feel temporarily insecure in this segment. Changing the habit always takes time.

**As an acknowledged tax expert, where do you see possibilities in tackling the shadow economy in Latvia and the Baltics in general?**

In order to combat the shadow economy people need to be happy with their lives. Most of the reasons for the shadow economy have developed historically. Children need to be taught from a young age about different taxes and why a country can't function without them. A completely different issue regards the transparency of the tax system and how effectively the government uses the taxes they collect.

The shadow economy is a complex issue. It can't be eliminated by changing the tax rate, giving exemptions or punishing the ones not paying taxes without also battling corruption and civil servant accountability that can destroy an honest taxpayer with one decision. People need to see that tax rates are in line with what the country can offer them.

**BDO has recently received a series of international accolades such as having been named the number one International Payroll provider for the third consecutive year. What do you believe makes you recognisable internationally?**

The payroll provider role has changed significantly of late, especially together with changes in GDPR. It's become an extremely important outsourcing service for large international companies. The global trend is to outsource accounting and payroll services from different service providers due to confidentiality. These awards help us stand out in the crowd of the largest global networks in this area and shows that we're able to provide our clients with exceptional service across multiple countries. Long-term and personal relationships with our clients at all levels in the company, as well as our outstanding technical expertise and flexible management skills worldwide, makes us recognisable. Also as we work with customer data we have a strong Global IT system certified by ISO27001. We understand that real value comes through innovation and change.

**With 840 deals successfully completed in 2016, BDO has been recognised as the fifth leading mid-market adviser on the Thomson Reuters 2016 league tables. Is there room to go further up the ladder?**

We're in an advantageous position. Business changes in the changing world. The so-called 'old school approach' conveyor style provision of services is gradually changing towards a more personal type of client relationship. And this is about us, because relationship matters when offering high level expertise and international support in the countries where BDO operates. We're one of the financial advisory flagmen, but more flexible. I think that is the key to success now and in the future.





Photo by Vilnius University Business School

*Birute Miskiniene and Juris Ulmanis first met at Harvard Business School at the European Entrepreneurship Colloquium 2007 and have become avid proponents of entrepreneurship ever since*

# If you want to get something done in business, ask a woman

Aiste PTAKAUSKE

Birute Miskiniene and Juris Ulmanis first met at Harvard Business School at the European Entrepreneurship Colloquium 2007 and have become avid proponents of entrepreneurship ever since. Birute is the Vice President of at the Vilnius Chamber of Commerce, a board member of the Vilnius Business Women's Network and the Agency of Science, Innovation, and Technology as well as the Director of Vilnius University Business School. For her contribution to Lithuania's EU Presidency, she received a special award from the President of Lithuania. Juris has spent the last 10 years teaching entrepreneurship and business development in BA, MBA, and EMBA programmes at universities across Europe. His teaching is augmented by 18 years' experience with Motorola in various leadership positions in the US and Europe. He regularly trains, consults, and mentors individuals and regional businesses in entrepreneurship, business development and leadership. *The Baltic Times Summer Magazine 2018* asked them why entrepreneurship is so important, for them in particular and for the Baltic States in general.

### **How would you define entrepreneurship?**

JU: It's the pursuit of an opportunity without regard to resources currently controlled, like they taught us at Harvard. If you think about that definition, 'pursuit of an opportunity', we do it all the time and we typically don't control the resources. You see an opportunity, you don't know how to do it yet, you don't have everything yet, but you start, you know what you need and you start getting the resources.

BM: I understand entrepreneurship in a different way. By entrepreneurship, I believe that you see new possibilities and explore them. To me, entrepreneurship is a competence, an ability to see new opportunities and to make the most of them.

### **Can entrepreneurship be taught?**

JU: I think there are many elements that can be taught. I don't think you're born an entrepreneur. It's like, for example, if you have a natural talent for music you're not going to become Beethoven on your own. You need to take some piano lessons, to practice. So university is a great place to acquire the necessary tools to become an entrepreneur. But, of course, it's learning by doing. If you really know that you want to be an entrepreneur, don't go to university. After high school, just go and work and make mistakes. If you don't want to make so many mistakes, go to university because you'll have professors and an environment that should help you make fewer mistakes than you would by taking the other path. You won't have to go through the school of hard knocks so to speak. University certainly has a role to play in learning entrepreneurial skills, but you won't get the end result only by going to university. You won't get a diploma and say, 'I'm an entrepreneur'.

BM: Of course not. But we decided to launch the MBA Entrepreneurship at Vilnius University because the situation in the labour market and in life in general is changing very much. There are a considerable number of people in managerial positions in companies who've reached the age of 40 and who are getting tired of being employees. They'd like to do something by and for themselves. We're not producing entrepreneurs. We're helping to build competences, networks and a new life.

JU: I headed the EPRD study on innovation in Latvia. It turns out that Latvia, alongside Romania, are the worst in innovation. So EPRD wanted to do a study on it. They thought that if they pumped money in through banks to companies there'd be innovation. I interviewed many companies and banks, and the banks said, 'We have money that we want to give to businesses, but the problem is that small business and entrepreneurs don't know how to do finance and cash flows or how to sell, to do marketing.' That's why this MBA Entrepreneurship is a great thing. It can help gain basic business skills.

BM: And for young people, their freedom matters very much. They don't want to be in the office and work normal office hours. They want to have free time. But if you want to have freedom, you should have something in your bank account. It means that you should do something. Our young people have a lot of imagination and ideas, but, as you said, they're lacking skills and knowledge. You should have both.

JU: Universities can take these ideas and help young people develop them. That's the role of a university, the support. Because what do young people hear? 'Don't do it, it's not a good idea, you'll fail. If it were a good idea, somebody would have done it.' So universities can create an environment of support and say, 'Yeah, try it! Go for it!' But first of all, we've got to kill some of the myths about entrepreneurship. The first one is that you need a lot of money to start, which you don't. Most businesses need just a few thousand dollars and you can get that from family and friends. Then the media plays a big role in polluting young

people's minds. All of a sudden you're going to become a millionaire. There's a myth in young people's minds that it's only inspiration that counts. No! It's perspiration, like Thomas Edison said. It's hard work. Most businesses, as we know, fail. But then what do people do? They start new businesses. We have to show students that not everybody's Steve Jobs, that there are normal people that students can identify with and talk to. We have to be good role models and say, 'What's the measure of success?' Not everybody wants to be a billionaire. Many people just want to make a good living, and that's fine. In Harvard, they taught us to learn, earn, and return, like the stages of life. When you're young, you learn. Then, from your 30s to 40s you're earning. And when you get older, you're returning. I'm in the returning segment of my life and I'd like to help young people be positive, acquire self-confidence and to use my network to help them.

BM: That's why we work not only with students but also with schoolchildren with our Entrepreneurship Academy. Children from schools are coming to our Entrepreneurship HUB and are meeting different people. We're doing just what you said. We're trying to show examples of ordinary people. We have our alumni organisation at Vilnius University Business School. Our alumni are meeting with these kids and they're telling their real life stories. We ask them to tell not only about their successes, but also about their failures. Some of the kids will want to continue with entrepreneurship. Some of them will decide that it's not their cup of tea. That's also very good, I think. Another thing that we do to promote entrepreneur culture in Lithuania is the Entrepreneurial Family conference. We're getting family businesses to tell their stories. We're especially encouraging people who aren't from Vilnius, Kaunas or the other big cities.

JU: In Latvia, 95 percent of businesses have fewer than 15 employees. It means everybody is an entrepreneur. And women really dominate the start-up scene in the country. The TechChill conference is headed by a woman. The Tech Hub is headed by a woman. The Latvian Startup Association is headed by a woman. According to EU statistics, 47 percent of business managers in Latvia are women.

BM: As a Board Member of the Vilnius Business Women's Network I can see that women are very active. They're doing businesses but they're also involved in social projects. They feel responsibility not only for their own enterprises, but also for something else.

JU: My experience in life and as a teacher is that if you want something done, ask a woman. I have an experiment. On the first day of classes, I always ask students to rearrange chairs in the room. What happens? The men sit there and discuss, and the women immediately start doing it. It's so funny! And it's the same in all countries.

### **Why do you think women find entrepreneurship more appealing?**

BM: Maybe one of the reasons is that women are better at networking and they're faster learners.

JU: I think women are better communicators than men, in general. And that's one of the things that we need as entrepreneurs, because we're always trying to sell our ideas.

BM: If you look at the big picture, women have been lagging behind for a number of years. We weren't allowed to vote, to drive etc. We had quite a lot of obstacles and prohibitions. But right now the situation is changing and maybe that's bringing along the motivation and desire to act. We'll see what happens. A lot of success in entrepreneurship depends on creativity. If you're a creative person and you put your creativity into entrepreneurship, it will lead to your happiness one day. This is the direction that all entrepreneurs should be taking.



YOUR NUMBER 1 AIRLINE

Martin Gauss is CEO of  
the Baltics' premier air  
carrier airBaltic

***airBaltic*** is as great as  
the Germans are on the  
football pitch!





Linās JEGELEVICIUS

**Martin Gauss, the CEO of the Baltics' premier air carrier airBaltic, has lots to be happy about. Under his guidance the airline is literally flying high. Passenger numbers are on the constant increase, the company will be flying a record-70-plus routes this summer and the appetite for further expansion just keeps on growing. Mr Gauss recently took some time out of his busy schedule to answer a few questions for *The Baltic Times Summer Magazine 2018*.**

**You've started this holiday season with the launch of new flights to destinations including Almaty, Sochi, Kaliningrad and Gdansk, all of which are bypassed by many other airlines. Why these routes exactly?**

We have different reasons for each of the routes. For example, Almaty is served by just two Western airlines, so passengers wanting to reach have to fly via either Astana, the Kazakh capital, or Istanbul. We're offering a direct flight to Almaty and the analysis of the market shows that it will work.

In Gdansk we see an enormous development in business and tourism, so our route is logical and will pay off.

When it comes to Kaliningrad, it's also a bustling city in relevant proximity to Riga and we see it as a good connecting city. We take people from there to Riga and they travel elsewhere from here. As it's hosting some World Cup qualification matches, it's stirred a nice buzz, which is an advantage for the itinerary.

**If it wasn't for the tense geopolitical situation there could perhaps be more new routes to Russia. Am I right?**

In an agreement with Russia, we've committed ourselves to flying to five Russian cities, so going beyond that number would require a political decision. So far we're pretty happy with the footprint we have. By the way, Moscow is one of our best routes, with flights being fully booked. The Saint Petersburg route does very well too.

**I always hear about airBaltic adding new routes, not cancelling them.**

We do occasionally call off certain routes, which is part of the business. This can especially be said of our seasonal routes. For example, we serve Verona and Salzburg, two major skiing destinations, only during the winter and we fly to Venice only during summer for now. But this could change in the future with passenger traffic picking up. We did however cancel several routes in

2011 when the company was restructuring. Now, when it's growing, it makes no sense to cancel a route. We haven't cancelled any routes in the last few years, unless they were seasonal ones.

**This summer, airBaltic will be flying a record 70-plus routes in and out of Riga, Tallinn and Vilnius. Is there anything else you take pride in this year?**

There are a lot of good things happening this year! We'll have more new jets added to our fleet, besides the mentioned new routes and we'll expand the geography of our flights from Tallinn this autumn with the addition of one more jet. A firmer footing in Tallinn and Vilnius is one of the goals we want to achieve in 2018. We strive to be a key player for air connectivity in the Estonian and Lithuanian capitals and we're on the path of growth in Riga.

This year, we've got our eye on carrying four million passengers, which will be a landmark achievement. We also look forward to operating the highest ever number of aircraft by the end of the year.

Considering that the World Cup will have an impact on air passenger traffic in the months to come, we want to see how it plays out for the company. Either way, we're very adaptive and accommodating.

**How was 2017?**

In the history of the company it was a record year in many respects. We had the highest passenger numbers, 3.5 million to be precise, and the highest revenue. We opened 13 new routes and all of them have been a success. Having taken a look at this year's first quarter performance indicators, I already see that the year is set to break last year's records.

**You've seized two prestigious rewards recently, one acknowledging the punctuality of airBaltic flights in 2017 and the other was the 2018 ATW Airline Industry Achievement Award for you as the Market Leader of the Year.**





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The pressure on the European Union is big, exercised firstly by China and Russia and now by the USA. Therefore, the European Union must allocate large funds for the purpose of enhancing competitiveness for everyone not five but 10 years in advance.

**Does the current French President Emanuel Macron, who won the presidential elections as an independent candidate, have the potential to also become a non-formal leader of the European Union given the fact that German Chancellor Angela Merkel is likely to leave the Chancellor's position after her current term ends?**

In April the Members of the European Parliament had the chance to see and hear Emanuel Macron in the European Parliament. Before his speech there were all kinds of opinions. Some were waiting for it with skepticism, whilst others expressed their support. After his passionate, pro-European speech it was obvious. Macron made an impression on everybody. He shared his future vision for the EU as if he was waiving the European Union flag high above his head. We were listening to his speech and thought, what would be, what kind of France we would have if Le Pen had won the elections and now would be standing in the European Parliament with her EU future vision?!

The most important question now is can Macron become the new de facto leader of the European Union such as Angela Merkel?

Actually she expressed her support for him. However, meanwhile Merkel hasn't yet said that Macron might successfully take

**The good news is that the European Commission and the current European Parliament are proposing to double the amount of funds allocated for youth programmes and studies in the 2021–2027 budget.**

the baton from her. I, just as many other European Parliament members, hope that the leadership vacuum will be filled as early as next year right after the European Parliament elections.

Our fraction in the European Parliament is concerned that Macron doesn't belong to any of the traditional parties. Therefore, we are all asking ourselves: who are you Emanuel Macron? It seems to me that his political views are closest to those of the liberals and he needs the support of the parties in order to realise his political programme. The European Parliament elections will be an examination not only for Macron. How many mandates will his political movement (not party!) win and in which fraction they will want to work?

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# An evolutionary revolution at FiveConsult: faster, more efficient and cheaper



*Alexander Zelinsky is a serial entrepreneur and a generator of ideas who's also the Senior Partner and Chief Operating Officer of FiveConsult*

Linus JEGELEVICIUS

Having started as a small legal business consultancy catering to predominantly offshore companies almost 12 years ago, Riga-based FiveConsult has grown into a solid company with some 1,200 clients on its books. However, with the digital revolution FiveConsult recently embraced, they now have plans to increase the number dramatically to at least 10,000 clients by the end of 2018. Behind the dizzying transformation is Alexander Zelinsky, a serial entrepreneur and a generator of ideas who's also the Senior Partner and Chief Operating Officer of FiveConsult. Zelinsky recently agreed to speak to *The Baltic Times Summer Magazine 2018* about the profound changes taking place within the company.

What we're offering at Rention is a self-service portal through which all rental property-related needs can be satisfied with a few



**From the start of company in 2006 until recently we've serviced or are servicing around 1,200 clients. But with the new services introduced or about to be introduced, we're looking to expand our client base to between 10,000 and 15,000 customers by the end of the year. This is a significant growth for any company!**

With it each landlord can save money as part of their daily activities because the monitoring and checking has been digitalised.



Our last project at FiveConsult is Velvet, a new type of financial service provider and the first blockchain-based escrow deal platform, which is based on 'Three S' principle. First, it secures parties, second, saves your money and, third, secures funds.

Securing parties by using remote identification lets you know who you're dealing with. Platform automation ensures you to spend less on commissions, and each financial transaction is carried out via a special escrow account.

The platform allows the solving of issues related to conventional banking such as the lack of identification of online deals, having high fees in bank escrow accounts and dealing with hardships when monitoring each deal's up-to-date status.

The founders of Velvet are Max [Korzhano] and me. Rolands Feldmanis, the former deputy chairman of the board of Latvian Business Angel Network and the former chief editor of Forbes Latvia and Estonia, is consulting us on questions of strategy and finance.

We look forward to soon having it as a sort of legal vehicle, a bank for legal persons who need financial services and connections with conventional banks.

#### **How does Velvet work in a practical sense?**

If you're selling something online you can easily assure the customer using Velvet that the deal will be first secured, meaning that no third party will be involved in making the deal, i.e. that the agreement will be carried out independently by both parties and the money will only be charged when both parties are happy with the deal.

Originally, the idea came into my mind whilst we were in Brussels as the winners of European Start-up Awards last year. We went there on the invitation of the Latvian MEP Inese Vaidere.

#### **I heard Velvet also intends to rival with traditional banks.**

Indeed, we're going to have some fierce competition over banking customers if we succeed. Allow me a little false modesty for a moment when I say that the full unravelling of Velvet's potential will be big news in the financial sector and beyond. I like to joke that when the banking regulator figures out what we're offering it won't be very happy. Just because, due to the void of regulation, it simply won't know how to treat us. The day will come sooner or later, so we're getting ready to let everyone know that financial services can be provided in a different way. I understand very well that, at some point, the sector regulating state institutions will ask us for a license enabling us to provide these kinds of services, and we're ready for that too. I may sound a little vague, but I just can't spill all the beans just yet. I can however tell you that one of the project partners is a bank in Germany and the other is in the United Kingdom.

#### **Velvet will also be unique thanks to its escrow solution platform. What more can you tell us about this?**

Right now we're working on technical solutions regarding integration with our banking partners, some of which are in Germany, the United Kingdom and Belgium. As we speak I'm looking forward to introducing the platform soon at an international conference, with the official launch of the platform being scheduled soon after. If all pans out, we'll certainly set our eyes on other countries as well. I've already announced our intention via Facebook and have been encouraged to enter into new markets.

#### **Bearing in mind all the troubles within Latvia's financial sector, you'd better hurry up to secure all the necessary safeguards to pass the scrutiny!**

Indeed, we're aware of it. Especially in Latvia, where the financial sector has recently seen some troubles. But as I said, we're ready to be put under the lens and I'm sure we'll prove at the end of the day that holding an account with us is as safe as it is at the

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**What's unique about us is that we provide all services fast, efficiently, at lower costs and, importantly, fully digitally. Shortly we'll be offering legal, financial and technological solutions in one package.**

bank around the corner. Yet doing it with us will be more beneficial. For example, when it comes to banking transfers in US dollars it will be possible to do it faster and at a lower cost through us and our partners in Germany, the UK and elsewhere. We're aiming at a pretty small part of the market, but what gives us the edge is our ability to work online and being fully digital.

#### **You've mentioned that you seek to revolutionise utility payment services in Latvia, creating a similar payment platform to Lithuania's [www.vienasaskaita.lt](http://www.vienasaskaita.lt). Can you tell me more about this?**

It'll be one of three solutions provided by Velvet. Of the multiple financial services it will provide, one will be the aforementioned escrow, which is now at a starting point. With that in place we'll be able to offer the possibility of cheap, fee-free international transfers.

And the third solution we're looking for will affect payment collection. Right now, everyone issuing invoices to a customer often has to wait too long to see the money arrive in the account. When it comes to utilities and real estate, the average time from issuing an invoice to receiving the payment is from between 30 and 60 days. What we're striving for is to considerably speed up this process. Therefore, we've partnered with the three biggest accounting solutions providers in Latvia. We're nearing the enactment stage, where the invoice will be delivered to the customer for verification, which is already available. Then we'll charge the customer in a form suitable to them, be it direct debit from their bank account or any other method of payment. And then we deliver the money instantly to your company account, which check-marks itself that the invoice has been paid. Payments made this way will not only be much faster but will also be seven times cheaper than using a traditional bank card. In a nutshell, managing invoices will be much faster, cheaper and simpler.

As I said, I've got no idea at the moment when we'll get it done, but the results will be very interesting. Most recently, we've been selected into one acceleration programme, Mellorca Millenials, to be exact, and we, again, are very proud of the acknowledgment.

#### **How many new clients do you expect with the new services?**

From the start of company in 2006 until recently we've serviced or are servicing around 1,200 clients. But with the new services introduced or about to be introduced, we're looking to expand our client base to between 10,000 and 15,000 customers by the end of the year. This is a significant growth for any company!

What makes us pretty unique is that we provide not only legal services, which is fairly common for consulting companies, but also a set of technical IT solution tools related to them. In a nutshell, we're acting as a problem solver, taking care of all the needs a company may have in a digital way. That definitely sets us apart from all the other companies of this type not only in Latvia, but the entire Baltics, too.



# Lithuania leads the Baltic crypto frenzy

Doireann Mc DERMOTT

Bitcoin, the first decentralised cryptocurrency, was created nine years ago, but it really became a household name globally after the price of one Bitcoin reached almost US\$20,000 on Dec. 17 last year.

As of January 2018, there were more than 1,384 cryptocurrencies and this number is constantly growing. The Baltic States, which traditionally offer many services for the financial sector, are starting to embrace the crypto revolution. It's quite common to find a group of Millennials in a hipster bar discussing their crypto portfolio, a sight which would have been unthinkable two years ago.

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# Ukrainian development, Global delivery

*An inside look at Europe's growing nearshoring trend*



**Cyril Samovskiy (right) is CEO of Mobilunity and Alfonsine Williams is Director of Business Development at Mobilunity**

Lucas JELOVICH

## Mobilunity Company Highlights

- Founded in 2010
- Based in Kyiv, Ukraine
- 170+ people as of April 2018
- Clients from



Europe is no longer a region defined solely by its geographical location. As the world becomes smaller with each innovation, the demand for innovative IT solutions grows. In Europe, outsourcing isn't a buzz word thrown around lightly. Europe with its rich history and geographical ties was outsourcing before the word became commonplace. Now instead of growing in-house, many have looked to their neighbours to provide IT professionals to help carry their companies into the future.

Nearshoring is a relatively new word that's come to define this trend. Instead of sending operations off to the Far East, companies have decided to stay closer to home in order to find the cost effective and flexible solutions they require.

The most popular destinations for Western Europe businesses include several obvious destinations including Bulgaria, Serbia and Poland. One slightly more unusual destination however tends to stand out among the others.

## Ukraine has quietly become a leader in nearshoring initiatives.

The largest country in Europe with a population of roughly 45 million as of 2016, of whom almost 100,000 are IT professionals, has thanks to a combination of dedication to IT, government investment and being in an ideal location (a two-hour direct flight from most European capitals) become a prime destination for nearshoring.

Ukraine's capital city of Kiev has over three million residents. Thousands of them are involved in IT in some shape or form.

Founded in 2010, Mobilunity is located in the very centre of Kiev, and as a Ukraine-based business provides dedicated developers as part of its team augmentation services. With their model, team members, who are sourced from Kiev's ever-growing IT talent pool, are fully devoted to the tasks and projects of a specific client, potentially ending any issues with consistency, and ensuring that each member is fully integrated into the clients' workflow and processes.

We wanted to know more, so we recently put a few questions to Mobilunity's top management so that we could explore the model, its benefits and how applicable the model is to various businesses in Europe and beyond.

### **What makes Ukraine stand out in the world of nearshoring?**

**Alfonsine Williams** History. Ukraine has a rich history in regards to IT dating back decades. Each year thousands of graduates enter the IT workforce. The amount of developers in Kiev alone is staggering, so if you have a company that knows what they're doing, there should never be an issue with scaling your team.

**Location is everything.** Why work with developers that are five or six hours away who will be ending their day as you begin yours when a European firm can work with a team that has only a one hour time difference?

**Diversity.** There isn't one location in Europe or Eastern Europe for that matter that has the combination of location (a close proximity to Western Europe), amount of developers with various skill sets (making building teams quick and easy) and attractive cost points for developers as a whole in comparison to Western Europe.

### **How do you compare your dedicated team model to typical outsourcing models?**

**Cyril Samovskiy** Your typical outsourcing model would have a client giving specifications and having the company that they give info to come back to them with an estimate. Once confirmed, that company would then take control of the process, have their team work on the project, charge hourly for the services and return the finished project to the client. Whilst this is happening, you have no idea who's working on the project, no idea of what you're being charged for and it's entirely up to the vendor you select to place developers on the projects as they see fit.

Our model however is quite different.

With our model the client has projects or a product that needs to be developed. We say, "Here are the developers that will work with you on your projects. Take a look at their CVs. Speak with them. Make sure that they're not only the right fit from a technical point of view but as people as well." The client works directly with the developers, and the developers are integrated into the client's workflow and processes. Instead of charging hourly, we charge a monthly rate, so that the client can control and manage cost and that developer works full time, 40 hours a week, entirely for the client. The developer isn't a company resource that gets

moved around to various projects. With our model, clients get to maintain consistency, project control, cost and ultimately have an entire development team, bespoke to their needs for as long as they see fit.

## With our Model, clients get to maintain consistency, project control, cost, and ultimately have an entire development team, bespoke to their needs for as long as they see fit.

### **How are you different to your competitors?**

**Cyril Samovskiy** [We are different] in a couple of things.

**Market knowledge** There are plenty of companies here in Ukraine, however not many of them are actually Ukrainian. You can't be effective in a market that you're unaware of. Out top management is here in Kiev, are veterans of the industry. And not only do we know the people we know the words, methods and approaches needed to bring in the best talent.

**Flexibility** We understand that not all clients have the same needs. Often we work with start-ups that need extra support, and we've also worked with larger companies that have a process already defined but that are in need of talent. Our average team size is three to five people. However, we have some clients that have a team of one and others that have more than 10.

## For us there's no problem we can't solve and we pride ourselves in finding solutions to issues no matter what they are for our various clients.

**People** We're in the people business. You can find developers everywhere but it doesn't mean that they'll be a great fit for you and your company as people. For us it's all about building a culture, and identity. We want to make sure that you know who we are as people and that you know who your developers are as well. This is one of the reasons why our management team travels so much and why we encourage our clients to visit us as well. This way we can focus not only on contractual commitments, but on human relationships as well.

### **What kind of businesses use your services?**

**Alfonsine Williams** **There's no limit to the types of businesses that we can provide services for.**

## Whether they're start-ups, or large corporations, Fintech, Insurtech or digital agencies, we can and have worked with different clients from various sectors from around the globe.

As we said before, everything is bespoke to our clients, and there's no problem that we can't solve.



We should stop trying to be someone else and focus on being the best possible versions of ourselves. I don't think we should be Europe's Singapore. If we are good in doing services and we love it, we should focus on that.

Algirdas Stonys,  
CEO of TeleSoftas



Linus JEGELEVICIUS

You just can't beat Algirdas Stonys, CEO at the maverick Lithuanian consulting and software development service company TeleSoftas, when it comes to optimism and passion! Having built his company and its entire business model on the economy of happiness, the high-tech entrepreneur now yearns to do something 'earthly', namely to connect the gap between available cutting-edge technologies and change-wary grassroots consumers. "We call on businesses to embrace technological advancements and lead the way in innovation in order to push the boundaries of their industries," Stonys told *The Baltic Times Summer Magazine 2018*.

## We're too shy to let everybody know how great we are!

**How do the three Baltic states stack up against each other in terms of high-tech innovations? What are the advantages and disadvantages of each?**

Since the 1989 we have a common understanding that the three Baltic States are together and they are like a mini European Union. However, technology wise all three countries have very distinct approaches.

Estonia, to start with, is backed by a lot of investment and aims to diverge the capital in different areas. They have the unicorn success story – Skype, as well as very strong media and communications products like BNS, Delfi. So Estonians mainly focus on product development and attracting investment.

Latvians, on the other hand, have established a strong position in consultancy and outsourcing services, with foreign

companies like Accenture and many others opening branches in Riga, which is the centralised location of the country's IT sector.

While in Lithuania, we have our own talent pool. We are the biggest country and we have the most resources to attract foreign companies to establish offices. Let's take Barclays, for instance. Instead of outsourcing they decided to actually establish an office here due to our extensive talent pool. Having such resources here, we also have some big local IT service companies operating worldwide, such as NFQ, DevBridge or TeleSoftas.

To sum up, due to a larger talent pool Lithuania specialises in providing IT services, Latvia is the destination for international consulting companies' branches and Estonia is the destination for product companies. So I would say the countries stack up against each other in very unique ways.

**Yet Estonia claims the leadership in innovations. Do you see that changing any time soon?**

From product innovation perspective, with growing numbers of product and venture capital companies, Estonia is definitely the leader in this area. But in my opinion, it's a very bold statement to claim that only products can be innovated. We can innovate in services, in research and development, processes as well as products for our clients - we can innovate in many other areas.

Do I see that changing? Not really. They will continue to lead because growth accumulates and accelerates even more growth. We have a good example in Lithuania with a company called Vinted, which grew considerably and its founders ended up opening many more businesses. This shows that people grow professionally along the process and that eventually results in the snowball effect of accumulated growth that will touch the whole region. Will that lead to accumulated innovation? I would like to believe so but there's no guarantee, of course.

**Can you substantiate the claim that Lithuania has recently created one of the fastest growing startup ecosystems in the region?**

Absolutely! For example, Estonia has a really strong startup culture, however it's because it has a pretty long history of it. While in Lithuania, the startup ecosystem is less than 10 years old. It basically started in 2008-2009, with Startup Weekend association joining Lithuania. Fast forward to present day, now even our own minister of economy Virginijus Sinkevičius claims that we will have a thousand startups by 2020. According to statistics of Startup Lithuania, in 2012 they registered 85 startups and now they have 360 members. That's more than 300% growth, which can definitely substantiate the claim that our growth rate is one of the fastest percentage wise in the past few years.

**What needs to be done to make Lithuania Europe's Singapore in terms of innovation development**

In my opinion, we should stop trying to be someone else and focus on being the best possible versions of ourselves. I don't think we should be Europe's Singapore. If we are good in doing services and we love it, we should focus on that. We do logistics, transportation, R&D services and are considered as a destination for engineering and there's no need to change it, we should embrace it and work on that.

What we do lack, is advertising skills. Lithuanians are terrible sales people (Algirdas laughs). We are too shy to let everybody else know how great we are. So we need to invest into our soft skills, become more open in our communication. That is the main quality of successful areas like Singapore and San Francisco. They are really open, brave enough to take advantage of various opportunities and jump from one project to another. They are not afraid to fail, because this is exactly what helps you find your way.

**How the tax environment should be changed to attract more high-tech investments to Lithuania?**

Reduce taxes! No doubt! I even have an idea to petition European Union to allow Lithuania more tax free zones. We have two very successful ones, but we need more. It would be very difficult to attract investment to places that are not highly inhabited and far from the main roads. We need to go with the path of least resistance and exploit what we have. We already have infrastructure in place along the motorway between Kaunas and Vilnius, which we could turn into a whole new tax free zone. This way we could help develop smaller areas that, ultimately, would trigger expansion further to other towns. We are a very small country and for European Union anti-competition establishments it would not matter if we had two or ten tax free zones but for Lithuania it would mean a lot. It's just a thought, but it might be worthwhile exploring such possibilities.

**Can you talk about TeleSoftas please? What is so unique about it?**

I think what is most unique about TeleSoftas is the people. We

are truly like one big family, one big community. Like in a family, you truly care for each other, trust and enable each other. And not only within the company but to our partners, customers and the whole human network around us. I could go on here for hours!.

**Would it be an exaggeration to claim that TeleSoftas today is one of the leading companies in the region for pioneering engineering solutions in mobile. Are the solutions applicable in the daily use of mobile gadgets? How?**

Certainly not. We've been listed on Deloitte Fast 500 EMEA. Our solutions are used by people all around the world. 700,000,000 people are relying on our solutions and support on a daily basis merely in the US. To name a few, people are using transport ticketing system in Odense Denmark, people in Germany are purchasing Westwing Home & Living products all over Germany and deliveries in England is optimized by a code created by our engineers. In 14 years of existence TeleSoftas has delivered over 350 projects all around the world.

**Can you speak about the Step Forward attitude? Why do you favor it?**

The main issue is that the IT sector is far ahead in the sense of available cutting-edge technology, and constantly innovating. However the gap between the advancements in tech and its applications is still very large. For us, in the engineering sphere, faster, more efficient processes, improvements and solutions to existing problems are obvious. But we need the business to invite innovation. So Step-Forward is our invitation to businesses to embrace technological advancements and innovate, to push the boundaries of their industries. We facilitate that process, and we want to do it, as it matters in the grand scheme of things and its exciting! Because progress anywhere is progress for the whole humankind, so ourselves too!

**Is the Lithuanian education system enough flexible and nurturing future IT talents?**

Every talent must be nurtured on a personal level first such as the way they see themselves in the world and that has to start within the family. And only then come the mentors, inspiration and the right advice at the right time.

I don't think Lithuanian education system today is flexible enough but based on statistics, just in KTU alone we have 700 students in technology field and the numbers are increasing. So, the education system does its function. Could it be better? Always!

**What changes do you believe are necessary in the regard?**

We do not have MIT, but we could take example from them and create in-house R&D centres in universities that allow students to participate in real life projects. Students should be allowed to explore, fail and try again. They would break things, but it's ok! Pay people for making mistakes. That is what science is about. Because this is the only way to learn and we need to invest in it. But we could certainly do this.

A good plan would be for universities to start hiring at least 10 first-year students for a decent wage to come and work for them. Giving them an actual task, like building a robot, in a few years it would result in 10 more PhDs with hands-on experience. This is how we at TeleSoftas grow our own talent.

**Are Lithuanian laws flexible in terms of allowing to attract talented foreign IT workforce?**

Lithuanian laws are not flexible and our labor law is outdated. It is created based on the examples of 1989 USA and improved very little. Also we have social insurance system that is still a derivative from Soviet Union.

Our government really needs to put its foot down and completely rewrite the laws rather than patch up the old ones. We should make a business case approach for this and look into what we already have, what the current market needs are and what results we want to see. But It requires guts to step forward and change the entire system.



CONTINUED FROM P. 61

### **Who's the leader in the Baltic crypto space?**

The popular topic of cryptocurrencies has most definitely spread to all three countries and there have been plenty of crypto events going on over the past few months, but which country is the most advanced?

Danila Belokons, CEO of Crypto Baltic, a blockchain-oriented company based in Riga, shared his views on this debate with the *Baltic Times Summer Magazine 2018* stating, "We think the most advanced country in crypto in the Baltic States is Estonia. They're very friendly towards innovations and ground-breaking ideas such as blockchain technology. At the same time, Latvia is a bit more conservative."

Andrei Ialama, Client Support and HR Manager at the Riga-based cryptocurrency exchange PayBis, told the *Baltic Times Summer Magazine 2018*, "It's an established fact that Estonia is the leader among the three Baltic countries in terms of technological advancement [Skype, e-residence, Taxify etc]. Yet I wouldn't say that Estonia is the leader in crypto space as well. Even though the Estonian government plans to issue its own token, the Estcoin, I think that both Lithuania and Latvia are doing equally well. Lithuania, for instance, is known as the 'ICO hub'. About five percent of all ICOs in 2017 were launched in Lithuania, which is a huge achievement."

According to Ialama, Latvia, in its turn, has several cryptocurrency exchanges and even a Blockchain Association, which aims to promote Blockchain technology and collaborate with policy-makers to develop better crypto-related regulations.

"Therefore, in my opinion, all of the three countries are going in the right direction at an equal pace."

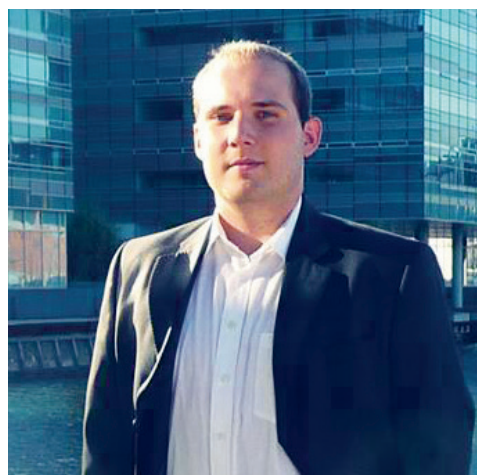
Latvia has plenty of crypto meet-ups and related events going on throughout the year. Maksims Keiduns, CEO at HodlHodl P2P cryptocurrency exchange was one of the organisers of the Baltic Honeybadger 2017 Bitcoin conference, which attracted over 500 attendees. Keiduns said he thinks "The main company in crypto space with Baltic roots is BitFury. They're one of the biggest players in the world and have a lot of interesting projects going on aside from their core mining business. We're very proud that the founders and some of the top managers are connected to Riga, and actually help to develop our local blockchain space. I think that currently BitFury is the biggest success story in the Baltics".

Liza Aizupiete, the Co-Founder and Managing Director at the Riga-based cryptocurrency exchange Globitex spoke to the *Baltic Times Summer Magazine 2018* about the company's decision to choose Lithuania as a regulator.

"Right from the very start back in 2012 we've been open about our business intentions with the regulators, and for a long while we were looking for somewhere to set up our business. Initially we were determined to find a regulator who'd be sharing our vision for the inevitably digital and decentralised future. We received positive feedback from several countries including Luxembourg, Switzerland and Germany. Lithuania came to our attention after the landmark Bitcoin Conference in Vilnius in April 2016. After this event, we discussed our intention with the Bank of Lithuania. The decision to obtain an e-money license came from Lithuania's unique offer to participate in the SEPA-MMS euro clearing system. This set-up would also allow a regulated company to clear euro payments directly and to our clients' IBAN accounts. Indeed, Lithuania pioneered in opening up the payment system to other financial institutions as well as the banks," she said.



**Liza Aizupiete is Co-Founder and Managing Director at cryptocurrency exchange Globite**



**Arturas Svirskis is an ICO advisor and the Head of Marketing and Business Development at WellTrado**



**Danila Belokons, CEO of Crypto Baltic**

• • • • •

on of that, she says, Lithuania has positioned itself as a

“Lithuania has become a European fintech hub for finance and technology businesses all over the world, and we’re proud to be part of this movement,” the Globitex CEO noted.

The project is expected to start this summer with the hope of accelerating the development of fintech businesses and reinforcing their eagerness to set up in Lithuania. The LBChain platform would help Lithuanian and international companies conduct blockchain research and develop their knowledge so they can adapt and test blockchain-based services within the financial sector.

Lithuania's central bank is stepping up its efforts to protect investors by keeping a closer eye on crypto space in the country. In February it began investigating Bankera, a Lithuanian blockchain financial services startup. According to its Facebook page, which has almost 40,000 followers, Bankera is building a digital bank for the blockchain era, with, "The aim of integrating traditional and cryptocurrency-related banking and becoming the one-stop-shop for all financial services."

The Bank of Lithuania also added that it, “Draws attention of other media to the requirements of legal acts regarding the dissemination and promotion of instruments possessing the features of securities, and recalls that the Law on Advertising prohibits the advertising of activities that violate the requirements of legal acts”.

As the popularity of the crypto world grows, Bitcoin and ICOs have become famous in the media with a mixture of good and bad reports. The cryptocurrency market is incredibly volatile, and news regarding scams can often dampen investor sentiment.

Prodeum asked investors to help raise around U\$6.5 million in an ICO. However, Prodeum mysteriously vanished after only raising U\$11 in an online fundraiser.

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# The Quantor platform: the investment ecosystem of the blockchain era



*The Quantor team is an organic symbiosis of the company founders, Vlad Buchnev (left) and Serge Bolshakov*

**The rapid development of technology is changing the world around us, touching upon new fields of science and business. Today a new type of product is being unleashed on the market in the form of Quantor, an innovative marketplace utilising methods of algorithmic trading, which enables anyone seeking to profitably manage their crypto assets to do so with maximum efficiency and reliability.**

## **Algorithmic trading: yesterday, today, tomorrow**

The history of automated trading in financial markets dates back to the 1970s and 1980s, when traders began to use special algorithms to multiply their investments, which analysed the current situation on the financial markets and automatically executed trading operations. This method quickly proved its effectiveness and began to improve as experience and errors of previous programs were taken into account.

Algorithmic trading today is an effective and automated tool for managing assets, which does not require any knowledge in the field of investment and allows you to manage your financial resources with innovative technologies. And direct evidence of its effectiveness is the confidence of global international players. For example, The Medallion fund, well-known algorithmic hedge fund, generated a remarkable annualized return of more than 35 percent over a 20-year span.

## **The era of blockchain and cryptocurrency markets**

Literally bursting into our world, the blockchain technology changes it swiftly and irrevocably. The field of its application is growing, all new spheres, from science to business, are striving to integrate the advantages of blockchain technologies in relation to their industry. Along with this, the volume of the crypto-currency market is also growing. Soon the integration of blockchain technology into new industries can radically change our understanding of the usual processes, and will also open fundamentally new opportunities, the potential of which remains beyond our imagination.

## **The Quantor Platform: An Ecosystem of the Future**

Quantor is one of the most revolutionary projects that can change the investment industry, making it transparent and convenient. Quantor will unite the talented developers („quants“), acting as an accelerator that helps new and experienced „quants“ to develop investment algorithms by providing services such as online courses, training, and financial support. The platform will become a marketplace, a place where anyone who does not have knowledge in the field of investment multiplying can use these innovative methods, that is, transfer their crypto-currency assets to efficient, machine control.

## **The best specialists and valuable products**

Online training has long proved its effectiveness and made the acquisition of knowledge truly unlimited for everyone. Quantor will also serve as an educational platform, where the best specialists will be trained and selected to create the most effective algorithms, and after the testing process, the most valuable products will be offered to investors. Quantor will open doors for a large number of algorithm developers from different countries.

Existing financial institutions - banks and investment companies – will be able to have an account on Quantor. Each of them will have access to a wide range of algorithms, providing a diversification in accordance with the interests. Smart contracts will guarantee a fair share of revenue coming from their customers. Thus, the use of Quantor will be beneficial for all participants of the platform.

Blockchain will allow to make all processes on the platform safe and transparent. The use of smart contracts will greatly simplify and automate the interaction between all ecosystem participants – developers and investors will automatically receive their share of profits. This approach implements the ideas of sharing-economy gaining popularity in various industries. The use of a decentralized ledger will make it possible to record all important data of trading algorithms performance, which will increase the transparency, not allowing to manipulate the records of trading performance.

The answer is obvious: effective methods of managing crypto-currency assets. Simple holders of electronic currencies (including miners) often do not know how to further manage the funds that were received after a successful purchase. The Quantor platform provides effective tools for managing your assets, which do not require additional knowledge in developing investment algorithms. In other words, Quantor provides market-proven and time-tested automated solutions for managing your cryptocurrency portfolio.

It's no secret that the successful implementation of the project largely depends on the team that works on it. The Quantor team is an organic symbiosis of the founders of Vlad Buchnev and Serge Bolshakov, respectively, with experience working on Wall Street in the investment algorithmic business and with extensive experience in creating and managing business, including in the management company of investment funds.

Foreign exchange futures volumes	80%
Interest rates futures volumes	67%
Equity futures volumes	62%
Energy resources futures	47%
Agricultural futures	38%

One of the advisers of the project is Ernest Chen, a well-known guru in algorithmic trading, an expert in creating quantitative methods for asset management. No less famous and experienced advisor in the Quantor team is Kirill Ilinsky, the founder of the international investment company Fusion Asset Management, successfully managing assets worth more than \$ 1 billion using quantitative methods.

To fully develop the ecosystem and implement all services of the platform, the Quantor team plans to sell tokens. The authors of the platform see the goal of conducting token sale as a possibility of scaling the project, which already at the idea stage was global in nature.

The concept of creating an ecosystem where specialists will be trained to write algorithms, as well as implementing algorithms on the marketplace, cannot be a priori a local one. Since the ability to bring algorithmic trading to the mass market and allow the multimillion-dollar army of cryptoholders to use innovative tools to multiply their assets may already in the foreseeable future bring about a revolution in both the crypto-currency markets and the classical ones.

Speaking about the prospects of Quantor, you can expect that the platform will be as serious player in P2P (peer-to-peer) investment, such as LendingClub in P2P lending or Amazon and Uber in the Internet marketplace and sharing-economy business.

To pay for services within the ecosystem, as well as for a number of other purposes, the Quant (QNT) token will be issued. More information on the project's tokenomics can be found on the Quantor resources. But, even without this information and any additional knowledge in the field of trading, a number of advantages of buying Quantor tokens are already evident:

- Significant discounts when purchasing in the early stages of the project.

- A unique business model will allow everyone to find their niche on the platform: to learn and sell their product or invest in the creation of such a product.

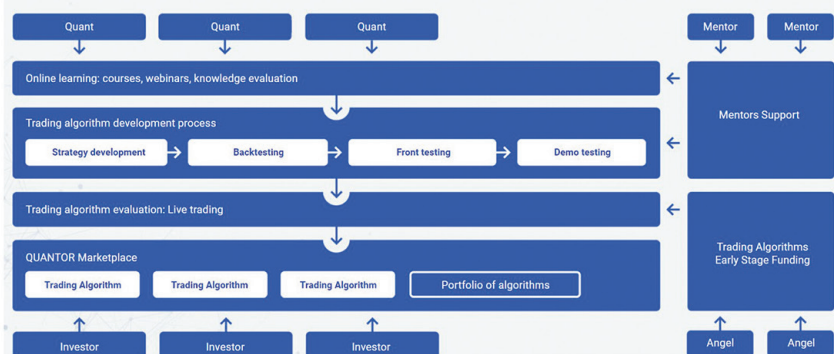
- The business model of the project is based on the scientific knowledge of leading specialists in the field of effective investment, as well as on training programs of universally recognised universities in the field of quantitative finance.

- Limited token emission.

- Integration of algorithmic trading into the actively developing market of crypto-currencies is a real revolution. Such synergy has not yet been realised in any project, its prospects are truly global and immense.


Effectively invest in your future now!

### Ecosystem participants: Quants, Mentors, Angels and Investors





Zygimantas Surintas is CEO  
of SmartLynx Airlines



# When being as clever and dynamic as a lynx really matters

Linus JEGELEVICIUS

**Animals such as the lynx are often much smarter and livelier than the rest of the pack. “The company’s name was the result of our re-branding efforts. The lynx conjures up an image of someone who is fast, smart, adaptive and tenacious. In aviation it’s about such things, particularly about being smart,” Zygimantas Surintas, the CEO of Riga-based air charter and a leading ACMI (Aircraft-Crew-Maintenance-Insurance) SmartLynx Airlines recently told *The Baltic Times Summer Magazine 2018*.**

**You held top management positions in casino and television companies and steered a top-tier Lithuanian basketball league before arriving at SmartLynx Airlines. How does it feel being in the airline business and what have been some of the milestones under your leadership?**

Indeed, aviation is a completely different business to those I’ve been in before. Yet let me tell you that the field of aviation is the most fascinating, for many reasons. It’s simultaneously large and small, and, take note, one that’s exponentially growing. It’s incredibly interesting to be in the business and to be able to contribute towards it.

SmartLynx Airlines isn’t an exception in this regard. Our management has grown 30 percent and the number of aircraft we operate

has increased from 13 in 2016, when I took over the company, to 16 now. Our yearly turnover has been edging up. In 2017 the consolidated turnover if SmartLynx Airlines reached €131.4 million, a 21.2 percent increase compared to 2016 and a 42.8 percent increase compared to 2015. Notably, we now fly around 40 percent of time more than we did a couple of years ago. To translate it into flying hours, they’ve surged from 2,000 hours per aircraft per year in the first half of 2016 to 2,700 this year. In our fleet, each jet functions as a separate company and is able to generate a turnover in the region of between €5 million and €6 million.

**Where do you see more room for growth? Where are the new or added values?**

In terms of the market, we find Canada very attractive, therefore our current efforts to obtain a license to operate in the country. The developing Asian markets, which have had their ups and downs lately, are also attractive.

Every opening of a new base brings big risks, as it encompasses a range of decisions in the fields of finance, operations, commerce and planning.

In recent years, some big, well-established names ceased operating, like UK's Monarch Airline or Air Berlin that has long been affiliated with Lufthansa. There are many rumours about the viability of some other airlines. Unfortunately, aviation sees headline-grabbing bankruptcies which are a result of bad planning, mismanagement and a lack of vision every year.

Accuracy in planning in aviation is a must. We scrutinise every new project meticulously, weighing up all the options.

To come back to your question, in the aviation business it's all about stability, which SmartLynx Airlines is well known for. We've made a name for ourselves as a trusted charter carrier in the predominantly leisure market which takes up 15 percent of our activities, and, as the ACMI business operator of the Airbus A320 aircraft we're the biggest provider of the service in the whole of the European Union. As for the latter, we fly, or 'do errands', for other airlines, many of which are big names in the business including EasyJet, Thomas Cook, Jetstar Pacific, Travel Service, the Tui Group, Vietjet Air, Blue Air, Aigle Azur and others.

Said that, I have to admit that we still need to find optimal stability during the low tourism season when the numbers of charter flights go down due to the wintry weather. I'm convinced that we can't rely on a couple of money-making quarters throughout a year. SmartLynx aircrafts have to be in air most of the time. In setting up our bases in, tourism-wise, the hottest spots worldwide, we make sure we're in air for as long as we can be.

The other thing we're busy with is hammering out long-term partnerships with all our clients. We're also on the constant lookout for new clients. We're about to add Jet2.com, the UK's third largest airline, to our client list. As a matter of fact, the British company has an envious record having enlarged its fleet from 30 to 80 over the last three years, an example for all to follow. We're in the midst of negotiations with British Airways. Lufthansa is in our sights too.

Due to unprecedented high operational costs, planning is key in aviation, so we want to plan our activities both in the short and long term as accurately as possible.

**Where do you believe SmartLynx Airlines hold a competitive edge?**

Believe it or not, our biggest competitive edge stems from us having a very smart crew and staff. I believe the Balts are a very hard-working and smart people. Plus, we're usually very aggressive when looking for new opportunities and putting them into practice.

**Who are your biggest clients in the Baltics?**

When it comes to charter services, we're working with the leading regional tour operators Novaturas, Tez Tour and others.

**If I had €200,000 to spare, could I book a jet and a crew?**

Of course. You're more than welcome to do it! [grins]

**When's the 17th aircraft set to arrive?**

In 2019.

**Will the acquisition increase your operating costs?**

We usually lease aircraft. Buying them isn't in our plans. The lease is an expensive matter, too, one counted in 10s of thousands of euros to tell the truth. Therefore, we have to know very clearly how the aircraft we lease can be turned into money-makers. This is the gist of the business. The forecasts we're making have to be extremely accurate as the risks are very high. Simply speaking, we can't afford to have aircraft on the ground.



**You run a pilot training centre. Tell us about it.**

The SmartLynx Training Centre is a leading approved training organisation in the Baltic States offering pilot training courses for the Airbus A320 series.

The SmartLynx Training Centre offers the most comprehensive, applied ground training available today. Our core philosophy is to equip graduates with the aviation and commercial knowledge needed for today's professional environment.

On average the centre welcomes between 35 and 40 students each year from all over the world. The majority of graduates find a job at SmartLynx Airlines and build a successful pilot career. Every year between two and three First Officers are upgraded to Captains each year.

**I see a world map on the wall in your office. Is it a symbol of your expansion or is it there for practical reasons?**

In aviation we don't have any walls and limits. The map is for practical reasons. One of our aircraft is landing in California as we speak and it will be landing in Riga next week. So having the map handy helps assess distances, monitor the movement of the aircrafts and so on. And, yes, the map also serves as a symbol of expansion!

**We find Canada very attractive, therefore our current efforts to obtain a license to operate in the country. The developing Asian markets, which have had their ups and downs lately, are also attractive.**

#### **SMARTLYNX FACT BOX:**

*In 2017 SmartLynx Airlines celebrated its 25th anniversary*

*The headquarters of SmartLynx Airlines are in Riga.*

*In 2018 the airline's fleet consists of 14 Airbus A320 aircraft and two Airbus 321s.*

*SmartLynx flight crew members represent over 17 different nationalities.*

*The number of SmartLynx passengers in 2015 reached 1.6 million. In 2016 the figure was 1.9 million and in 2017, 2.5 million, a 56.3 percent increase over the last two years.*

*In 2017, SmartLynx made 15,933 flights (up 19.8 percent from the previous year) from 25 airport bases in Europe, the Middle East and Asia, representing a total of 46,157 block hours (up 21.5 percent from the year before).*

*In 2016, SmartLynx Airlines was one of Latvia's top 10 exporters of services according to the Bank of Latvia.*

*SmartLynx Airlines is the second largest passenger air carrier and third largest passenger carrier in Latvia.*





I'd juggled two jobs back in the old days, repairing medical equipment and taking care of the passengers at the check-in desk. The flexible working schedule of the latter allowed me to hold down both jobs for two years, although my true love was aviation.

Linas JEGELEVICIUS

Obsessed with aviation from an early age, Marius Gelzinis, the director of a new company set up to run all three commercial airports in Lithuania, has had something of a whirlwind career to say the least. Starting as a fresh-faced check-in desk attendant some two decades ago, Gelzinis is today the chief executive of Lithuania's state-owned airports at Vilnius, Kaunas and Palanga. In an interview for *The Baltic Times Summer Magazine 2018* the busy CEO took time out to tell us about his meteoric rise.

# A story to envy: from check-in desk attendant to airports CEO

**For the director of a small airport like Palanga to win the job of running Lithuania's three commercial airports against four other candidates is something of an achievement don't you think?**

Indeed, I appreciate the trust I've been given very much. It tells me that the people in charge of Lithuanian aviation and transportation were happy with my work as the director of Palanga Airport. Moreover, I see the new job as a certain evaluation of my entire career within the aviation field of, a career that will have lasted 20

years in May. My affinity with aviation started when I worked as a check-in desk attendant with the now defunct Lithuanian Airlines and ever since I've shuffled different jobs climbing up the ladder. I held the top positions Baltic Flight Academy and Baltic Ground Services before being appointed to run Palanga Airport.

**You're a medical equipment engineer by profession?**

I am. I came to aviation as an alumni at a school training medical equipment engineers. I'd juggled two jobs back in the old days,

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**What accomplishments are you most proud of from your time at Palanga Airport?**

Now you're into the second month of the new job, what challenges lies ahead? What's your strategy?

Secondly, I want to get to grips with the processes and projects I've inherited. I have my own vision concerning what needs to be done in both the short and long term, but sharing the nitty-gritty is too early, I believe.

First, there's the overstrained capacity of the terminals, which should be a lot more spacious to comfortably accommodate the significantly higher passenger flows.

To partially address the issue we've increased the number of border guard booths inside the airport's non-Schengen zone which has helped shorten the document processing time [per flight] from an hour and a half to 20 minutes. We have an eye on enlarging Palanga in the years to come, but the enlargement won't be on any grandiose scale. Adding an extra 100 or 200 square meters would make a big difference.

The airports in Kaunas and Vilnius are also fairly congested in comparison to many other European airports. So our task, again, is to address the inconvenience and expand the terminals, turning them into modern, state-of-the-art facilities. We've already started work in Vilnius. The upgrade will run in four stages with the first involving the reconstruction of the airport's commercial zones. Further to this we'll improve the traffic flow in the area around the airport' and will gradually see the construction of a new passenger

**Was there anything in your new job that made you, a seasoned aviation man, raise your eyebrows?**

**What besides an improving economy can increase passenger numbers in Lithuania?**

I also believe in the potential of incoming tourism, so with Lithuanian tourism growing we'll keep seeing more tourists come here.

I don't think so. We have a Ryanair base in Vilnius and Wizzair is likely to follow in its footsteps. In a nutshell, the reach-ability of Lithuania is in no way worse than that of Riga. That said, I believe we ought to do more towards making Lithuania more known in the world. That three commercial airports in a country as small as Lithuania operate, in relatively short proximity each from the other, would be a big achievement in a larger country.

When we speak of Riga airport, we tend to have airBaltic in mind. Yes, it creates larger flows of transit passengers there. This is where Riga is better than us. But when it comes to the number of destinations and the variety of airlines, we do better.

??? In Vilnius airport, the number stands at ?? percent, in Kaunas – ??? percent and in Palanga – per cent.

I don't. There are many ways for a traveller to come to Lithuania comfortably. Unfortunately, we don't have the possibility at the moment to attract these airlines. That said, I can assure you we'll do everything we can to expand the geography of air carriers. Few people know perhaps that in order to attract the airlines to fly to all three Lithuanian airports we're offering them certain bonuses. In addition, the Ministry of Transportation and the regions support certain routes.

We're not aware at the moment that the quantity of UK flights will suffer as a result of it. However, Glasgow might be replaced with Edinburgh next year due to Ryanair moving its base from one city to the other.

The question is forever on and off the political agenda, so I'm pretty sure it's just a matter of time before the subject resurfaces again.

I travel quite a lot as an executive. When it comes to holidays, my family is fond of warm weather, so, again, we end up at the airport on the way for a nice escape from the murky skies and cold temperatures At home.

As a matter of fact I don't. As the seasoned man of aviation, I find attractive qualities in most of them.



# Unique Tallinn museum will keep apologists of Communism at bay

Michael MUSTILLO

The opening of an international research centre and museum of communist crimes to be located in Tallinn's notorious Patarei sea fortress-prison complex has been announced by the Estonian Institute of Historical Memory. The Patarei prison currently contains a monument for victims of Communism and Nazism, and serves as a powerful symbol of resistance of the martyrs of the Republic of Estonia. This initiative, the first of its kind in the world, aims to recount the dramatic story of the rise and criminal nature of communist regimes worldwide. In this *The Baltic Times 2018 Summer Magazine* interview, Sandra Vokk, a member of the board of The Estonian Institute of Historical Memory, highlights the facility's plans and aims, discusses the history of communist crimes and invites people to visit.



**What will the museum's concept be? Will it provide an interactive experience? Will the museum be financially sustainable?**

When fully opened in two years, the museum will introduce crimes committed by both the Soviet and Nazi regimes, with the main focus being on the machinery, ideology and crimes of communist regimes, moving from a local overview to the events in Europe and on to the global scale. The museum will also reflect the consequences of putting communist ideology into practice and the impact of such practices in the 21st century. An immersive visitor experience is one of the priorities. Therefore, design

competition entries required the inclusion of plans showing the ways in which, and the extent to which, different multimedia will be used in the museum, including in the interactive parts of the exhibition. It's one of the museum's priorities to develop a financially sustainable business model which includes revenues from contributions, programme services such as admissions, earned income such as merchandise and educational programmes. Government support is also necessary to make the project successful in the long-term. The museum's mission is to ensure that the inhuman and criminal nature of communist regimes and ideologies



**Sandra Vokk,  
a member of  
the board of  
The Estonian  
Institute  
of Historical  
Memory**

is recognised on a much larger scale than it has in the past. It should help individuals everywhere to understand how regimes like this develop and operate, and why it's important to avoid their recurrence.

**How will it help to take a stance against hostile regimes and prevent the rise of totalitarian ideologies in the 21st century?**

The museum's permanent and temporary displays are based on academic research and their aim is generalised knowledge that is comprehensible for very different visitors without setting any aims connected to the politics of the day. The way members of different nationalities intentionally participated in shaping and implementing totalitarian ideologies, out of self-interest or simply blind faith, is conveyed in the museum impartially and without anger. The museum, in combination with the research centre, also creates a suitable environment for fostering the exchange of ideas on an international scope. Among other things, this makes it possible to develop discussion founded on fact-based arguments, which helps to stand up to the distribution of slanted and manipulative information. The museum also makes it possible for the international community to understand the destinies of the peoples who have experienced communist rule and the attitudes arising from it, as well as the global phenomena and processes that are happening today. After we've raised awareness of the historical experience of the full scope of totalitarian regimes we'll be able to protect democracy and human rights much better from both current and future dangers that are hostile towards humanity.

**Do Estonians still need to be educated and reminded about the crimes of communism?**

Yes. Apologists of communism can still be found who believe the idea is noble and that so far it's only the practical application of the ideology that's failed.

**How do young people in Estonia view communism and the crimes committed? How important and relevant will the museum be for them?**

A generation has grown up for whom 1939 and the resulting occupations and terror are a distant and impersonal history and whose knowledge of this period comes mostly in a scrambled form via the internet, media, films, books and school textbooks. It's increasingly rare for young people to hear about direct experiences of repression and terror from family members, making it more difficult to relate to these events and connect them to the present. The museum would help establish that connection. For a large part of the international community, recognition of the criminal nature of communist regimes and the extent of their terror feels uncanny, disturbing an already established worldview

and seeming politically incorrect. Many young Estonians, such as those educated in the West, have uncritically adopted these attitudes. The museum's research-based exposition and temporary exhibitions will help younger people comprehend the consequences of becoming enchanted with totalitarian utopias.

Which leading remembrance institutions will support the international research centre and the work of the museum? What type of support will be offered?

The core of the international coalition consists of The Museum of the Occupation of Latvia, the Genocide and Resistance Research Centre in Lithuania, the Institute of National Remembrance in Poland, the Federal Foundation for the Study of Communist Dictatorship in East Germany and the Estonian Institute of Historical Memory. The initiative is also supported by the European Network of Remembrance and Solidarity, the Central and Eastern European Council in Canada, the Council of World Polonia, the Holodomor Victims Memorial museum in Ukraine, the Ukrainian-Canadian Congress and many others. Support at this stage is substantial.

**This initiative is the first of its kind in the world. In what way is it unique?**

The scope and focus are unique. The museum reflects the fates of people under communist rule from the Baltic States to North Korea. The sphere of influence covered by the secret protocols of the 1939 pact between the Soviet Union and Nazi Germany is a unique focus.

**The museum will cover an area of approximately 5,000 square metres in the eastern part of the prison and will feature authentic prison cells, an execution chamber, prisoners' walkways and much more. How should the dead be remembered?**

The dead should be remembered with dignity. The museum will be a place of both remembrance and learning.

Tallinn's notorious Patarei prison has been chosen as the location for the museum. Is Patarei part of the Estonian psyche?

Every Estonian family, in one way or another, was the victim of totalitarianism, although not all of them fell into Patarei. Today, Patarei is a symbol of the injustice that was committed, a symbol of the people who didn't come back. It's a symbol of survival.

**It's estimated that communist regimes killed approximately 10 million people. How many people were killed in Estonia?**

Research conducted by the Estonian Institute of Historical Memory has so far identified just over 22,000 Estonian permanent residents (including non-citizens) who were killed as a result of communist terror. There are thousands more and the work to identify them continues.

**Which crime or crimes committed during the communist period inflicted on Estonia and the Estonian people had the most devastating consequence?**

Due to the communist occupation, Estonia lost about 20 percent of its population to repression, exodus and war. In addition to immediate persecution, hundreds of thousands suffered from indirect repressions and discrimination. Hundreds of cultural monuments were destroyed along with millions of books. By 1989, Russification and colonisation had reduced the percentage of Estonians in the population to 61 percent. When the Soviet occupation ended in 1991, Estonia had fallen far behind the free world in terms of economic and social development. Since then, extensive reforms and efforts have led the country to recovery. From the victims' perspective, comparisons between the crimes are meaningless.





*Normunds Medens  
is a student at Riga  
Technical University*

N Medens' personal archive



# Why I care about a multicultural Latvia

## Normunds MEDENS

Since I was young I've always loved music. It started with listening to an old Radiotekhnika radio in the late 1980s when Latvia was still part of the Soviet Union. I didn't listen to the broadcasts, because politics wasn't of any interest to me, but music was something special. As a typical Latvian child, I started learning to play the accordion and the piano. Of course it wasn't easy, because I felt pressure from both my mother and my music teacher to be best. The endurance of this pressure is what made me Latvian.

To be honest, I felt it at school, at college and at university. However, the pressure I feel from my relatives and close friends when performing on stage has always been the strongest.

However, and perhaps this is because I'm a Latvian, public pressure never frightened me and my love for music has never diminished. In fact it's grown.

I'm 33 now and it's a good time to evaluate my own and Latvia's progress in over the 28 years since the country's restoration of independence. Being born in 1985, I lived for five years under the Soviets. These years however, as far as I can remember, weren't the best ones in my life to tell the truth.

Soviet radio stations featured non-stop 'ideologically pure' music, and accordingly accessing Western stations such as the BBC or the Voice of America was forbidden and listening to them could get you in big trouble.

And when it came to Western bands, they were seen as part of Western ideology and were therefore never played on local radio.

The National Movement of Awakening in the late 1980s gave music a sort of new power. However, the euphoria I experienced soon ended as the entire nation and my parents plunged into an unknown era of capitalism, complete with its bonuses and shortcomings. One thing that's been engraved in my memory since the peaceful Singing Baltic Revolution as we call it is understanding just how important singing and dancing has been.

I always try to emphasise this fact when I speak to non-Latvians. In fact, I'd say that Baltic freedom was regained thanks to the singing and dancing. I believe that music and songs kept us together and prevented us from fleeing Latvia at the time.

During the Soviet era the famous Latvian Song Festivals with their many participating choirs and orchestras were the cornerstones of Latvian identity. And the Latvians, perhaps sometimes unconsciously, hitched on them.

**Soviet radio stations featured nonstop ‘ideologically pure’ music, and accordingly accessing Western stations such as the BBC or the Voice of America was forbidden and listening to them could get you in big trouble.**

Yet as an amateur musician, I'd like to emphasise the phenomenon of amateur art. In 2018, all three Baltic States celebrate the centenary of the restoration of their Independence. All of them are holding extensive holiday programmes involving plenty of amateur performances. Of course, such celebrations are great, unless the ticket price for such events, as much as €65, is taken in consideration. Yet what I want to emphasise is the phenomenon of the amateur song and dance bands and the uniqueness of solo performers.

Let's agree that talking about multiculturalism is not important anymore. Sadly, many believe that multiculturalism is over, if not in Europe, then in Latvia for sure. But I want to oppose this notion.

As a student in Riga technical university I was participated in university Symphonic band and I'm one of the founders of the University Big Band. I've been working with them for more than seven years. Since joining I've visited many different countries including Germany, Russia, Italy, Sweden and, of course, all three Baltic States.

Usually these concert programmes emanate multiculturalism, because the festival participants have come from all over the world. Remarkably, I've never witnessed a single politically- or nationally-charged incident during them. Needless to say the superiority or inferiority of a country is never discussed during these times.

Let me tell you honestly, I've always found talking with people from the most diverse cultural backgrounds at these events to be the most charming.

It's uplifting to be united by music and dance regardless of religion, political belief or sexual orientation. Neither has skin colour ever been an obstacle in meeting, talking and exchanging contacts. Such events contain amazing possibilities to foster friendship between nations.

Every year, a foreigner arrives in Riga to join the Riga Technical University Orchestra. For example, this year an Australian is participating in rehearsals. These people who choose to play in the orchestra are usually very successful in integrating themselves into Latvian society. This isn't just my observation.

Integration through the music community is fun, interesting and entertaining. I sometimes wonder why Latvia and other European countries can't use song and dance as a way of helping integrate refugees and asylum seekers into their new surroundings.

Often, these non-Latvians play some kind of musical instrument, or they can sing or dance. This is something else I've personally observed.

This way they could also master the local language. Besides, cultural communities are usually very friendly and creative. So do we want to share our cultural wealth with them? And are we open for the different cultural treasures they possess?

I've learned to play various musical instruments and have participated in several Latvian song and dance festivals. I can say that music is my hobby and richness. It can't be taken away by any-

**Integration through the music community is fun, interesting and entertaining. I sometimes wonder why Latvia and other European countries can't use song and dance as a way of helping integrate refugees and asylum seekers into their new surroundings.**

one. Most of the international contacts I've amassed have come through amateur music circles. I'd like to say that, as far as I understand it, music is a universal language that makes it possible to build bridges between different cultures.

Thanks to music and as the member of an orchestra I've travelled to Taiwan, Russia, Germany and Ireland. And let me tell you my musical affiliation has also fostered my business contacts, too. For example, in the autumn of 2016 when I was participating in a Latvian cultural festival in Claremorris in Ireland I was able to make contacts in the dairy industry between my father's company and Irish dairy farmers. Thanks to music and the vast opportunities to participate in international events, I feel that doors are open to me everywhere I go.

In conclusion, I want to return to the topics of multiculturalism and the pressure I mentioned at the beginning.

I believe we must withstand pressure from both the East and the West. The East wishes to have us back under their ideological umbrella, but the West (and I'm aware of my lack of political correctness in saying this) views us as a cheap workforce and a low-cost land. As a matter of fact, this is how the destiny of the Baltic States has always been, stuck in the geopolitical crossroads of various interested parties. I'm convinced that culture and amateur art will allow us to withstand this pressure. Furthermore, by turning amateur culture into an integration tool, we can make the Baltics a great place to live and grow in a multicultural style.



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# Cursed and stereotype-shattering globetrotter from Vilnius

# Linus JEGELEVICIUS

For his work, 42-year-old **Robertas POGORELIS**, a communications expert, dashes between Vilnius and Brussels. In his leisure time you'd find him hunched over his laptop, scrutinising a new far-flung travel destination he's decided to see. With 70 countries under his belt to date, Robertas has just published his second travel-related book and we're sure a third one isn't too far away. *The Baltic Times Summer Magazine 2018* recently sat down with Pogorelis for an informal chat.

You've just published your second book, *Notes of a Cursed Globetrotter* (Užkeikto Keliautojo Užrašai). Why do you call yourself that? You seem to be quite an ordinary type of man, very courteous and easy going.

Well, this is exactly the type who can also be cursed. You never know. In fact, it happened on an overnight bus journey from Germany to Belgium when a Senegalese man cursed me in his local language. He said that because I'd taken his seat I'm the one who killed his parents and slept with his brother. So I'd have no good life in the future.

**I prefer to call you a 'blessed' traveller!**

The guy didn't mean it that way. But thank you!

In your book you shock the reader with tales of the many dangers you've been through whilst on the road. In Belgium you hitched a ride with a mentally disturbed driver who admitted to having murdered his mother. In Venezuela somebody tried to break into your hotel room at night and you found blood stains in the hall in the morning. You crossed the Syrian-Turkish border in a smugglers' bus. On a trip to Palestine you got caught in crossfire. You're putting your life in danger, Robertas. Is it worth it?

Although some of these situations were less dangerous than they sound, they offered me a good test of my personality, how I'd behave when faced with imminent danger. I don't look for danger for the sake of it. There were important reasons why I was in these places at these particular times. For example, there's no other place to get first-hand experience of the Arab-Israeli conflict than in Hebron. Of course, if you go there, you do take certain risks. As long as you take precautions, it can be worthwhile in order to broaden your outlook. What did your mum say after she read the book?

**What did your mum say after she read the book?**

She didn't say much, but said that she liked it. During my decades of globetrotting she's got used to it, although I don't share

all my experiences with her. In fact, she learned about some of them from reading the book.

The book begins with a chapter about your journey to Syria. It must have been a risky trip. Why did you find so important to speak about the war-ravaged country?

Because it's inhabited by some of the best people I've met during all my travels. And they don't deserve all the tragedy that's recently happened in their homeland. It's incredible how much damage dictatorships can do to people, especially in combination with insufficient education, religious fanaticism and the self-interest of some foreign powers. It was obvious during my travels - and I clearly demonstrate it in my book - that Assad's regime is detrimental to the country and its people. It's the same with the regime in Iran. Thousands of people there live double lives, hiding their true beliefs and aspirations. I wish the world could become a more open place in which such regimes couldn't survive. And I believe that travelling can contribute to such change. That's why I encourage it.

**My first book's called *Know How to Travel*. It's a travel advice book, encouraging people to travel independently and teaching them how to find a cheap flight, how to prepare for a trip and how to behave whilst travelling.**





*Robertas Pogorelis is a seasoned traveller*



*Graffiti in a Venezuelan village supporting Hugo Chavez*



*A catch in Tucacas National Park, Venezuela*



*Cuba is a living museum of vintage cars*

**You've already got one book behind you. Tell us about it.**

My first book's called *Know How to Travel*. It's a travel advice book, encouraging people to travel independently and teaching them how to find a cheap flight, how to prepare for a trip and how to behave whilst travelling. It was first published in 2014 at a time when increasing numbers of Lithuanians were taking up the challenge of independent travel rather than sticking to organised package travel. My latest book is devoted entirely to my travel experiences. I've often noticed that blatantly teaching people results in an adverse effect as people tend to learn more from experience rather than by being lectured. So I've included my most intriguing experiences in the new book.





*A morning in Venice*



*A dangerous ride in Addis Ababa, Ethiopia*

**Despite all the risky situations you've found yourself in whilst on the road, you've come out from them unscathed thank God. What precautions do you usually take before setting out on a journey in a far-flung and dangerous place?**

Normally I do extensive online research about the places I'm going to visit. When travelling in dangerous or remote areas I try not to be alone. I do my best not to provoke people by words, appearance or behaviour. For example, I avoid discussing politics or religion with people who show signs of having radical views. I wouldn't wear a yarmulke in the Palestinian territories, wouldn't mingle with the crowd in an anti-Western demonstration in Iran and I wouldn't stare directly into the eyes of a gang of teenagers in any part of the world. In a violent country such as Venezuela we rent a car with a local driver, another precaution. Generally, the more I travel the better feeling I get about what can or can't go wrong. For example, I can usually recognise a scam, although initially it was much more difficult.

**You usually travel by yourself, don't you? Why?**

Not true. I mostly travel with my girlfriend or other friends, although sometimes I do undertake the challenge of travelling alone. Travelling with the right companion is the best, but you have to be sure it's the right one and often you don't know this before you start travelling together. Wrong companions can ruin a trip. As for travelling alone, I sometimes find it a very healthy way of strengthening your responsibility, courage and situational awareness. It's also good for your orientation and communication skills. I wouldn't like to travel alone all the time though.

**Are there places in the world you'd never take your girlfriend to? I know you've taken her to several countries, including Iran, which others would avoid.**

First of all, stereotypes are often a long way from reality. In fact, Iran is a very safe country if you take certain precautions. Venezuela, Syria and Somalia can be much more dangerous. Yet even these have safe and less safe areas. For example, I wouldn't travel to war zones, not to mention taking anyone with me.

**How many countries have you visited?**

Exactly 70. There are more [grins], even though I don't travel for the sake of counting the countries. In fact, more and more often I find myself returning to the places I liked, such as the Philippines or Morocco.

**What do you find the most amazing thing about travelling?**

Discovery. Of the diverse world we live in and at the same time of yourself within it. Breaking your own stereotypes and the stereotypes of the people you meet. Travelling changes the world by broadening your outlook, opening up your mind. Look at Morocco. It's developed enormously during the last decade, largely thanks to open skies, cheaper flights and more encounters with foreigners. Meeting foreign people and finding new friends among them is always good for society. And so is travelling. I can't imagine a real traveller being xenophobic or racist. You become a better person by travelling. Of course, it's always good to know there's a place you can call home. Yet as soon as I come home, I start dreaming of a new trip.

**Where does your passion for travel come from?**





*A desert music festival in Douz, Tunisia*



*Muslim girls in Surabaya, Indonesia*

Probably some of it's in my genes. The rest comes from my parents, to whom I feel very grateful for my passion. When I was five, my mum bought me an inflatable globe. That's how I learned about the existence of Vietnam, Australia and the United States. And when I was nine, I took my first flight from Kaunas to Palanga. Later this broadened to Russia, Ukraine and Armenia, where my parents had friends or where they took me on their business trips. It was still the Soviet period and the rest of the world was still forbidden. The only way for me to learn about it was via shortwave radio, of which I became a very active listener. And then the demise of communism and Lithuania's independence came. At that time I joined youth organisation projects which took me to Northern and Western Europe. Then came my studies abroad, mostly in the UK where I learned about the emergence of low-cost airlines. At that time nobody in Lithuania knew about them. I started writing articles in the popular press about how one can fly for £10. It all seemed so unbelievable.

**What tips do you have for those seeking the best value fares and quality?**

Be flexible about the time and destination. Do your research online about what's worth visiting, when to go (check the climate at the particular time of the year) and by what means. Don't aim for too much and leave enough time for the places you want to visit. Book your flights a couple of months in advance. Limit the amount of luggage you're going to take. Try to stay with local people and don't be afraid of starting a conversation with them. They're an invaluable resource!



*Village children in the Simien Mountains, Ethiopia*

**You've travelled the whole world. Have you got to know Lithuania 100 percent?**

Of course not, although I believe there's no contradiction between discovering Lithuania and discovering the rest of the world. I like both [grins].

**Being so well-travelled, you must think about starting your own travel-related business?**

I've been thinking about this for some time, although at the moment travel is purely a hobby for me. This may change in the future though.

**Can we expect a new book any time soon?**

As I've only just published *Notes of a Cursed Traveller* let me invite more people to read it before I publish something new. At the moment I'm not thinking about any new travel books, although I wouldn't object to updating *Know How to Travel* or publishing it in English. If I publish a new book in the future, it will be very different. And I do have one idea already...



# Futuristic Latvian designer Elza Futuris: “Be 500 percent sure of yourself!”

Philip HOUSELY

**Have the confidence to back your talents and follow your dreams! That’s the advice to young students of fashion and design by someone who’s done just that. I’m talking to Elza Futuris, a young entrepreneur who works as a fashion designer, jewellery designer and maker and artist in Riga. “Always be 500 percent sure of yourself, and never, ever doubt yourself. Remember that fashion, design and jewellery manufacture is always very hard work. You’ll have to make sacrifices, like I did,” she told *The Baltic Times Summer Magazine 2018*.**

## How did it all start?

At school, here in Riga. I loved drawing, painting and everything connected with art. After school I went to a technical college that specialised in art and design. We made fashion collections there, and there was a competition and I won first place. That allowed me entry to the prestigious Intertextil Balticum 2004 international competition. All the design schools in Riga entered. It was my first fashion collection, and to a much bigger audience, together with other young designers from other art schools, academy’s colleges, and so on. It was the largest fashion and textile fair in the Baltic States. From this came my first order, a wedding dress. It was for a young woman who was getting married to a famous singer. I remember the thrill of seeing my creation on television, in magazines and newspapers. It was an emotion I hadn’t experienced.

All this inspired me, and I knew then that I wanted to be a fashion designer, an artist.

## Which area did you start in, clothes or jewellery?

I tried both, but my passion was more for jewellery and accessories, because I know I’m good at this, and the fashion I made especially for my jewellery photo shoots. I studied how other designers did this and bought what I needed so I could start. I began with Art Nouveau and Rococo styles and these proved very popular. But time changes how styles come and go, and technology improves, and so my work did also. I was inspired by Sci-Fi movies, by electronic music, technology and space travel. I imagined jewellery that sparkled in the night, was brought to life by electricity, by the cosmos, and was totally different to anything that was being produced. I knew this was the direction I wanted to take. Last year I created my Era Futuris fashion jewellery line. My logo is a geometric style. Very futuristic. There are so many designers out there, and I knew I had to be different to succeed. I’ve registered my brand name and logo and have a website. The planning for this took a year.

**You had the talent to design and make clothes, jewellery and fashion accessories. But you also needed to sell them and make money. How did you begin doing this?**



*Elza Futuris works as a fashion designer, jewellery designer and maker and artist in Riga*

I knew the owners of a few shops in Riga and I presented them with some samples and ideas, and now they sell my Era Futuris brand. However, one day I was in Tallinn, because I wanted to expand abroad. In the old town I found a lot of interesting shops, but only one gave me a special feeling. They were selling some exclusive brands. It was a large shop, and I could see my jewellery in that shop. I contacted the owner when I returned to Riga, and I was confident she'd take my jewellery even though the shop was only selling Estonian products. There was also a similar shop in Riga, and they both agreed to take my jewellery. Now I'm in six shops altogether, with my jewellery and accessories, plus, of course, I sell items on my website.

#### **Has fashion design taken a back seat now?**

Just for the moment. I remember my first designs when I was at school. They were sporty style, touristic, and when I look back 12 years I think I was already ahead of my time, even then! Silver, gold, black, dragons... just an expression of how I was at that time.

#### **You also design postcards, stationary and books?**

Yes, greeting cards, postcards, envelopes, notebooks and others as well. I had a problem with one shop not taking my postcards and envelopes because, as they put it, I wasn't famous! They showed me some postcards that were nothing special, but were produced by a famous singer. His name sells, they said! However, I asked if they'd take them anyway, and see if they sold. A few days later the owner of the shop called and said they'd sold and asked whether they could have more. However, I did take my postcards to a flower shop and they gave me an opportunity to create special envelopes in floral and Art Deco styles for them. Envelopes for gift tokens, money, cards, theatre tickets, etc. I created nine different designs for them. They liked them so much that I decided to also create a stationary business.

#### **Is there a difference between your customers and tourists in Riga and Tallinn?**

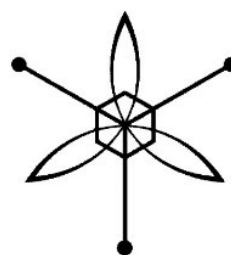
The Estonians are very polite, joyful and open people. They're always smiling. I like them a lot. And they like my jewellery! Of course, as a Latvian I'm proud of my country and the people here. I think tourists are much the same the world over. However, I'm not sure about Tallinn, but certainly Riga attracts tourists to the old town who like to drink beer in pubs, but in the Art Nouveau area the tourists are a little more intelligent!

#### **What about the future? Would you like to expand?**

Yes, I would. I've often wondered about Brussels and Paris. I don't like the system in some countries of sale or return. This way, you only receive money if the shop sells your items and you have to rely on the honesty of the shop owners. I remember reading an interview with a famous designer who said that during his early years 80 percent of his stock disappeared from shops that promised him sales on a sale or return basis. I'll go to Vilnius one day and see how they like my ideas and designs.

#### **How much time do you spend on design and manufacture?**

When I'm designing a new collection it's all day and all night, every day until it is finished. And now it's spring and the shops are busy and the shelves will be empty soon. I must ensure that I have enough stock on my own shelves to send to these shops when they ask. In the past, I've taken time away from my studio to go to a party when I'm in the middle of designing and I haven't been able to enjoy myself. I find myself back at work very quickly! I try and do my design work in the winter when there's little incentive to go outside. Then I can enjoy the summer much more. It takes one month to create a collection for a shop. Remember that each collection is different. Each piece is unique. It's time consuming.



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Earrings are the quickest to make. Rings and necklaces and bracelets take more time. Polishing the metal takes an hour, then after the enamel is applied, that takes two days to dry. After that the stones are applied and again, they take two days to dry. Then the packing of each piece in a special box. Then posting to the client. At the moment I'm looking for someone to help me with that work. I can then also teach them to make the items, and other goods like my Art Deco bags.

#### **And in the future you'll expand your range?**

Yes, I have to eventually. I'd like to produce new futuristic metallic belts, but also hair accessories like head jewellery, diadems, crowns, hair bands and tiaras. Enough to keep me busy, I think. Eventually I want to build a team and enter the Riga Fashion Week with a collection. It's not something I could do alone.





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