



V International Economic Forum

“THE CRISIS AS AN INCENTIVE FOR CHANGE: HUMAN BEING. NATURE. ENTREPRENEURSHIP”

RESOLUTION

*“That which transforms, will continue to exist”
/Rainis/*

On June 30, 2022 the V International Economic Forum “CRISIS AS AN INCENTIVE FOR CHANGE: HUMAN BEING. NATURE. ENTREPRENEURSHIP” took place in the Latvian Academy of Sciences with the aim to analyse the crisis, which Latvia and the entire Europe is facing during the globalization of the 21st century as an opportunity for qualitative changes in humans, nature and entrepreneurship, as well as discuss possible science-based and practical solutions in order to reach a higher level of welfare in our country.

Main organizer of the Forum - Institute of Economics of the Latvian Academy of Sciences. Patron and main supporter of the Forum - “Latvijas Mobilais Telefons” LLC. The following partners also supported the organisation and execution of the Forum: group of researchers from the national research program (VPP) project “Interframe-LV” “Latvian Heritage and Future Challenges for the Sustainability of the State”, and the Latvian Academy of Sciences. Assistance with publicity and social media coverage was provided by: LatvijasZinas.lv, Freecity.lv (“Открытый город”), Dialog TV and Baltic Business Magazine.

107 participants from 20 countries - Latvia, Estonia, Ukraine, UAE, Canada, Poland, Greece, Ireland, Switzerland, Austria, China, Greece, Israel, USA, Moldova, Azerbaijan, Uzbekistan, Georgia and India - attended the Forum in person. Many prominent guests graced the Forum with their presence - the Ambassador of the United Arab Emirates to Latvia Hanan Khalfan Al Aleeli, the Ambassador of Greece to Latvia Efthymios Efthymiades, the Ambassador of Ireland to Latvia Eimear Friel, the Ambassador of the People's Republic of China to Latvia Liang Jianquan, the Ambassador of the Republic of Moldova to Latvia Adrian Rosa, the Ambassador of Azerbaijan to Latvia Elnur Sultanov and the Ambassador of Uzbekistan to Latvia Kadambay Sultanov. Several hundred spectators watched the Forum's opening ceremony and plenary sessions remotely, live on the platform “LMT Straume”.

The V International Economic Forum began with opening speeches from Member of the European Parliament, *prof.* Inese Vaidere, the Minister of Economics of the Republic of Latvia Ilze Indrikšone, the President of the Latvian Academy of Sciences *Dr.* Ivars Kalvins, the head of the Ministry of Agriculture of the Republic of Latvia Janis Eglitis and the director of the Economic Institute of the Latvian Academy of Sciences *Dr.* Nina Linde. The participants of the Forum were greeted remotely by the Prime Minister of the Republic of Latvia *Dr.* Arturs Krisjanis Karins and Minister of Education and Science of the Republic of Latvia Anita Muizniece. Ieva Silina, adviser to the President of the Republic of Latvia Egils Levits on science and education policy, presented the Article of Acknowledgement of the President's Chancellery to Kirovs Lipmans, chairman of the JSC "Grindeks" Council, as congratulations on the 75th anniversary of the company.

Work at the V International Economic Forum was divided into **two plenary sessions and two parallel sections:**

1. **HUMAN BEING. NATURE. ENTREPRENEURSHIP:** in the context of the "Interframe-LV" project, led by academic *Dr., prof.* Baiba Rivza and *Dr., prof.* Inna Romanova.
2. **ENERGY & GREEN ECONOMY,** led by *Dr., prof.* Namejs Zeltins and *Dr., prof.* Irina Pilvere.

CONCLUSIONS AND PROPOSALS OF THE PLENARY SESSIONS

1. **Currently the global crisis is based on Russia's brutal war in Ukraine, which has far-reaching negative consequences.** This war has changed the security situation in Europe and caused several crises: humanitarian, energy and economic. In this situation, it is important to support those entrepreneurs who have so far focused and conducted their activities in the East - Russia and Belarus - and to reorient their activities to the West.
2. **The only way to end this war sooner, most importantly, with Ukraine as the victor and to achieve a restoration of sovereignty across their territory is not to hesitate and provide Ukraine with military financial support to the extent it is needed.**
3. **There has been a significant change in the energy sector, the stable functioning of which needs to be immediately ensured without Russian resources.** There is a pressing need to accelerate the transition to renewable resources, clean energy and to promote the use of solar and wind energy. State and local governments should work on ways to change the daily energy consumption habits of their citizens.
4. **As a country with an EU-NATO border, technological capabilities of Latvia are constantly growing and improving, facilitated by the transition to the 5G network.** In the current geopolitical situation, where the threat of hybrid warfare is growing across national borders, Latvia acts as a vanguard on the virtual frontline. It is important to rapidly identify and neutralise potential threats with the help of the latest ICT tools.
5. **The rapid development of state-of-the-art technologies and the constant increase in the coverage of 5G internet contributes to the improvement of cross-sector cooperation - the integration of IoT prototypes, drones and 5G into the military,**

which serves as a basis for the development and deployment of the next generation wireless technologies in the army. Such solutions significantly increase the country's defensive capabilities, especially in the case of Latvia which has all the necessary resources – highly qualified experts and state-of-the-art technologies.

6. **Cybersecurity requires government support** and their commitment in providing it, as well as technological expertise of specialists, resource and risk management, safe, up-to-date and well-maintained equipment, regular user training in cybersecurity, a secure communications network and the creation of a secure internal network, correct choice of protective equipment and practical training in incident response.
7. The “geopolitical jungle” has returned, which calls for “reenergizing the democracy”, military and energy independence, the formation of which must simultaneously contribute to the economic development of the country. This means **not making “yesterday's” decisions and communicating effectively not only with the international but also the local community.**
8. **It is important to assess the possibilities and potential solutions of alliances such as the European Union and NATO in mitigating the crisis and strengthening the security situation in Latvia.** Countries like China, which had seemingly become more open seven to ten years ago, have closed up even more. A similar situation, where each country thinks more about itself, can currently be observed all around the world.
9. In order to successfully overcome the threat of globalisation in the Baltic region (the outflow and rapid decline of the Baltic population, the negative impact of COVID-19 and the Russian war in Ukraine on the economies of the Baltic States, etc.), **it is essential for the Baltic States to strengthen regional cooperation and interaction in science, research, business and politics.**
10. **It is essential to support and develop lifelong learning and education, especially in the areas of STREAM¹, to maintain and develop human resources in the country.** This would encourage young people to undertake research and become scientists, and to develop entrepreneurial skills in digital and other innovations. A country's growth is based on scientific and economic advances.
11. In order to ensure the long-term development of the Latvian national economy and production of high value-added products, **the Latvian research and development system must meet the European standards².**
12. **The economy must not be a hostage to the policy** the way that it can currently be observed. It is in fact the economic development that needs to set the policy agenda. Economic reforms should never succumb to any ideology, and both internal and external economic relations should be free from any outdated stereotypes.
13. **Due to the different impacts of COVID-19 on communities, regions and countries, it is essential to increase resilience and better prepare for future shocks in the health, environmental, economic and social sectors.** The COVID-19 crisis has dramatically accelerated digitalization and the need to transition to a **low-carbon**

¹ **STREAM** – **S**cience, **T**echnologies, **R**esearch, **E**ngineering, **A**rt and **M**athematics.

² According to “Guidelines for Science, technology development and innovation 2021-2027”.

emission economy. Working remotely has shifted the balance between urban and rural areas, which will have a significant impact on regional development.

14. The direction and meaning of progress for innovation, digitalization, automation, continuous education, requalification and other characteristics that define the fourth industrial revolution, can only be defined by a **person - personality. Only an orderly person can properly maintain their house, their environment, their business, and the world - everyone needs to start with himself.**
15. **All the threats facing the population are national level threats.** National threats are **low levels of exploitation of resources, including labour, the gap between science and business, high levels of alcoholism**, and the fact that there is no system that prevents war being declared outside the law.
16. **Improving the national system for collecting and accessing statistical data is essential** for the successful long-term development of a research-based decision-making country.

CONCLUSIONS AND PROPOSALS OF THE SECTION "HUMAN BEING. NATURE. ENTREPRENEURSHIP: IN THE CONTEXT OF THE INTERFRAME-LV PROJECT"

1. **Implementation of sustainable development strategies and policies requires the use of evidence-based tools and methods**, such as reviewing and updating regular studies and data, systematic evaluation of the impact of current policies and their adaptation to fit the current situation, as well as performing cost-benefit analysis for decision making.
2. The pace of economic development in Latvia is slowed down by significant regional differences - one of the main reasons that discourages people from moving to regions is the large differences in wages. In the context of regional segregation, **it is important to prevent the economic stagnation of regions and the outflow of social, economic, political and human capital from municipalities in said regions.** All available labour resources in the country should be utilized, including the promotion of employment of people with disabilities and young people.
3. **Citizens should be encouraged to expand their knowledge** - both practical knowledge, digital skills and knowledge of private pension savings - in order to promote business development, including the development of social entrepreneurship. This way people could qualify for higher-paid jobs already offered in the labour market and better ensure their material situation when they retire.
4. **Pension is an essential element of social protection for citizens.** The pension system must ensure the protection of pensioners against poverty, the levelling of consumption and the gender gap in pensions. The results of the study show stratification of the population in terms of income and show that half of Latvian taxpayers contribute to pension capital savings from a relatively low income. **As a result, insufficient contributions do not ensure the funds needed for adequate pensions to be paid. Life pension regulations in Latvia need to be reviewed in order to avoid inadequately low payments to pensioners.**

5. **Education at different levels** (for elders as well), including professional and lifelong learning, is an important element in enabling and raising interest to enter the labour market and to promote entrepreneurship through new and innovative projects.
6. **Public administration institutions should make greater and more effective use of digital solutions** - new technologies and social networks to inform and engage the public.
7. **Innovation must be at the heart of the business strategy during the crisis and during the recovery phase.** It is essential to build a business-friendly ecosystem that can adapt to shocks and new challenges. Businesses need to implement **four principles or lines of action** for business development and for strengthening their adaptability to new conditions - this applies to those that have already begun this process and for those who are yet to begin. **(1) Strategic: development of remote working policies;** strategic workforce planning in the context of the company's business plans and the skills needed to implement them; diversification of the areas of activity; rationalisation; flexibility and the ability to adapt to new conditions; movement towards digital transformation. **(2) Acquisition of additional skills:** skill development programmes for training staff, including digital skills; cognitive skills (critical thinking, creativity, problem solving, etc.); socio-emotional skills (for maintaining professional ties even when working remotely); adaptability and flexibility; training courses about protection of personal data and confidentiality when working remotely. **(3) Introduction of new forms of employment in addition to remote work,** such as rolling schedules; piece-work; shortened working week; flexible work schedule; multiple jobs. **(4) Exchange of experience events,** for example, between members of professional associations.
8. The bioeconomy and the circular economy are interlinked and form a single segment within the ecosystem of the economy. Their implementation involves digitalising the economy and improving the digital skills of employees in businesses. **Municipal governments should actively be involved in the use of financial instruments to improve digital skills and services, thus contributing to the implementation of circular economy.**
9. In Latvia, **there is a pressing need for more extensive training on sustainability principles and education on sustainable development issues,** including the Green Deal, in which circular economy is included (transition from the "take, produce, consume, discard" model to the "reuse, split into parts, recycle, consume less" model).

CONCLUSIONS AND PROPOSALS OF THE SECTION "ENERGY & GREEN ECONOMY"

1. The main challenges facing the energy sector in the future relate to minimising the negative effects of climate change, including reducing CO₂ emissions. **The main issues that need to be addressed not only in Latvia but throughout the entire EU are energy security, including access to energy resources, and energy efficiency.** The EU needs liberalisation of the electricity market. In future, **electricity consumers will need to adapt to the electricity producer** (rather than the other way around, as

it is now). **It is also necessary to review the issues of electricity supply in different EU countries**, as large fluctuations in electricity prices are expected in the future.

2. The main solutions for the energy sector include the transition to saving and efficient use of various resources, including energy resources. As new technologies evolve, production processes and household technology equipment must be compact and energy efficient, so **knowledge and innovative solutions are needed to rearrange the production of different equipment and machines**. The same goes for buildings and structures. **The focus should be on the rational and efficient use of energy resources and the creation of more renewable energy sources - consideration should be given to the construction of small nuclear power plants** to improve energy security. Circular economy principles should be used in production and supply chains, in order to reduce waste.
3. **The heat supply sector requires diversification from using gas to using alternative energy resources, both in households and municipalities**. Good practices and experience observed in other countries should be used in order to reduce the dependence on energy imports. JSC "Latvenergo" should operate according to market principles. **A lack of capacity has been forecasted in the electricity production sector, therefore solutions to compensate for this shortage need to be found urgently**. It is necessary to educate citizens and the society in the cost-effective use of energy resources.
4. Although the share of renewable energy in total consumption in Latvia is close to 50%, in the future Latvia will also be able to rely on Scandinavian countries, which have developed a high-capacity wind energy production, which can accumulate and store energy. Thus, it is wind energy that could stabilise energy prices in the near future, however, in Latvia energy security could be guaranteed with the construction of the Paldiski liquefied gas terminal and smart use of the Inčukalns gas storage facility. **It is important that Latvia transitions from being an importer of energy resources to an exporter of energy resources**, which would, in turn, lower the prices of energy. **Therefore, it is absolutely necessary to develop solar and wind energy production in Latvia**. It is important to balance the locations of wind and solar farms in such a way, that they leave the least impact on the environment. Construction of wind farms in the forest area have been considered (peat bogs would be the best choice for this), however this idea should be assessed extremely carefully. **The use of renewable energy in the future will improve energy supply, reduce the price of energy resources, promote investment attraction, develop new technological solutions and develop the national economy**.
5. The Taxonomy Regulation is part of the European Commission's Action Plan to finance sustainable growth and **aims to promote green investment and prevent so-called "greenwashing"**, i.e., situations where businesses deceive the public by claiming their products are environmentally friendly, when they are in fact not. The European Parliament has not objected to the European Commission's delegated act on taxonomy. This Act (under certain conditions) classifies certain natural gas and nuclear economic activities as environmentally sustainable, thus including them in the EU

taxonomy, listing them as environmentally sustainable activities. The European Commission considers private investment in the production of natural gas and nuclear energy as essential in the transition to a sustainable economy. They have therefore proposed that certain nuclear and liquefied natural gas related activities should be classified as transition activities that help mitigate climate change. These activities will be classified as such for a limited period of time and the classification will be subject to specific conditions and transparency requirements.

More information: <https://economicforum.lv>

Theses of the Forum speakers: https://economicforum.lv/wp-content/uploads/2022/07/Book_of_Abstracts_2022.pdf

Presentations and video footage of the Forum speakers: <https://economicforum.lv/presentations/>

