

THE MULTI-SPEED BALTIC STATES

REINFORCING THE DEFENCE CAPABILITIES OF LITHUANIA, LATVIA AND ESTONIA

Piotr Szymański

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OSW |

CENTRE FOR EASTERN STUDIES

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INTRODUCTION

In June 2017, NATO battalion-size battlegroups deployed in the Baltic states in accordance with the provisions of the July 2016 Warsaw NATO Summit achieved combat readiness. This marks a milestone in the process of reinforcing the alliance's deterrence and defence posture on the Eastern flank. In parallel to this, the Baltic states have been making efforts to improve their own defence capabilities. Starting from 2018, all three countries will allocate at least 2% of GDP to defence, pursuing the modernisation of their armed forces (which has been accelerated since the annexation of Crimea). The sense of threat posed by Russia has also cemented the political consensus concerning the main lines of defence policy. Regardless of this, the Baltic states will have to face a number of challenges in the coming years which may adversely affect the development of their defence potential. The most important of these are the demographic crisis and ensuring wide public support to increased defence spending. The presence of NATO forces will also require, for example, developing the military infrastructure, ensuring the continuity of troop rotation and providing them with the adequate military equipment needed to carry out their tasks.

As regards defence policy, the Baltic states are usually treated by experts as forming a single unit. The reasons for this include a similar threat perception, similar military capabilities, and finally similar military modernisation programmes. However, the differences in their demographic and economic potentials as well as strategic cultures have resulted in them adopting different models of their armed forces.

THESES

- The past few years have proven that the political consensus concerning defence investments and the presence of allied forces developed by the Baltic states in response to the annexation of Crimea is durable. Since 2014, subsequent cabinets, regardless of the differences in their political agendas, have continued or intensified actions taken by their predecessors in defence policy.
- Maintaining the tempo of increasing defence spending creates new possibilities regarding the modernisation of the Baltic states' armed forces. In 2017, their defence budgets taken together were almost double what they had been in 2013. Starting from 2018, all three countries will allocate at least 2% of GDP to defence.
- Although, when compared to Russian military power, NATO battalion-size battlegroups are of low combat value, the Baltic states view them as a significant contribution to their own limited defence capabilities. Air defence is the most visible gap in the capabilities of the NATO forces. This is the reason why the Baltic states have been making efforts in order to ensure that medium-range air defence systems are deployed in their territory. The deployment of the NATO battalions means that the persistent rotational presence of the US company-size units in the Baltic states will be replaced with periodical exercises of elements of the US Armored Brigade Combat Team stationed in Poland. Ensuring the permanent presence of American forces will be the most important thing for the Baltic states as they view the US as the main guarantor of their security.
- The Baltic states are often viewed by the West and Russia as a single region. However, the different economic and demographic potentials, strategic cultures and geographic location result in differences in their defence solutions. Estonia is devoted to a conscript-based army with a significant reserve force, Latvia is developing professional army with a small reserve, and Lithuania has decided to combine the two models.
- Over the past few years, Lithuania has taken the most active and comprehensive measures of all the Eastern flank countries to improve its capabilities to defend its own territory. Lithuania is turning from a country which used to cut military expenditures into a new defence policy leader among the Baltic states. This has been possible owing to the rapid increase in its defence spending in 2013–2017.

- The example of Estonia shows that a country which is smaller and more distant from its key allies more readily involves society on a broader scale in its defence system to demonstrate the will to defend itself. Estonia views its defence solution as optimal, but does nevertheless concede that there are some challenges resulting from the small number of personnel, the amount of military equipment and due to the time needed to conduct mobilisation in the face of a sudden military attack.
- The Latvian army suffered the consequences of the financial crisis to a greater extent than those in Lithuania and Estonia. This is the reason why Latvia gave up bigger military reforms in the past few years so as to avoid their negative impact on manning existing units and the rearmament programme. Latvia is not preparing to reinstate conscription due to financial shortages, a lack of military instructors and insufficient infrastructure. Furthermore, it assumes that there will be no time for general mobilisation in the case of conflict.
- The constantly decreasing number of people reaching enlistment age is the greatest challenge for the defence systems of the Baltic states and their plans to increase the number of soldiers. An ageing society and emigration may also adversely affect the economic situation and, as a consequence, defence expenditure. In the coming years, the debate on defence policy in the Baltic states will concern the degree to which the public can be engaged in national defence – the legitimacy of introducing selective conscription in the future (Latvia) and increasing the number of conscripts (Lithuania and Estonia).
- The Baltic states are unlikely to buy large quantities of armament and military equipment in the coming years. They are more likely to focus on the implementation of projects already launched which will engage their defence budgets to a significant extent. Part of defence capabilities in the Baltic states are being built from scratch. This means there is a lack of adequate infrastructure, instructors and command, which prevents the army from putting new equipment into service rapidly.
- Defence investment will remain a priority for the Baltic states, especially given the fact that the Donald Trump administration attaches more importance to NATO members complying with their obligations in this area. There is an ongoing discussion in the Baltic states about the optimal limit for increasing defence expenditure. There is the risk that a substantial

increase in military expenditure might adversely affect the quality of other public services in countries which are still recovering from the financial crisis. This would result in lower public support for defence policy.

I. THE BALTIC STATES' DEFENCE AWAKENING: COMMON POINTS

The fact that Lithuania, Latvia and Estonia all view Russia as the greatest threat to their sovereignty, their distance from the key allies and their limited military potentials make their defence policies to a large extent similar. Since the annexation of Crimea, the Baltic states' defence policies have relied on two pillars: investments in their own military capabilities (being developed to counter both conventional and hybrid threats), and efforts to ensure the permanent presence of NATO and US forces.

When Russia announced its army modernisation programme for 2011–2020, the armed forces of the Baltic states had to deal with significant personnel and materiel shortages caused by the financial crisis. They also focused their efforts on the ISAF operation in Afghanistan. The annexation of Crimea which coincided with restricting NATO's expeditionary operations came as a clarion call to the Baltic states which increased their defence spending to satisfy the most urgent needs of their armed forces and to ramp up rearmament. The role of the USA has increased even more in their defence policies: it deployed three small (company-size) rotational units in the Baltic states which were temporarily reinforced by troops from the European allies. As a consequence of the implementation of the provisions of the Warsaw NATO summit, this form of reassuring the Baltic states has been replaced with the deployment of NATO battalion-size battlegroups.

1. Defence spending and exercises

Maintaining the tempo of increasing defence spending creates new possibilities regarding the modernisation of the Baltic states' armed forces. In 2017, their defence budgets taken together were almost double what they had been in 2013, mainly as a result of measures taken by Lithuania and Latvia. Given the fact that the defence doctrines of the Baltic states envisage holding areas of strategic importance until help is received from NATO, delaying the enemy's actions and disorganising its rear, they invest mainly in land forces (mechanisation, artillery, anti-tank and air defence) and in territorial defence forces (TDF)¹. The Baltic states usually acquire second-hand and cheaper armament and military

¹ Latvia and Estonia have been enhancing TDF integration with manoeuvrable forces (in Lithuania, TDF are part of land forces). The air forces of the Baltic states have no combat aircraft, and their navies have limited patrol and mine countermeasures capabilities.

equipment as part of intergovernmental negotiations. Since their defence industries are weak, they are only interested in offset arrangements to a small degree, which allows them to fill capability gaps at a faster rate. In this process, the significance of support from the USA (using the funds of the European Reassurance Initiative) and NATO (NATO Support and Procurement Agency, see Appendix 2) is growing. The Baltic states' programme of military exercises has also changed since the annexation of Crimea. More emphasis is being put on urban warfare, the defence of critical infrastructure and public administration buildings as well as co-operation between the police, border guards and special forces. Additionally, exercises involving the partial mobilisation of reserves and raising the level of the army's combat readiness have gained significance.

2. The political consensus

The past few years have proven that the political consensus concerning defence investments and the presence of allied forces developed by the Baltic states in response to the annexation of Crimea is durable. Since 2014, subsequent cabinets, regardless of the differences in their political agendas, have continued or intensified actions taken by their predecessors in defence policy². Defence policy has become an area in which the prime ministers and presidents have been able to make an outward show of their responsibility to public opinion and of their predictability to their NATO allies.

3. The presence of the allied forces

Although, when compared to Russian military power, NATO battalion-size battlegroups are of low combat value, the Baltic states view them as a significant contribution to their own limited defence capabilities³. During peace time, NATO battalions (which achieved full combat readiness in June this year, participating in Saber Strike exercises) are subordinated to the commanders of the Baltic states' host brigades and are stationed at the main army bases (Rukla/Lithuania, Ādaži/Latvia, Tapa/Estonia). The Baltic states at present are focused on ensuring an ambitious exercise programme with various scenarios

² In 2016, Estonia allocated additional funds for the army soon after the leader of the previously isolated Centre Party (backed by the Russian-speaking electorate) became the prime minister. After the parliamentary election in Lithuania in 2016, the new government has made more far-reaching proposals than its predecessors to increase defence expenditure and introduce universal conscription.

³ In the case of Estonia and Latvia, the NATO battalions in fact double the strength of the combat ready units in their land forces.

for putting the NATO battalions into action, a simple chain of command, and the continuity of allied troop rotation – a few years in advance, as was the case with the BAP mission. They have also made efforts to ensure that the armament and military equipment of NATO forces fill in the gaps in their capabilities (air defence, tanks, artillery). In connection with the deployment of the NATO battalions, the Baltic states have allocated additional funds on the development of training grounds, army barracks and ammunition storage facilities in the various parts of the countries. As a result, their defence budgets have one of the highest shares of infrastructural investments in NATO (supported by the USA/NATO)⁴.

⁴ The NATO average in 2016 was around 3.2%, while in Lithuania this ratio reached 3,59%, in Latvia it was 12.98%, and in Estonia 12.15%. NATO, Defence Expenditure of NATO Countries (2010–2017), 29 June 2017, http://www.nato.int/nato_static_fl2014/assets/pdf/pdf_2017_06/20170629_170629-pr2017-111-en.pdf

II. THE BALTIC STATES' DEFENCE SOLUTIONS: THE DIFFERENCES

The Baltic states are often viewed by the West and Russia as a single region. However, the different economic and demographic potentials⁵, strategic cultures and geographic location result in differences in their defence solutions. Estonia is devoted to a conscript-based army with a significant reserve force, Latvia is developing professional army with a small reserve, and Lithuania has decided to combine the two models (Appendix 3). Differences can also be seen in the armed forces modernisation programmes, for example in infantry mechanisation programmes and the purchase of self-propelled artillery (Appendix 2). The joint procurements are impeded by different defence budgets, operational requirements, and bureaucratic barriers.

1. The Lithuanian acceleration

Over the past few years, Lithuania has taken the most active and comprehensive measures of all the Eastern flank countries to improve its capabilities to defend its own territory. Lithuania is turning from a country which used to cut military expenditures into a new defence policy leader among the Baltic states. This has been possible owing to the rapid increase in its defence spending in 2013–2017 (by 170%, from 267 to 724 million euros/from 0.8% to 1.8% of GDP) which significantly accelerated the modernisation of the armed forces (mainly in co-operation with Germany, Appendix 2). In 2016, Lithuania allocated around 30% of its defence budget to new procurements, which put it in second place in NATO⁶ (the threshold set by NATO is 20%). Lithuania is developing its army model based on a professional component backed by TDF and bolstered by selective conscription. The reinstatement of conscription in 2015 makes it possible to re-create reserves and to tackle the problem of the manning deficit in many units (especially visible among lower-ranking soldiers)⁷. Lithuania's priorities for 2017–2022 are: to create a new structure of the armed

⁵ Lithuania – GDP: US\$43 billion/population: 2.9 million (6% ethnic Russians); Latvia – GDP: US\$28 billion/population: 2 million (27% ethnic Russians); Estonia – GDP: US\$23 billion/population: 1.3 million (24% ethnic Russians).

⁶ According to NATO estimates, this will be around 31% in 2017, i.e. the third highest result in the alliance. Latvia and Estonia needed to focus more on investments in military infrastructure, allocating respectively 19% and 18% of their defence budgets in 2016 for new procurements. These figures are expected to rise to around 20% and 19% respectively in 2017. NATO, Defence Expenditure of NATO Countries (2010–2017), *op. cit.*

⁷ Conscription covers 3,500–4,000 conscripts annually (mainly volunteers).

forces (with two brigades at peace time and three at war time) with a trained reserve and a mobilisation system, and increasing the number of professional soldiers (conscriptio, financial incentives). As regards investments, strengthening air defence (buying the Norwegian air defence system, NASAMS) and the deliveries of Boxer infantry fighting vehicles are the most important moves. The purchase of 88 Boxers (for two battalions) will introduce a new quality to the Lithuanian land forces.

What makes Lithuania distinct among the Baltic states is not only the fact that it has the largest economic and demographic potential, but also its different strategic situation. On the one hand, it is determined by the simultaneous proximity of the militarised Kaliningrad Oblast to the West (with Russia's right to military transit via Lithuanian territory) and the potential threat from the Eastern direction (from Belarus or the Pskov Oblast via Latgale in Latvia). On the other hand, Lithuania, unlike Latvia and Estonia, has greater prospects of receiving support from allied forces by land via Poland. Given the need to operate in many directions, Lithuania is forming two additional brigades with headquarters in Klaipeda (most of the conscripts will be trained there) and Vilnius (reserve brigade), and is increasing its army at a faster rate than Estonia and Latvia (the number of professional soldiers increased by 10% in 2014–2017). Lithuania is expected to have more than 20,000 soldiers after 2018 (half from the professional component with the rest being formed by TDF and conscripts).

2. The Estonian adaptation

Unlike with Lithuania and Latvia, 2014 did not bring a major change in Estonia's defence policy. Already at that time Estonia allocated 2% of GDP on defence expenditure. As a result, the tempo of its growth cannot match that of Lithuania and Latvia. In 2016, the new government introduced the 'two plus plus rule' meaning that the base 2% of GDP will be supplemented by additional money for host nation support and a special defence investment fund from the general budget pool (Estonia's defence expenditure will reach 478 million euros/2.1% of GDP in 2017). One of the defence ministry's priorities for 2018–2021 (part of the strategy for 2017–2026) is to establish a separate cyber defence command. Considering the experience with Russian cyber attacks (2007) and the advanced digitalisation of the public administration, strengthening cyber security is of special significance for Estonia. Investments will be focused on the mechanisation programme (CV90 infantry fighting vehicles) and making up for ammunition shortages (anti-tank, artillery and mortar). Estonia will spend 235.5 million euros on ammunition supplies in 2016–2021. TDF will also be reinforced by five new companies.

Estonia is characterised by the impact of the Finnish defence doctrine. It is visible in the development of a conscript-based army with a small professional component (one fully professionalised battalion), its large reserve, significant Territorial Defence Forces (see Appendix 3) and comprehensive approach to state security. The example of Estonia shows that a country which is smaller and more distant from its key allies more readily involves society on a broader scale in its defence system (conscription, TDF) to demonstrate the will to defend itself. Estonia views its defence solution as optimal, but does nevertheless concede that there are some challenges resulting from the small number of personnel, the amount of military equipment and due to the time needed to conduct mobilisation in the face of a sudden military attack. Therefore, to improve the speed of the mobilisation of reserve units in 2016, it began holding snap drills for reserve soldiers. Estonia will also increase the number of wartime troops by expanding conscription (from 3,200 to 4,000 conscripts annually)⁸. Even though formally speaking there is universal conscription in Estonia, in fact it covers less than 40% of the men born in a given year.

3. The Latvian catching up

Before the annexation of Crimea, Latvia had the smallest defence capabilities among the Baltic states. The Latvian army suffered the consequences of the financial crisis to a greater extent than those in Lithuania and Estonia. Personnel cuts reached 10%, and defence budget cuts reached 50%. It is only in 2017 that Latvia will spend more on defence than in 2008 (in the case of Lithuania and Estonia this happened in 2015). This is the reason why Latvia gave up bigger military reforms in the past few years (for example, introducing conscription or forming a second brigade) so as to avoid their negative impact on manning existing units and the rearmament programme⁹. The rapid increase in defence expenditure is expected to enable a fast recovery from crisis mode, although the budget dynamics are not so high as in the case of Lithuania – it grew by 110% in 2013–2017 (from 212 million euros to 448 million euros/from 0.9% to 1.7% of GDP). Three priorities are distinguished in the updated modernisation programme for 2016–2028: early warning and command, combat readiness and host nation support. Given the proximity of the Russian airborne forces in Pskov, early warning is especially important in the case of Latvia; hence the

⁸ The second army brigade is being formed in the south-eastern part of Estonia and will primarily be tasked with training conscripts.

⁹ After personnel shortages are replenished, the Latvian armed forces will consist of 17,500 troops (6,500 professionals, 8,000 TDF and 3,000 reservists).

procurement of new radars (see Appendix 2). In turn, mobility of the land forces is to be ensured by the motorisation of the 1st battalion (CVR[T] vehicles; previously Latvia had only a dozen or so armoured personnel carriers).

One characteristic of Latvia is that its land forces are concentrated near Riga (two light combat battalions), while only TDF are present in the regions bordering Russia and Belarus¹⁰. After lessons learned from the annexation of Crimea, Latvia decided to permanently station a regular army unit in Latgale (from 2018) and to intensify exercises in the east of the country. Latvia is not preparing to reinstate conscription due to financial shortages, a lack of military instructors and insufficient infrastructure. Furthermore, it assumes that there will be no time for general mobilisation in the case of conflict. Another important factor is the fact that Latvian society is divided over whether Russia should be perceived as a threat¹¹. Therefore Latvia is more cautious about making citizens involved in defence system on a broader scale, preferring voluntary engagement instead. Therefore Latvia is investing in voluntary military training for citizens, defence education at schools and in territorial defence forces. It is also creating an active reserve system – by 2018, 3,000 of 7,000 reserve soldiers will be assigned to specific units, which will enable fast call ups and reinforcements in case of crisis.

¹⁰ Latvia has eighteen TDF battalions. By 2018 each of them is expected to have one better equipped and trained company with a higher combat readiness level. The number of TDF members is expected to grow from 8,000 to 12,000 by 2020.

¹¹ The pro-Russian Harmony party has the highest political support in Latvia.

III. POSSIBLE DEVELOPMENTS AND CHALLENGES

The reinforcement of the Baltic states' military potential will to a great extent depend on their economic and demographic situation. One important task for the Baltic states will be maintaining stable public support for investments in the defence sector and the presence of NATO forces. Their deployment is just the first stage of integration of the NATO battalions with national and allied defence planning. In parallel to this, the Baltic states will make efforts to ensure that a permanent US military presence is maintained.

1. Demography, conscription and the development of the reserves

The constantly decreasing number of people reaching enlistment age is the greatest challenge for the defence systems of the Baltic states and their plans to increase the number of soldiers. An ageing society and emigration may also adversely affect the economic situation and, as a consequence, defence expenditure. In the coming years, the debate on defence policy in the Baltic states will concern the degree to which the public can be engaged in national defence – the legitimacy of introducing selective conscription in the future (Latvia) and increasing the number of conscripts (Lithuania and Estonia). The plans of Lithuania and Estonia to this effect may lead to the army becoming an excessive focused on training conscripts and thus lower the level of combat readiness of the regular forces. This may also have negative other-than-military consequences. In the case of Lithuania, reinstating conscription is viewed as one of the factors which contributed to intensifying emigration from the country in 2015. In turn, voluntary military training for civilians in Latvia will not resolve the problem of the manning deficit in the army.

2. Defence expenditure

Defence investment will remain a priority for the Baltic states, especially given the fact that the Donald Trump administration attaches more importance to NATO members complying with their obligations in this area. Furthermore, since the annexation of Crimea and increasing the defence budgets in the Baltic states, the defence ministries have gained significance and have been able to apply for additional funds more successfully. Urgent infrastructural needs or the possible need for a stronger expeditionary engagement may however temporarily slow down the tempo of armed forces modernisation programmes. After 2018, the level of defence spending in Lithuania, Latvia and Estonia will most likely be at 2% of GDP or slightly higher. There is an ongoing discussion in the

Baltic states about the optimal limit for increasing defence expenditure. There is the risk that a substantial increase in military expenditure might adversely affect the quality of other public services (for example, healthcare) in countries which are still recovering from the financial crisis. This would result in lower public support for defence policy. Hence the need to explain to the public that it is necessary to invest in defence due to the threat posed by Russia. A higher defence budget also means an increased risk of corruption.

3. The modernisation programmes

The Baltic states are unlikely to buy large quantities of armaments and military equipment in the coming years. They are more likely to focus on the implementation of projects already launched which will engage their defence budgets to a significant extent (see Appendix 2). Part of defence capabilities in the Baltic states are being built from scratch (for example, self-propelled artillery). This means there is a lack of adequate infrastructure, instructors and command, which prevents the army from putting new equipment into service rapidly. In the future, major investments will be made in the Baltic states' air forces (the replacement of post-Soviet helicopters). The most important new procurements in the Baltic states at the beginning of the next decade will most likely include Estonia acquiring self-propelled howitzers, Latvia mechanising its 2nd battalion and purchasing short-range air defence, and Lithuania acquiring multiple rocket launchers (talks with Norway, Germany and the USA are underway). Since Trump's victory, the Baltic states will probably wish to acquire armaments from the USA in order to build good relations with the new administration.

4. Strengthening the allied presence

The Baltic states will continue their efforts to strengthen the allied presence in their territory and to be granted as much funding as possible from the USA's European Reassurance Initiative programme. To achieve this, they will make efforts to keep the Russian threat high on NATO's agenda, for example, by attracting their allies' attention to Russia's military activity in the Baltic Sea region. Ensuring the permanent presence of American forces will be the most important thing for the Baltic states as they view the US as the main guarantor of their security. Meanwhile, the deployment of the NATO battalions formed mainly by the forces of European allies means that the persistent rotational presence of the US company-size units in the Baltic states will be replaced with periodical exercises of elements of the Armored Brigade Combat Team stationed

in Poland (the USA has promised to send 600 soldiers to the Baltic states for the period of the Russian Zapad 2017 exercises).

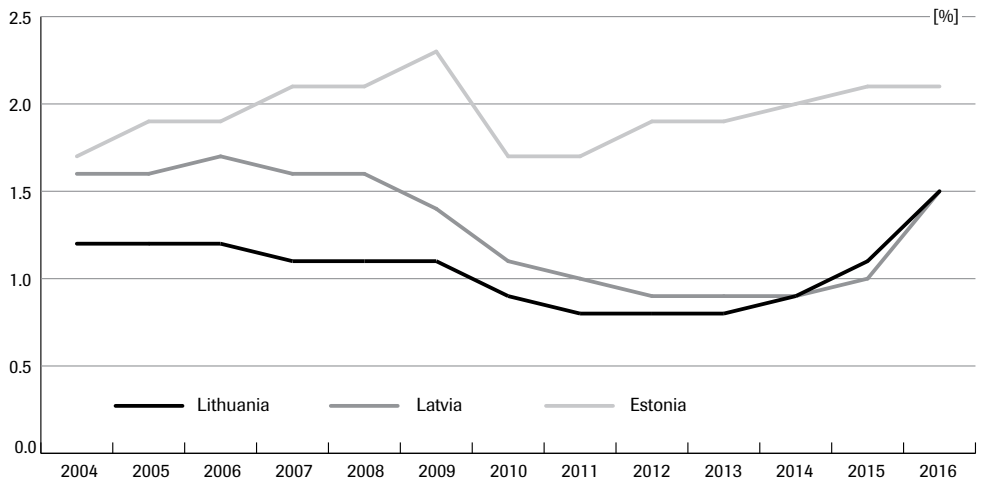
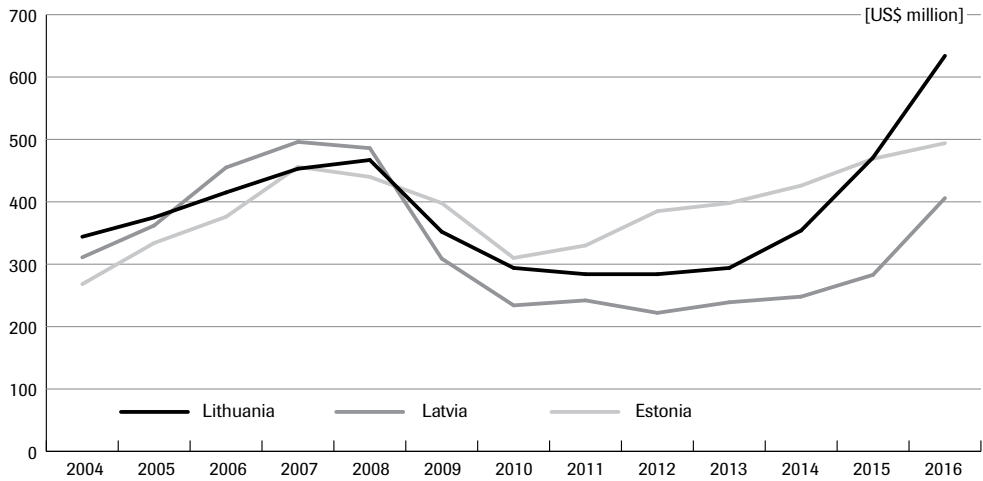
5. The battalion-size battlegroups

One of the weaknesses of the NATO battalions is their multinational character. It impedes their integration and co-operation with the forces of the host countries and poses a challenge to ensuring the continuity of troop rotation (making it necessary to engage more contributing countries in the future). Estonia is in the best situation because the battlegroup operating in its territory is the most homogeneous – 800 soldiers are ensured by the United Kingdom. Battlegroups in Lithuania and Latvia consist of subunits from 5–6 countries. Air defence is the most visible gap in the capabilities of the NATO forces. This is the reason why the Baltic states have been making efforts in order to ensure that medium-range air defence systems are deployed in their territory (they have also appealed for NATO's navy presence to be strengthened in the Baltic Sea). The first battlegroups rotation has also laid bare other shortages – for example, in self-propelled artillery in Latvia. This is because it is mainly the capabilities of the contributing countries and the insufficient military infrastructure (barracks and training grounds) of the Baltic states that determine deployed equipment. As a result, a part of soldiers and conscripts in the Baltic states had to move to tents to make space in the barracks for NATO troops. As regards large groups of Russian-speaking minorities, in the case of Lithuania, Latvia and Estonia it will be important to counteract Russian propaganda discrediting the presence of NATO forces in the Baltic states.

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APPENDICES

APPENDIX 1. MILITARY EXPENDITURE OF THE BALTIC STATES IN MILLIONS OF US\$ AND AS A PERCENTAGE OF GDP ACCORDING TO SIPRI (2004-2016)



APPENDIX 2. THE MOST IMPORTANT ARMAMENT PROGRAMMES OF THE BALTIC STATES (ACCORDING TO PURCHASE DATE)

Equipment	Quantity	Date	Supplier	Price	Delivery
Lithuania					
Javelin anti-tank missiles (new)	n/a [1]	X 2014, VI 2016	USA (intergovernmental agreement)	US\$28 million	2015-17
PzH 2000 self-propelled howitzers (used)	21[2]	IX 2015	Germany (intergovernmental agreement)	EUR16.2 million[3]	2016-19
UNIMOG trucks (new)	340	I 2016	Daimler AG (via NSPA)	EUR60 million	2016-21
Boxer infantry fighting vehicles (new)	88	VIII 2016	ARTEC (via OCCAR)	EUR385.6 million	2017-21
NASAMS air defence systems (n/a)	2 batteries	X 2016 [4]	negotiations with the Norwegian government and Kongsberg underway	around EUR100 million	by 2020
M577 support vehicles (used)	168	XI 2016	Germany (intergovernmental agreement)	EUR1.6 million	2016-17
Latvia					
CVR(T) armoured vehicles (used)	123	IX 2014	United Kingdom (intergovernmental agreement)	EUR52.2 million [5]	2016-20
AN/MPQ-64F1 Sentinel radars (new)	4	IX 2015	USA (intergovernmental agreement, ERI financing)	US\$23 million	2016
RBS 70 Mk2 missiles (new)	n/a	X 2015	Saab Dynamics AB	EUR6.8 million	2015-17
TPS-77 radars (new)	3	X 2015	Lockheed Martin	n/a	since 2017
M109 self-propelled howitzers (used)	47	IV 2017	Austria (intergovernmental agreement)	EUR6 million [6]	since 2017

Equipment	Quantity	Date	Supplier	Price	Delivery
Estonia					
Javelin anti-tank missiles (new)	80 launchers	XI 2014	USA (intergovernmental agreement, ERI co-financing)	EUR40 million [7]	2015-16
CV90 infantry fighting vehicles (used)	44	XII 2014	Netherlands (intergovernmental agreement)	EUR113 million	2016-19
Mistral 3 air defence and Milan 2 anti-tank missiles (new)	n/a	III 2015	MBDA	EUR23.8 million	2015-20
K9 Thunder self-propelled howitzers (used)	12	II 2017	South Korea (intergovernmental negotiations, jointly by Estonia and Finland)	EUR47 million	since 2021

[1] In December 2015, the USA (DSCA) granted consent to sell 220 missiles and 74 launchers to Lithuania for US\$55 million.

[2] Including two training ones and three for spare parts.

[3] The total cost, including modernisation and adjustment of infrastructure is 58.3 million euros.

[4] Lithuania and Norway signed a technical agreement determining the obligations and conditions of sale of elements of the system and the scope of Norwegian support to Lithuania in developing air defence. The battery will consist of a fire direction centre, radar and two launchers.

[5] The total cost, including modernisation, the purchase of armaments and infrastructure adjustments is 249.5 million euros.

[6] The total cost will be higher, as with the Lithuanian howitzers.

[7] In October 2014, the USA (DSCA) granted consent to sell 350 missiles and 120 launchers to Estonia for US\$55 million. In 2016, the USA financed part of the deliveries as part of ERI (US\$33 million).

APPENDIX 3. ARMED FORCES OF THE BALTIC STATES IN 2016

	Lithuania	Latvia	Estonia
Military personnel	16,500 [8,660 professionals, 3,000 conscripts, 4,640 TDF]	13,500 [5,500 professionals, 8,000 TDF]	22,500 [1] [3,250 professionals, 3,200 conscripts, 16,000 TDF]
Land forces	11,000 (2,900 conscripts, 4,640 TDF)	1,500	5,000 (3,000 conscripts)
Navy	700 (50 conscripts)	550	200 (conscripts n/a)
Air force	1,150 (50 conscripts)	300	250
Territorial defence forces	-	8,500 (600 professionals)	16,000 (professionals n/a)

[1] After mobilisation around 60,000.

APPENDIX 4. NATO BATTALION-SIZE BATTLEGROUPS IN THE BALTIC STATES (JUNE 2017)

Country [1]	Number of soldiers	Equipment
Lithuania		
Germany (framework)	450 (mechanised company + subunits: artillery, armoured, CBRN, engineer)	60 vehicles, including: 20 x Marder IFV/5 x Leopard tank/ PzH2000 self-propelled howitzers
Netherlands	270 (reinforced mechanised company)	40-60 vehicles, including: Leopard 2 tanks/Boxer armoured vehicles/ CV90 IFVs/Fennek reconnaissance vehicles
Norway	200 (armoured company)	60 vehicles, including: 5 x CV90 IFV/9 x Leopard tank
Belgium	100 (logistics company)	support vehicles
Luxembourg	22 (logistics team + Satcom)	as part of the Belgian company
Latvia		
Canada (framework)	455 (mechanised company + subunits: military police, logistics and communication)	LAV 6.0 armoured personnel carriers/ Coyote reconnaissance vehicles
Spain	300 (reinforced mechanised company)	80 vehicles, including: 6 x Leopard 2 tank/14 x Pizzaro IFV/12 x armoured personnel carrier/engineering vehicles + drones, mortars, Spike missiles
Poland	170 (armoured company)	14 x PT-91 tank
Italy	160 (mechanised company)	Freccia infantry fighting vehicle
Slovenia	50 (CBRN platoon)	-
Albania	18 (engineer team)	-
Estonia		
United Kingdom (framework)	800 (mechanised battalion + subunits: armoured, artillery, engineers and logistics)	300 vehicles, including: Challenger tanks/ Warrior IFVs/ CVR(T) vehicles/AS90 self-propelled howitzers
France	300 (reinforced mechanised company)	30 vehicles, including: 4 x Leclerc tank/13 x VBCI infantry fighting vehicle/VAB armoured personnel carrier

[1] In 2017 (second half) and 2018, the battalion-size battlegroup in Lithuania will include a mechanised company from Croatia (up to 200 soldiers). In 2018, it will also be reinforced with a French unit from Estonia and a Czech company (up to 250 soldiers). The logistics unit from Luxembourg will be replaced with a reconnaissance team from Luxembourg which will be made part of the German forces. In turn, in Estonia the French troops will be replaced with a mechanised company from Denmark (up to 200 soldiers). Finally, in 2018 a Czech mortar platoon (up to 40 soldiers) will be deployed to Latvia. Slovakia has also reported readiness to contribute to the NATO enhanced forward presence in the Baltic states in 2018.