



Toms Rostoks

Baltic States and NATO: Looking Beyond the Article V



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After a brief period of hesitation in early 1990s, the Baltic States pursued integration with NATO as the ultimate guarantee of their statehood and independence. These efforts were successful, and the Baltic States became NATO members in 2004. Overall, Baltic NATO membership has been successful, with Estonia, Latvia, and Lithuania being widely regarded as reliable partners. However, there have also been several bumps along the way. This paper argues that the main challenge the Baltic States faced after accession to NATO was making their membership in the alliance practical in military security terms. Although initially there was considerable resistance in other NATO member states against the development of contingency plans for the three Baltic States, this eventually became possible. As a result, recent years have witnessed a series of military exercises involving the armed forces of both the Baltic States and their NATO partners.

However, alliance management is a complicated issue that involves the continuous renegotiation of burden-sharing, commitment to the alliance, and terms of 'contract'. The Baltic States have correctly assumed that their security largely depends on the cohesiveness of NATO therefore they have been in favour of a more coherent alliance with a strong commitment to Article V. The Baltic States have been unhappy with the widening gap in military capabilities between the U.S. and its European allies, but there is very little in practical terms that Lithuania, Latvia, and Estonia can contribute to addressing this issue. However, they can ensure that their own contribution to the ISAF mission in Afghanistan is commensurate with their material capabilities. Thus the Baltic States have been successful both in making their contribution to the alliance visible to other NATO member states and in making the Baltic NATO membership visible to their own populations.

There have also been disappointments, the most important of which was the decision made by France to sell several Mistral class ships to Russia. This event taught

the Baltics that there are limits to solidarity within the alliance. Information about the Franco-Russian deal broke just a year after the Russian-Georgian War, and caused concerns in the Baltic capitals. However, it seems that there is not much reason for the Baltic States to be upset about this incident because in recent years their NATO membership has become more practical in military terms. Moreover, Tallinn and Vilnius have been chosen to host two of the NATO Centres of Excellence (cyber security and energy security respectively).

The key challenge that the Baltic States face today is reaching the required level of defence expenditures. Estonia, the most successful of the three Baltic States, achieved this objective in 2012, but Lithuania and Latvia were hit harder during the economic recession, and their defence spending hovers around 1% of GDP mark. Both Latvia and Lithuania have developed plans to increase defence allocations in the coming years, but it remains to be seen if politicians in Riga and in Vilnius can resist the temptation to renege on their promises. The Baltic States do not want to be perceived as free-riders, and this is reflected in

their contribution in Afghanistan, but an increase in defence spending to the required 2% of GDP level is needed to achieve this.

Baltic NATO membership in 2004 became possible for three reasons. First, the key tenet of Baltic States' foreign policy ever since they regained independence in 1991 was the conscious attempt to part ways with Russia and establish themselves as an integral part of Western Europe. Second, after initially being confused about the end of the cold war and the break-up of the Soviet Union western countries decided to offer the EU and NATO membership perspective to countries in the Central and Eastern Europe (CEE). Although it was clear that the open door policy was mainly aimed at countries such as Poland, Czech Republic and Hungary, the Baltic States saw this as a golden opportunity because for them the EU and NATO membership would be the ultimate guarantee of sovereignty.

Third, the Baltic States were much more successful in terms of political, economic and military reform than other former Soviet republics, and this allowed them to be regarded as potential NATO and EU candidates. Reform progress in the Baltic States was far from even, and Estonia soon emerged as a frontrunner, but Latvia and Lithuania managed to catch up later. Thus, in late 2002 key decisions were taken in Prague and Copenhagen that sealed the deal of the Baltic EU and NATO membership.

This article aims to evaluate the Baltic NATO membership and takes 2004 as the starting point. Although the Baltic NATO aspirations have mainly (and to some extent correctly) been discussed in the context of the 5th paragraph of the Washington Treaty, there are other aspects of NATO membership that also need to be mentioned. This article attempts to discuss the Baltic NATO membership through a number of issues such as the importance of the 5th paragraph, Afghanistan, Baltic military cooperation, the Mistral case, military exercises, Northern

Distribution Network (NDN), and defence spending. The article concludes that the Baltic States have been quite successful since 2004 in enhancing their security with the help of NATO. However, the question remains whether Lithuania and Latvia will be able to reach the desired level of defence spending in a foreseeable future. Also, there is lack of certainty about the future of Baltic military cooperation, especially in joint procurement.

The 5th paragraph

NATO is the alliance *par excellence*, and many of its member states are among the most militarily powerful countries in the world. NATO was the key instrument for keeping stability in Europe during the cold war, and the alliance played an important role in Europe after the break-up of the Soviet Union. Also, since mid-1990ies, NATO membership was seen by the CEE countries in general and by the Baltic States in particular as the guarantee against military threats that may arise in future.

The 5th paragraph of the Washington Treaty thus was seen as a symbol of security because "The Parties agree that an armed attack against one or more of them in Europe or North America shall be considered an attack against them all".¹ Although there is some ambiguity in the 5th paragraph with regard to the response from other members of the alliance, NATO membership clearly offers the best security guarantees. Besides, the main function of defensive alliances is to deter potential aggressors, and if this function was successfully carried out even at the height of the cold war, there was no reason to suspect that the alliance would for some reason fail to fulfill this function in future.

¹ *The North Atlantic Treaty*. Washington D.C. 4.4.1949

[http://www.nato.int/cps/en/natolive/official_text_s_17120.htm].

In the light of importance of the 5th paragraph, political leaders of the Baltic States have never missed an opportunity to stress its importance, and their primary concern has been the probability that it would become less central for NATO. Thus, during the discussions on the new strategic concept which was adopted in 2010, the Baltic States tried to make sure that the principle of collective defence is given a prominent place in the text of the new strategic concept. The outcome of these efforts to stress the principles and values upon which the alliance was built was very successful from the Baltic States' point of view because the text stipulates that: "NATO members will always assist each other against attack, in accordance with Article 5 of the Washington Treaty. That commitment remains firm and binding. NATO will deter and defend against any threat of aggression, and against emerging security challenges where they threaten the fundamental security of individual Allies or the Alliance as a whole."²

However, Baltic States' successful efforts to underline the importance of the collective defence despite commitments of the alliance in international crisis management (here, the operation in Afghanistan being of paramount significance), were not without setbacks. The 5th paragraph provides security against an external military attack, but it is clear that such an attack is unlikely in a foreseeable future and that the main security concern in the Baltic States, especially in Latvia and Estonia, is of political rather than military nature. Such a threat may arise due to Russia's covert activities in Latvia and Estonia – two NATO member states with sizeable Russian minorities – or

due to local political dynamics where there is a possibility that imprudent political decisions have some potential to cause political unrest. The 'Bronze soldier' affair in Estonia in the spring of 2007 confirms that ethnic tensions are still a possibility in the Baltics.

The possibility that the 5th paragraph of the Washington Treaty would not apply to when ethnic tensions would break out in the Baltic States should serve as a note of caution against the conviction that from the year 2004 on security of Lithuania, Latvia, and Estonia are in NATO's hands and that the only meaningful way in which the Baltic States can contribute to their own security is by participation in international crisis management operations. In the absence of military threats to national security states indeed can concentrate on international crisis management and develop capabilities accordingly. However, absence of external military threats does not render national security obsolete because threats can emanate also from the domestic realm, and the article 5 is unlikely to be evoked in such a situation. Thus, the Baltic States have gained security against a highly unlikely external military threat, but with regard to domestic aspects of security, they are on their own. It is up to Estonia and Latvia to facilitate integration process in society and tread carefully when it comes to issues that are related to history because events of spring 2007 in Estonia testify that there is some potential for domestic unrest.

The impact of NATO membership on Baltic defence cooperation

The prospect of NATO membership helped the Baltic States to cooperate among themselves, but the impact of accession to NATO has had mixed effects on Baltic defence cooperation. Initially, Western nations not only provided financial and other expertise to Baltic States, but also facilitated

² Strategic Concept for the Defence and Security of the Members of the North Atlantic Treaty Organization. Adopted by the heads of state and government at the NATO summit in Lisbon 19-20 November 2010, p. 7
[http://www.nato.int/strategic-concept/pdf/Strat_Concept_web_en.pdf].

cooperation among Lithuania, Latvia, and Estonia. Starting from mid-1990ies, various BALT projects included BALTBAT (1994), BALTRON (1998), BALTDEFCOL and BALTNET (1999). There were major benefits for the Baltic States from cooperation with their western partners – for example, access to western know-how in building modern military – but no less important was to develop a cooperative mind-set and fostering person-to-person level contacts among militaries of the three Baltic States. Tomas Jermalavicius has written that Baltic defence cooperation has fostered human interoperability, and this is no small thing because “software” matters more than “hardware” in military affairs”.³ The effect of trilateral cooperative projects was that, although Baltic military capabilities cannot even remotely be compared to those of their Nordic counterparts, Baltic defence cooperation is deeper and more extensive than in the case Nordic countries.

Did NATO membership raise Baltic defence cooperation to a whole new level? Initially, Baltic defence cooperation suffered a setback. BALT projects were not abandoned, but furthering of cooperation was put on a halt because further cooperation would extend into joint procurement and development of joint command structure. Although the Baltic States have some history of joint procurement (for example, Estonia and Latvia jointly procured Lockheed-Martin long-range radars), extending the practice of joint procurement further would require synchronisation of planning, and it takes time and political will to achieve a higher degree of cooperation.

International cooperation can be better achieved when external conditions are favourable, and defence cooperation is likely when countries share similar threat perceptions. Both of these conditions

worked against deepening of defence cooperation among the Baltic States in the immediate aftermath of integration in NATO in 2004 because the western pressure was off, and all three Baltic States enjoyed an unprecedented level of security. However, Baltic defence cooperation accelerated after the Georgian-Russian war in August 2008. Although Lithuanian, Latvian, and Estonian security was not at risk, threat perceptions in the Baltic capitals changed. Another factor that stimulated Baltic defence cooperation was joint Russian-Belarusian military exercise Zapad in 2009. By this point, the Baltic States had learned that they can succeed within NATO if they act as a group, and their interest was to get NATO develop contingency plans for defence of Lithuania, Latvia, and Estonia. Although this has not been announced publicly in order not to irritate Russia, information on contingency plans was in the cables released by WikiLeaks, and the decision on contingency plans for the Baltics was supposedly taken at the NATO Lisbon summit in 2010.

Another common interest was to convince alliance partners that the Baltic States needed reassurance, and this was achieved with the help of regular NATO military exercises such as the Baltic Host and Sabre Strike. NATO air-policing provides visibility to Baltic States’ NATO membership, and there was a common interest in the three Baltic capitals to ensure the extension of air policing beyond 2014. This aim was achieved at the Chicago summit in 2012. Ironically, the concept of smart defence has worked to the Baltic States’ advantage because originally the current system of air policing was put in place as a forced solution because the Baltic States militaries did not have (and still do not have) the full range of air defence assets. However, with defence cuts in most alliance member states and with the advent of the smart defence concept the Baltic air policing has become

³ Jermalavicius, T. Baltic Military Cooperation: Past, Present and Future. *Estonian Foreign Policy Yearbook*, 2009, p. 132.

an example of NATO being able to meet the political and military needs of its member states in an economically sound way.

Deeper cooperation in joint procurement for a while seemed like a distant possibility, but it seems that the Baltic States are in the process of synchronising their planning activities. The most promising areas in joint procurement have been identified, and Lithuania, Latvia, and Estonia will jointly procure ammunition. Most likely, Baltic defence cooperation will not stop here because officials are exploring other promising avenues for cooperation such as establishing joint Baltic military command headquarters.

The “Mistral affair”

Alliances usually are built on formal agreements which stipulate the rights and obligations of alliance members. However, there are always issues that due to various reasons are not included in the original alliance contract. These can become sources of bitter disagreement among alliance members. Upon entering NATO, officials in the Baltic States were aware that there was no agreement among alliance members on how to treat Russia and that some member states – most notably Germany, France, and Italy – wanted to engage Russia and avoid any moves that would irritate Russia. When Russia revealed its intention to acquire several Mistral ships in August 2009, the background could not have been worse. One year before the announcement Russia fought a war with Georgia, and relations between Russia and the West were at their lowest. Russia’s small neighbours were scared, and information about the Franco-Russian deal only added to fears that the Baltic States shared. It looked like the Baltic States have joined the alliance whose members were selling sophisticated weaponry to adversaries. Even worse, this weaponry

seemingly could be used against other alliance members in future.

Despite criticism from some of the alliance member states that the Franco-Russian arms deal went against NATO solidarity, Russia and France have pushed on with the deal, and Russia is scheduled to get the first two ships in 2014 and 2015. Matthieu Chillaud and Arnaud Kalika have written that the Mistral case highlights a more general problem with alliances because not all alliance members interpret their obligations in the same way.⁴ There are two possible ways to interpret alliance commitments. First, countries are allowed to do anything that is not prohibited by the alliance agreement. Thus, if France has respected its legal commitments with regard to NATO, then there is nothing to prevent it from selling military equipment to Russia. Moreover, the alliance has established a NATO-Russia Council, and NATO cooperates with Russia on a number of issues. More recently, the NATO Secretary General Anders Fogh Rasmussen has stated that NATO does not regard Russia as a threat “to NATO countries, to NATO territory, to NATO populations.”⁵ If Russia is not an adversary and not a threat to NATO, then there are no formal reasons to refrain from selling arms to Russia.

The second interpretation of alliance member states’ obligations is less formal. In this view, alliance members have to take into account interests of their alliance partners. If they are not comfortable with certain policies or deals with countries who are not members of alliance, those policies and

⁴ Chillaud, M. & Kalika, A. “Alliance Solidarity versus ‘Business as Usual’? The Sale of French Mistral Warships to Russia”. *Estonian Foreign Policy Yearbook*, 2010, p. 99.

⁵ Statement by NATO Secretary General Anders Fogh Rasmussen at the press point following the NATO-Russia Council meeting in Foreign Ministers session. 19.4.2012 [http://www.nato.int/cps/en/natolive/opinions_86234.htm].

deals have to be called off.⁶ Clearly, this is a more demanding interpretation of alliance obligations. This interpretation can hold when things are going well and when rewards that states outside alliance can promise to certain alliance members are insignificant. However, it is no coincidence that the Franco-Russian deal became a possibility only in the context of less adversarial NATO-Russia relationship and the global economic crisis of which reduced defence expenditure and less government procurement in France were important consequences.

The Baltic States have learned to live with the Mistral deal. Moreover, it was hardly a surprise for officials in the Baltic States that such deals were possible. From the Baltic perspective, such deals cannot be prevented, but it is possible to work with the alliance partners to make sure that security of the Baltic States is not compromised and that arms transfers to Russia do not become commonplace. Alliance solidarity within NATO is not absolute, but it can be improved. Besides, it is too early to tell if deals such as Russia's acquisition of Mistral ships from France and the Nord-Stream pipeline from Russia to Germany will be detrimental to NATO solidarity. It may well turn out that in the long run engaging Russia is the right strategy and that Baltic fears are unfounded.

Baltic States' participation in Afghanistan

The three Baltic States have contributed to NATO and the US-led operations even before joining the Alliance, but participation in the ISAF mission in Afghanistan is clearly their most significant contribution in terms of numbers of troops on the ground. As of July 2012, Estonia contributes 153

⁶ Chillaud & Kalika. "Alliance Solidarity versus 'Business as Usual'? The Sale of French Mistral Warships to Russia", p. 99.

troops, Latvia – 175 troops, and Lithuanian contribution is 245 troops in Afghanistan.⁷ Taking into account that the Baltic States are small states in terms of population and size of armed forces, these are significant contributions. All three Baltic States have expressed commitment to be involved as long as necessary, although the focus may shift towards providing development assistance to Afghanistan after 2014. More than 10 soldiers from Baltic States have lost their lives in the ISAF mission, with Estonia having suffered most casualties.⁸ Despite sacrifices, however, Afghanistan has become for the Baltic States an important instrument for achieving deeper integration in the alliance. Lithuania, Latvia, and Estonia have gained the opportunity to test their troops in the battlefield where they stand shoulder-to-shoulder with troops from other NATO member states. Although this assertion may seem trivial, the importance of battlefield experience and working together with soldiers from allied states is no small thing because these bonds are lasting and may play an important role in future.

Prior to the 2004 NATO enlargement, there was much concern in the Baltic capitals that they were perceived as security consumers and not being able to contribute to international security. Thus, the ISAF mission in Afghanistan was seen as an opportunity to position Lithuania, Latvia, and Estonia as being "good citizens" of international community who can provide a worthy contribution to international security by participating in international efforts to rebuild a failed state that has been centre of international efforts combat the spread of terrorism and narcotics. Although the Baltic troops' contribution to stabilization

⁷ About ISAF. Troop numbers and contributions [<http://www.isaf.nato.int/troop-numbers-and-contributions/index.php>].

⁸ Chesser S.G. Afghanistan Casualties: Military Forces and Civilians. Congressional Research Service 2012, p. 2.

of security situation in Afghanistan has been mostly reported in positive light, the overall rationale of Baltic presence in Afghanistan has drawn some criticism. For example, Egdūnas Račius has written that Lithuania wanted other countries to perceive its motivation behind being present in Afghanistan as largely idealistic/altruistic. However, he argued that Lithuania's real motivation for being part of the ISAF mission was very pragmatic and had nothing to do with Afghanistan and everything to do with Lithuania's own security.⁹ This argument implies that Lithuania has tried to dress up its pragmatic interests as altruistic. Arguably, this strategy may back-fire in the long run because Lithuania's partners may over time start to question sincerity of its goals.

This, argument, however, misses the point on three accounts. First, there is nothing unusual about disguising pragmatic interests as altruistic in international politics therefore such behaviour should not regarded as a dangerous deviation. Hypocrisy is part of both domestic and international realms. Selfish behaviour may indeed be frowned upon if all other members of international community are altruistic, but this is clearly not the case today. Second, it would be a mistake to overestimate altruistic behaviour of Baltic NATO allies. Although altruistic motives with regard to Afghanistan in some cases can be more pronounced than in the case of the Baltic States, pragmatic interests are nevertheless present. Some ISAF participants may fear terrorist threat, while others may want to strengthen their ties to the U.S. Still, others may have an interest in addressing the challenge of drug trafficking. These are all pragmatic and legitimate interests because, after all, countries are expected to pursue pragmatic objectives. Third, it is inevitable

that the Baltic States' participation in the ISAF mission has both pragmatic and idealistic aspects because some arguments in favour of taking part in this mission are rooted in Latvia's own security while the other set of arguments focuses on the needs of Afghans themselves. More importantly, both sets of arguments point in the same direction that the Baltic States should be part of ISAF as long as member states of the alliance deem that it is necessary.

Since 2009 when the Northern Distribution Network (NDN) became operational, it has become a lot easier for political elites in the Baltic capitals to explain the benefits of NATO membership because the NDN transit route to Afghanistan helped the battered Baltic economies when the economic crisis was at its worst. Of course, participation in this transportation network cannot be attributed to the Baltic NATO membership alone because the main transportation road (which was closed from late 2011 until mid-2012 after the deadly incident on Pakistan's border) goes through Pakistan, which is not a NATO member state and hardly can be considered as a loyal ally of the United States.

However, NATO membership was helpful, and initially the decision to establish the supply chain through Baltic ports, Russia and Central Asian countries was a political decision whose main motivation was to reward the Baltic States for being active and reliable allies in the ISAF mission. In case the idea to turn the NDN into a commercially viable transportation network is a success, the Baltic States may benefit from the NDN in future as well. Afghanistan is a land-locked country whose economic development will largely depend on its ability to bring its mineral riches to international markets, and in many ways the longer route through Central Asian countries, Russia, and the Baltic States is more attractive than extensive reliance on Pakistan.

⁹ Račius, E. Lithuania in the NATO Mission in Afghanistan: Between Idealism and Pragmatism. *Lithuanian Annual Strategic Review 2009–2010*, pp. 187–207.

All in all, public perceptions in Lithuania, Latvia, and Estonia are largely positive about NATO membership, although Russian minorities in these countries (predictably) do not see it as a good thing. Afghanistan is a much more controversial issue because, on the one hand, the Baltic populations appreciate the professionalism of their troops in Afghanistan, but, on the other hand, they question the wisdom of the whole operation and are concerned about the troop safety.

It is difficult though to arrive at far reaching conclusions with regard to attitudes of publics in all three Baltic States with regard to NATO membership and involvement in ISAF mission in Afghanistan because of shortage of public opinion poll data on this subject in Latvia and Lithuania in recent years. However, it would be fair to argue that attitudes towards NATO and participation in ISAF mission in Afghanistan are fairly varied in the three Baltic States because data for 2012 show that 74% of Estonia's population are either certainly in favour or rather in favour of Estonia's NATO membership, while data for 2010 show that only 39% of Latvia's population think that Latvia's NATO membership is a good thing, while 31% say that it is neither good nor bad and 23% say that Latvia's NATO membership is a bad thing. With regard to Baltic participation with troops in ISAF mission in Afghanistan, Estonians seem to have mixed feelings on this issue because 39% are in favour of Estonian troop participation in Afghanistan, but 58% are against (2012 data).¹⁰

A poll conducted in 2010, suggests that 43.5 Lithuanians were in favour of troop withdrawal from Afghanistan, while 24.4% were in favour of staying until Afghans themselves were ready to provide for their own security. Almost a third of respondents (32.1%) were undecided.¹¹ Thus, opinion poll results suggest that participation in the ISAF mission in Afghanistan is much less popular among the Baltic populations than NATO membership in general.

Cyber security and energy security

International security environment has changed considerably since the end of the cold war. External military attack on any NATO country is highly unlikely, but there is a possibility that its member states can suffer from cyber-attacks and energy supply disruptions. The fact that Baltic NATO membership has been far from one-dimensional is best demonstrated by the willingness of Lithuania and Estonia to capitalize on the latest developments in international security and their perceived strengths in certain areas.

One of the numerous NATO Centres of Excellence (CoE) is situated in Tallinn, Estonia, and it deals with issues of cyber defence. This centre was established in 2008 as a response to the spring 2007 events in Tallinn when the decision of Estonian authorities to remove the Bronze Soldier monument from the centre of Tallinn provoked the cyber-attack that targeted Estonian authorities as well as banks and media. However, it should be noted that Estonia had already for a number of years cultivated the image of 'E-stonia', meaning that Esto-

¹⁰ For Latvia see: 'Uzlabojas iedzīvotāju attieksme pret Latvijas dalību NATO' (The number of NATO supporters increases in Latvia). SKDS, 2010. For Estonia see: Public opinion surveys. Estonian Ministry of Defence, 2011 [http://www.kmin.ee/en/avalik-arvamus]. For Estonia see also: Public Opinion and National Defence. Saar Poll, 2012

[http://www.kmin.ee/files/kmin/nodes/12343_Public_Opinion_and_National_Defence_2012_March.pdf].

¹¹ Gyventojai norėtų greito Lietuvos karių išvedimo iš Afganistano – apklausa (Residents want quick withdrawal of Lithuanian troops from Afghanistan – poll). Baltic News Service, 13.9.2010.

nia wanted to be seen as a modern and technologically advanced country with widely available internet access and e-government. Thus, establishment of the Cooperative Cyber Defence CoE in Tallinn was seen as a particularly successful move because it met Estonia's security needs and corresponded well with the self-image that Estonia wanted to project abroad.

Lithuania's willingness to host the Energy Security CoE reflects another important trend in international security. The past decade has witnessed increasing securitization of energy. Uninterrupted access to energy is so vital for modern societies that, as the consequence of securitization of energy, this issue has become an important part of NATO's agenda. This has happened because of four reasons. First, the rising demand for oil fuelled by economic growth in developing countries led to steady increase in the price of oil. Second, high price of oil breeds concerns about availability of energy. However, the first two reasons do not explain why energy security would have to land on NATO's agenda. Third, the majority of NATO's European member states' energy suppliers are undemocratic countries who are seen as somewhat unreliable partners. Relations with the countries are sometimes strained, not least because democratic values have become an important part of NATO member states' foreign policies.

Finally, some NATO member states have been affected by energy supply interruptions, most notably in 2006 and 2009 during the Russian-Ukrainian 'gas wars'. Perceived Russia's readiness to use energy as an instrument to influence the behaviour of some European countries has been a major catalyst that propelled energy security on NATO's agenda. Lithuania has been heavily affected by the closure of Ignalina nuclear power plant at the end of 2009 which resulted in considerable increase in the price of electricity and greater reliance on Russian gas supplies. Lithuania has re-

cently adopted the National Energy Independence Strategy which sets key targets until 2020, but also outlines long-term vision of energy sector in Lithuania. Establishing the Energy Security CoE in 2012 is part of the effort to position Lithuania as a country that is serious about addressing its energy-related vulnerabilities.

It may seem as if Lithuania, Latvia, and Estonia are on different trajectories with the regard to CoEs, but this is not the case because the Baltic States work together in these centres of excellence. The Energy Security CoE will also have contribution from Estonia and Latvia, and the Cooperative Cyber Defence CoE in Estonia is a cooperative effort that includes Lithuania and Latvia among other countries as sponsoring nations. Thus, the Baltic States have managed to firmly establish an even greater NATO presence on their soil. This would also add to more NATO visibility in the Baltics making it easier for political leaders in Vilnius, Riga, and Tallinn to explain benefits of NATO membership to their populations.

Defence spending in the Baltic States

The pattern of defence spending in the Baltics follows a more general pattern of economic development. Estonia, the most successful of the three Baltic States, has been able to increase defence spending in the latter part of the 1990ies earlier than Latvia and Lithuania. Also, Estonia has been able to sustain a relatively high level of defence expenditure even during the economic downturn, thus earning the praise of being a model NATO member state. In Lithuania and Latvia, defence spending never really approached the required 2% of GDP. Thus, during the economic crisis, defence spending in Latvia fell to 1% of GDP, while in Lithuania defence expenditure decreased to 0.8%. Estonia, however, spent on defence 1.8% of GDP during the years of economic

boom and was able to sustain this level of expenditure even during the economic downturn.¹² Estonia even managed to increase defence expenditure considerably in 2012 and now spends 2% of GDP on defence.¹³

The most striking reduction in military expenditure took place in Latvia. Its defence expenditure in 2008 amounted to 370 million EUR, but in 2010 it was slashed to 190 million EUR which in real terms means almost 50% reduction of military expenditure. This is not reflected to such an extent in terms of defence expenditure as part of GDP only because the GDP also decreased by more than 20% between 2008 and 2010.¹⁴ Lithuania's military expenditure also decreased considerably, but cuts were not as drastic as in Latvia.

The real question is whether Latvia and Lithuania can increase military spending in a foreseeable future. Both countries were urged by their alliance partners to spend more on defence during the several past years. Much to their credit, both countries contemplate sizeable increases in defence spending in the coming years. Latvian Parliament adopted the National Defence Concept which stipulates that defence spending will reach 2% of GDP in 2020. Latvian government has adopted the plan of development of Latvian armed forces until 2024. The plan anticipates sizeable investments in Latvian armed forces worth more than 550 million EUR within the next 12 years. However, it is unlikely that defence alloca-

tion will increase considerably in 2013, as the bulk of military expenditure is scheduled for 2014-2024. Similarly, in Lithuania major political parties have signed a memorandum in 2012 in which they have expressed commitment to increase Lithuanian defence expenditure gradually up to the 2% of GDP mark. However, there is no indication that Lithuania is ready to spend considerably more on defence already in 2013.

Will Latvia and Lithuania be able to spend more on defence in the coming years? There is no doubt that defence spending will increase in both countries, but there are three stumbling blocks that may prevent them from being able to reach the desired 2% of GDP level. First, plans to increase defence spending over the period of up to 12 years run contrary to the logic of election cycles. Parliamentary election will be held in Lithuania in the latter part of 2012 therefore the major binding decision on development of Lithuanian armed forces will be made by the next parliament. In Latvia, next parliamentary elections are scheduled for 2014, and it will be up to the next parliament to decide on defence spending up to 2018.

Second, almost all ministries in Latvia and Lithuania have seen significant budgetary cuts, and defence ministries will inevitably have to compete with other ministries over budget allocations. Even if Baltic economies continue to recover from the economic crisis successfully, there is little doubt that there will be fierce competition between defence, health, education and other areas. The question is whether there will be enough political will to prioritize defence over other no less important issues. Third, economic recovery in the Baltics to a great extent depends on successes and failures in managing the current debt crisis in the rest of the EU. Although Lithuania, Latvia, and Estonia are part of Northern Europe where countries such as Sweden, Denmark, Finland, Poland, Germany have

¹² Financial and Economic Data Relating to NATO Defence. NATO Public Diplomacy Division, 2012 [http://www.nato.int/nato_static/assets/pdf/pdf_2012_04/20120413_PR_CP_2012_047_rev1.pdf].

¹³ NATO Secretary General praises Estonia's commitment to Smart Defence. NATO, 19.1.2012 [http://www.nato.int/cps/en/natolive/news_83519.htm].

¹⁴ Financial and Economic Data Relating to NATO Defence. NATO Public Diplomacy Division, 2012 [http://www.nato.int/nato_static/assets/pdf/pdf_2012_04/20120413_PR_CP_2012_047_rev1.pdf].

performed far better than the southern member states, interdependencies between European economies are too strong to be ignored. If the current state of sluggish growth and indecisiveness persists, Baltic economies will be affected as well.

There is little doubt that Estonia will be able to sustain a relatively high level of defence expenditure in the coming years. Although development of Estonian military was somewhat hindered during the economic crisis, the problems encountered were nowhere near as serious as in Latvia and Lithuania. Thus, the most important question is whether both Estonia's southern Baltic neighbours will be able to increase their defence spending in accordance with NATO requirements. Although both Lithuania and Latvia aim to reach the target of desired 2% of GDP, it is far from certain that this will be achieved. Thus, it remains to be seen if Lithuania and Latvia are capable to meet their defence spending targets.

Even more importantly, adequate defence spending is not just a matter of national pride or obligation. It is a matter of security because currently all NATO member states have difficulties to sustain desired level of defence budgets. In such conditions, there seems to be more solidarity among those states that are able to allocate adequate funding for defence. Conversely, there can be less solidarity and respect for those states that readily abandon defence when the time comes to implement budget cuts. In the long run, this may turn out to be an important aspect of NATO transformation. The Baltic States would like to be among those member states that are serious about their security, but it remains to be seen if the willingness to prioritize defence is sustainable.

Conclusion

The overall Baltic States' NATO membership experience has been positive, albeit not without challenges. It has become clear that security is a process rather than a state that can be achieved. In some aspects, NATO membership has provided unprecedented security for the Baltic States, but it has become clear that other aspects of security such as avoiding ethnic tensions (in Latvia and Estonia) are still in the hands of national governments. NATO can be a helpful instrument for addressing a wide range of security challenges but an essential precondition for this is that Baltic States have responsible attitude towards their own security and are ready to work with other allies. Sometimes intra-alliance relations can be tricky, but the Baltic States have learned there is sufficient willingness among allies to address their security concerns in the wake of the Russian-Georgian war and Russian military exercises nearby Baltic borders.

It seems that the Baltic States are looked at quite favourably within NATO. After all, they have managed to sustain their participation in the ISAF mission in Afghanistan even in the face of drastic reductions of defence spending. However, the recent economic crisis in the Baltic has demonstrated that Estonia has some advantages over its southern Baltic counterparts. Prudent management of government finances at the time when economy was growing at a breakneck speed was the reason why Estonia did not have to borrow as extensively as Latvia and Lithuania with the onset of the economic crisis. Also, there was more continuity in terms of military expenditure in Estonia. In contrast, defence spending as percentage of GDP saw considerable cuts in Latvia and Lithuania. The next challenge for these two countries will be at least to return to the pre-crisis level of defence spending.

Baltic NATO membership has added to stability in the CEE, but it has not resulted in improved relations between Russia and the Baltic States. Russia was against the Baltic NATO membership, but it could not prevent this from happening. Thus, Russia accepted Baltic NATO membership as a fact and shifted its focus towards other former Soviet republics where the Colour revolutions were seen as a threat to regime stability in Russia. Stability in the CEE allowed for constructive dialogue between the Baltic States and Russia, for example, signing of Latvian-Russian and Estonian-Russian border agreements (although Estonia did not capitalize on this opportunity). However, disagreements between Russia and its Baltic neighbours are fundamental because they touch upon the very heart of statehood of the Baltic States and national pride of Russia. Thus, Baltic NATO membership could hardly become a stimulus for notable improvements in Baltic-Russian relations.

About the author

Dr. Toms Rostoks holds the position of assistant professor in international relations at the Department of Political Science, University of Latvia. He earned his Ph.D. in 2008 when defended the doctoral thesis “Integration and regionalization in the Baltic Sea region”. In 2001-2002 he was a visiting researcher at the Northern European Institute at Humboldt University in Berlin, Germany. In 2006 he was a visiting scholar at the Center for European Studies at Rutgers University in New Jersey, USA. He has written a number of articles and book chapters on regional cooperation in the Baltic Sea region, Kaliningrad, Latvian-Russian relations and Latvia's interests in the European Union. His current research interests include human security, EU Strategy for the Baltic Sea region, Latvian foreign policy, and Latvian-Russian relations.

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