



NATO's Northeastern Flank

Emerging Opportunities for Engagement

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Preface

In 2014, RAND was asked whether new opportunities for U.S. Air Force engagement were emerging in Central Europe as a result of increased Russian activity in the region. This report thus examines the impact of renewed tension between NATO and Russia on a group of key allies and partners in central and northeastern Europe. It provides overviews of how the climate for defense engagement, especially as it relates to the Air Force, is changing in each country. There are in-depth assessments for nine key countries on NATO's northeastern flank—the Czech Republic, Estonia, Finland, Hungary, Latvia, Lithuania, Poland, Slovakia, and Sweden—that focus on issues relevant to developing robust engagement strategies for these countries. In addition, based on an assessment of how these countries are reacting to the changing regional defense environment and an assessment of emerging U.S. regional defense strategy requirements, the report lays out a strategically grounded list of engagement priorities for the Air Force. While both politics and resources will constrain partnership opportunities and the ability of these countries to contribute to U.S. regional defense objectives, opportunities for strengthening partnerships do exist in multiple areas.

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Summary

For the first 25 years after the fall of the Berlin Wall, the United States and its allies in NATO planned, postured, and engaged in Europe on the assumption that Russia was militarily capable of harming NATO and its European partners but did not intend to do so. Despite occasional tensions in relations between Washington and Moscow, Russia was widely believed to be on a trajectory toward closer integration and more peaceful relations with Europe, the United States, and its other neighbors. Russia's annexation of Crimea and active efforts to occupy and destabilize parts of Eastern Ukraine since 2014, however, have sharply challenged this underlying assumption. Russian aggression in Ukraine, combined with Russian "snap exercises" (military exercises called on short or no notice) on NATO's borders, multiple aerial incursions into NATO and partner territory, cruise missile modernization, nuclear modernization, anti-Western rhetoric, and domestic political uncertainty, have forced a deep reassessment of U.S. strategy, plans, and posture in Europe and other regions in which Russia is active.

The evolving security relationship with Russia has important implications for Air Force strategy, posture, and regional engagement. RAND was thus asked to assess opportunities for enhanced partnering in the region in the face of this increased Russian activity, and this report focuses on the implications of the changing relationship with Russia for U.S. Air Force partnership activities in a group of key allies and partner states in northeastern Europe.

We took a strategic, top-down approach to the analysis. Focusing on nine key countries on NATO's northeastern flank—the Czech Republic, Estonia, Finland, Hungary, Latvia, Lithuania, Poland, Slovakia, and Sweden—the report provides in-depth political-military assessments of how these countries responded to growing tensions with Russia in 2014 and 2015. Based on this broad political-military assessment, the report then identifies countries where support for U.S. regional and global objectives is liable to be most enduring. Based on an understanding of how and what these countries might contribute to the growing need to counter Russian activities in the region, specific partnering priorities are identified.

Emerging New Requirements for Defense Engagement in Europe

U.S. defense priorities in the region are shifting. As a result, so will the focus of U.S. partnerships.

- Partnership engagement in Europe after the Cold War aimed primarily to strengthen and reform the militaries in Central Europe to prepare them for eventual membership in NATO and the European Union. After the 9/11 terrorist attacks, U.S. engagement activities shifted to strengthening these countries' ability to fight in out-of-area operations as members of U.S. coalitions. They also sought to ensure the military-to-military relationships necessary for U.S. basing for overseas operations.

- NATO has now drawn down its operations in Afghanistan, and the United States and its allies are less involved overall in operations in the Middle East (even though this could change). Simultaneously, Russian aggression has led to a refocus on ensuring the territorial security of NATO allies in Central Europe against a potential Russian threat.

Ongoing RAND research indicates that, among potential problem areas, the Baltic States are particularly exposed.

- Concerns about the potential for NATO-Russia conflict—inadvertent and otherwise—exist across the Black Sea, Balkans, and elsewhere. Any conflict between NATO and Russia would be very difficult to contain to a single region or domain.
- The area of single-greatest concern for NATO has been the Baltic States, however. Strengthening deterrence and reassurance in the Baltic region will therefore be a key priority shaping U.S. regional strategy in the face of renewed tensions with Russia.
- In the Baltic States, geographical realities, the presence of advanced Russian offensive and defensive weaponry in the Kaliningrad Oblast, and the very limited defensive capabilities of the Baltic States themselves pose significant challenges to NATO.

The specific strategies and requirements for strengthening defense and deterrence in the Baltics have been and continue to be examined and debated. The importance of certain broad categories of requirements is emerging, however.

- On land, for instance, the United States is prepositioning stocks across several countries in the region. NATO is also deploying forces in the region through the Enhanced Forward Presence initiative announced at the 2016 Warsaw Summit.
- In the air domain, the importance of adequate allied infrastructure that would permit rapid regional surge access in crisis conditions is increasingly clear. So is the potential need to train and equip allied forward air controllers, as well as a need to ensure adequate U.S. and allied capabilities and stocks for the suppression of enemy air defense mission. Basing and overflight rights in crisis conditions, moreover, remain issues of significance.
- Across all domains, the importance of closely integrated command and control (C2), both between air and land components and with allies, is also clear, as is overall interoperability, as established and demonstrated through frequent joint, multinational exercises.

Engagement with several of the countries in this report will be crucial to achieving these objectives. Although their will and ability to contribute to specific deterrence tasks will vary, the United States should seek to build close partnerships across multiple domains, including the capability for coordinated air defense operations and, potentially, air-to-ground/surface attack operations in the region. These are also the countries in which the United States will have to operate in the event of a crisis, either in combined combat operations or for forward basing in support of those operations. Finally, these are the countries where the United States will need to posture, operate, and engage for deterrence in peacetime.

By building the necessary relationships and by shaping partner plans, strategy, and capabilities toward achievable objectives, engagement will be vital to laying the groundwork for

the necessary cooperation and thus maximizing the value that these allies and partners can bring to the table.

Strategic Trends in NATO's Northeastern Flank

The countries in this analysis stretch from Central Europe northward through the Eastern Nordic region. Five share a border with Russia, three more share a border with Russia's close ally Belarus, and three border Ukraine itself. All are affected by the war there in one way or another. These countries are, moreover, often those that have been most directly targeted by Russia's recent military activities and hybrid warfare. Many of these countries have been threatened by Russian snap exercises on their borders, Russian propaganda directed against their citizens, cyberattacks, espionage, and airspace and maritime violations of their sovereignty. Although Russian saber-rattling and muscle-flexing have also targeted other European countries, this subregion includes most countries that have been directly affected by renewed tension with Russia (outside Ukraine itself). Indeed, outside of Turkey, which faces a major threat from the self-styled Islamic State, all of the allies currently most likely to call for North Atlantic Treaty Organization (NATO) military action by invoking Article 5 of the North Atlantic Treaty are included in this group (with the possible exception of Romania). Examining the opportunities for closer defense engagement with them is therefore timely and appropriate.

The response of these countries to increased tension with Russia, however, has been somewhat varied. We did not find significant new opportunities in three of the "Visegrad" countries—the Czech Republic, Slovakia, and Hungary. New opportunities for partnering in these countries are limited for domestic political and economic reasons and/or because they lack military and defense resources. Although new opportunities for partnering are not emerging in some countries, they are in others: Poland, the Baltic States (Estonia, Latvia, Lithuania), and Sweden and Finland.

The case studies in the main text provide strategic overviews of the engagement climate in each country, tailored for leaders and analysts in the U.S. defense enterprise and the Air Force in particular. General observations regarding strategic trends in the group are as follows:

Poland

- Poland has long been concerned about the possibility of a hostile, resurgent Russia. Naturally, this concern has intensified in the face of increased Russian aggressiveness. Polish interest in engaging with the United States across a range of defense areas is very strong.
- Poland's willingness and capability to contribute resources to regional defense is also significant. Poland aspires to become a major regional military power on par with such west-European powers as France. It has introduced an ambitious military modernization plan and is one of only five NATO countries currently meeting the NATO objective of 2 percent of gross domestic product spent on defense—although Poland might be expected

to do even more than this, given the threat it faces. It also has a relatively large economic base to build on.

- The environment for leveraging Poland's eagerness to invest in capabilities to strengthen the bilateral relationship and reinforce deterrence in the region is excellent, provided that rising nationalism in Poland does not create a crisis in its relations with Germany or other key European powers.

Sweden and Finland

- In both Sweden and Finland, Russia's aggressive behavior has spurred new domestic debate over the prospect of closer cooperation with NATO and the United States.
- Neither Sweden nor Finland is a member of NATO, although they both have close partnership arrangements that allow for a good degree of interoperability. As of 2016, it still seemed unlikely that either country would join NATO in the near future, but research indicated that both countries see an interest in deepening cooperation with NATO, including in the air domain. NATO membership in the medium term is possible.
- Even more than Poland, these two Nordic countries have a strong economic base to contribute to strengthening regional defense and deterrence, should they choose to do so. Sweden is a wealthy country with an advanced industrial-technological base, is important geographically, and has grown far more open to partnering with the United States in light of Russia's aggressive behavior in the region. It operates in many advanced military fields, including not only advanced fighter aircraft, but also space and cyber. Finland is also a wealthy country with an advanced technological-industrial base, and relatively powerful military capabilities, including a sizeable F/A-18 C/D force equipped with Joint Air-to-Surface Standoff Missiles (JASSM).
- Experts and leaders in both Sweden and Finland express concern that a military crisis in the Baltic States would be highly detrimental to their national interests. Hence, although both countries are concerned and vigilant about the risk of a direct attack on their territory, they are equally if not more concerned about how a conflict elsewhere in the Baltic region might affect them.

Baltic States

- The small sizes of the Baltic States—Estonia, Latvia, and Lithuania—make them highly vulnerable to potential Russian aggression. Estonia and Latvia also have Russian-speaking populations that could be vulnerable to Russian manipulation for unconventional or hybrid warfare strategies. Because of its border with Russia's Kaliningrad enclave, Lithuania is also a flashpoint for conflict.
- Like Poland, the Baltic States have long expressed anxieties about their exposure to Russian aggression. Unsurprisingly, and again like Poland, their interest in closer defense cooperation with the United States has only intensified with the changes in the regional security environment.
- Unlike Poland, the Baltic States' defense resources are very limited. Their air and other armed forces are tiny. They would be utterly unable to defend themselves against a determined Russian force without significant outside help. As a result, they are eager for any engagement the United States or NATO will offer.

- The challenge will be to determine the nature and types of engagement most liable to strengthen defense and deterrence in these countries (see the following section). The absence of native airpower capabilities should not lead the Air Force to neglect these countries. To the contrary, it is indicative of significant need, especially in light of the changed security environment and threat from Russia. That threat calls for not only much-enhanced Baltic air defenses, but also enhancements to intelligence, surveillance, and reconnaissance (ISR) and air-related infrastructure.

Czech Republic, Slovakia, and Hungary

- Hungary has been among the most reticent about the U.S. and NATO approach to Russia during the Ukraine crisis. While Hungary has not broken formally with the alliance, NATO's tensions with Russia, on which it depends for natural gas, have led Hungary to significantly diverge from the United States. The current Hungarian government also has worryingly close ties to Moscow.
- There are reasons to believe that Russia-related tensions with Hungary could diminish over time, however. Hungary has contributed to reassurance efforts with air policing deployments in the Baltics. Moreover, insofar as tensions continue over Russia, Hungarian leaders may actually come to view closer cooperation with the United States at Pápa airbase as an antidote.
- While Czech leaders are cognizant of the Russian threat, they face political dynamics that make a dramatic ramp-up in defense spending (and consequently in defense capabilities) unlikely. The United States should expect the Czechs to continue to pick up lower-tier missions—like Icelandic Air Policing and Baltic Air Policing—but not much more.
- In contrast, in Slovakia, there is stronger pro-Russian sentiment, stoked by Russian propaganda and other forces. The Slovak economy is even smaller, and the military is in poor condition. Hence, while the Slovaks have invested in some new capabilities (e.g., UH-60s), their overall contribution to any NATO operation—particularly in terms of airpower—will be quite limited.

Specific Engagement Activities

The U.S. Defense Department can and does seek to undertake a broad range of activities in the countries discussed in this report, as elsewhere. Engagement activities can include, for example, force posture activities, military exercises, equipping activities (foreign military financing and foreign military sales), technology transfer, information-sharing arrangements (physical and legal), deployments or exchanges of personnel for security cooperation, education and training (i.e., of foreign personnel through International Military Education and Training or other programs), and direct military-to-military engagements (senior or other levels). When it comes to the countries in this analysis, however, there are specific activities that should be prioritized in support of top-level U.S. strategic objectives. The following recommendations are based on our strategic assessment of the political military trends in the country, its resources, and the requirements of likely U.S. regional strategy going forward.

Poland

Seek to ensure that Poland is able to provide a secure logistics and staging point for forward-based U.S./NATO operations in the region by denying airspace and defending against short-, medium-, and long-range missile attacks. Poland also should eventually have capabilities to contribute to air-to-air and air-to-ground/surface operations over the Baltic States, Baltic Sea, or Belarus. To this end, prioritize

- continued increases in the size and resourcing of the aviation detachment at Lask airbase. Activities at Lask should focus on training the Polish F-16 crews to allow Poland to deploy their F-16s in an operational setting as soon as possible. Increases in bilateral F-16 exercises at Lask are also desirable to demonstrate capability, continued commitment, and persistent presence in Poland and the region.
- continued rotational presence of F-22s to Poland, including at Lask
- assessment of potential for increasing sale of JASSM and adding JASSM-ER (Extended Range) to Polish missile inventories
- initiating feasibility study of Polish F-35 purchase.

The United States should also encourage Poland's ability to provide intratheater fixed and rotary wing lift and reinforce its transition away from old Russian-made An-28 light aircraft and Mi-8 and Mi-2 transport helicopters, while encouraging the eventual development of a refueling and even strategic lift capability.

The United States and NATO should also seek to expand Poland's ISR ability, particularly its nascent unmanned aerial vehicle (UAV) fleet, across the spectrum of operations—short, medium, and long range—so as to better contribute to the Polish ability to aid in air-to-ground/surface operations over the Baltic States, Baltic Sea, or Belarus. Specifically:

- offer a small training team at the newly established UAV base in Poland (at Miroslawiec airfield), to assist with joint exercise planning and ISR capability development
- develop joint UAV exercise program bilaterally or via NATO
- in the longer term, encourage Polish acquisition of medium- and long-range unmanned combat aerial vehicles.

Finally, the United States should continue to encourage public-private partnerships in Poland to strengthen Poland's ability to defend against cyberattacks, as well as its expertise on space issues, by offering joint-training, small-scale cyber-response exercises aimed at damage mitigation, or by supporting public-private cyber and space workshops in Poland.

In senior leader and operator engagements with Poland, the focus should be on continuing to emphasize common core interests in regional stability while fostering understanding within the Polish military of the complexity of the U.S. perspective on Russia and escalation concerns. Engagement should also stress the importance of Polish support for and capabilities toward addressing NATO's southern flank threats.

Sweden and Finland

The United States should seek to support Swedish and Finnish efforts to demonstrate a capability to defend their airspace for extended periods of time with high confidence and a minimum of U.S. or NATO support so that these Nordic partners can serve as a launching point for allied logistics and air operations over the Baltics if needed. Ideally, both Sweden and Finland would also have a capability for air operations against air and ground forces in the Baltics and surface vessels on the Baltic Sea. To this end, priorities include

- increasing Swedish and Finnish participation in large and complex U.S. exercises, such as Baltic Operations, Red Flag, and Green Flag; increasing the frequency and sophistication of U.S., Swedish, and Finnish exercises at Amari Airbase; involving Sweden and Finland to directly participate in Baltic and Icelandic air policing missions; involving Sweden as early as possible in related exercise planning
- sustained U.S. training on Nordic territory on the model of Arctic Challenge 2015
- encouraging Sweden and Finland to maintain sufficient munitions stocks, especially for air-to-air, but also for air-to-ground (including JASSM and JASSM-ER)
- encouraging Sweden and Finland (along with other allies) to build an air-to-air refueling consortium on the model of NATO's Strategic Airlift Capability; increasing training with Sweden and Finland on aerial refueling
- encouraging Swedish and Finnish participation in NATO Ballistic Missile Defense discussions and exercises with the possibility of eventual integration into the NATO system
- engaging Finnish air force and army leaders on Finland's air defense capability, particularly as Helsinki seeks to upgrade its air defenses, potentially by pooling with Sweden.

The United States, meanwhile, should seek to strengthen the relationship with both countries, in part to ensure the highest degree of confidence in its access to Swedish airspace and military bases in the event of a regional crisis. Sweden is unlikely to guarantee such access publicly, but the likelihood that it would be granted in a crisis can be reinforced by considering increased personnel exchanges with both U.S. European Command (USEUCOM) and the U.S. Office of the Secretary of Defense and working via partner engagement to develop a common strategic picture, including via contingency planning. U.S. defense planners should also engage in more tabletop exercises and scenario-based seminars to facilitate more concrete policy discussions with Sweden and Finland.

In the longer term, Sweden and Finland have the potential to make contributions to ISR with enhanced UAV capabilities. To benefit from this will require that adequate interoperability and data-sharing agreements be in place, both bilaterally and between the Nordic countries and NATO. Sweden and Finland should also be expected eventually to develop space capabilities with military ISR applications. It would be possible today to shape this development via personnel exchanges or other cooperation on space research, for example, at the Swedish research facilities such as Esrange, and/or to work with Sweden and Finland on protection of

critical commercial or dual-use space infrastructure. It is also worth examining the possibilities for establishing an innovative, cyber-focused relationship between the U.S. Air National Guard and Sweden and Finland; in addition, intensified sharing of cyber research, knowledge, and best practices with Finland and Sweden via exchanges and joint subregional public-private seminars or other forms of training are desirable.

Finally, although Sweden and Finland do not currently seem likely to seek membership in NATO, membership is a longer-term possibility. Accordingly, it will be important to prepare the ground. At the same time, efforts to strengthen intra-Nordic and Nordic-Baltic relations should continue.

The Baltic States

For all three Baltic states, the critical objective of U.S. engagement will continue to be ensuring that these states are able to rapidly receive allied ground forces and operate in support of allied air superiority forces, for deterrence in peacetime as well as in a crisis situation. To this end, priorities include

- sustained support for joint terminal attack controller and joint fires observer training for both Baltic and other NATO ground forces
- agreements on rules of engagement and command and control (C2) arrangements for crisis situations among allies and partners that may provide air assets to the region
- mid-level engagements to identify priority airfields beyond Āmari, Lielvarde, and Šiauliai for possible improvement
- prepositioning of supplies for crisis operations, including fuel, munitions, and other equipment at Āmari, Lielvarde, and Šiauliai as well as other locations. Examine additional improvements to Latvian facilities as required.
- greater cooperation between the Baltic States and Nordic Defense Cooperation, especially with Finland and Sweden.

In addition, over the medium and long term, the United States should seek to strengthen its individual and subregional contributions to air and missile defenses by means of

- senior leader discussions on the development of Baltic air defense capabilities, including the appropriate balance between Baltic and NATO assets
- sale or grant of short- and medium-range air defense systems to the Baltic States
- aiding in the desirable and achievable development of greater ISR capabilities that could be useful in monitoring an evolving crisis situation
- senior leader discussions regarding longer-term goals for Baltic ISR, and how the United States can contribute to building capabilities
- exploring enhanced ISR capabilities for small, manned Estonian aircraft
- exercises to test ISR capabilities in border areas, and C2 arrangements in crisis
- potential sale or grant of additional radars where needed, such as low-altitude radars for border areas
- exploring the potential sale or grant of small or medium UAVs.

Finally, in the cyber domain, Estonia has worked to make itself a regional hub. This effort deserves continued U.S. support, including via personnel exchanges and support for training exercises.

* * *

The foregoing list of recommendations is not intended to be comprehensive of all the activities the Air Force, let alone the Defense Department, might consider or pursue in the countries in this report. It is, however, a list of priorities consistent with political military trends in these countries and evolving U.S. regional strategy. To be sure, there are no certainties in defense planning or in the countries of this report. Among these uncertainties, the greatest of all is, no doubt, Russia itself, whose future trajectory spans the gamut between persistent Putinism and catastrophic collapse. Nevertheless, the need for a plan that links strategy, regional political, and other realities to specific objectives and plans remains essential.

Acknowledgments

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Abbreviations

A2/AD	Anti Access/Area Denial
AMD	Air and Missile Defense
APC	armored personnel carrier
AVDET	Aviation Detachment
AWACS	Airborne Early Warning and Control
BALTBAT	Baltic Battalion
BALTRON	Baltic Naval Squadron
BCM	Baltic Council of Ministers
bcm	billion cubic meters
C2	command and control
CBOS	Public Opinion Research Center
CCDCE	Cooperative Cyber Defense Center of Excellence
CIA	Central Intelligence Agency
CTFP	Combatting Terrorism Fellowship Program
CVR(T)	combat vehicle reconnaissance (tracked)
DSCA	Defense Security Cooperation Agency
EOP	Enhanced Opportunities Program
EPAA	European Phased-Adaptive Approach
e-PINE	Enhanced Partnership in Northern Europe
EU	European Union
FDI	foreign direct investment
FMF	foreign military financing
FMS	foreign military sales
GDP	gross domestic product
IEA	International Energy Agency
IISS	International Institute for Strategic Studies

IMET	International Military Education and Training
IMF	International Monetary Fund
ISAF	International Security Assistance Fund
ISIS	Islamic State of Iraq and Syria
ISR	intelligence, surveillance, and reconnaissance
JASSM	Joint Air-to-Surface Standoff Missile
JASSM-ER	Joint Air-to-Surface Standoff Missile Extended Range
JTAC	Joint Tactical Air Control
KFOR	Kosovo Force
km	kilometers
LNG	liquefied natural gas
MoD	Ministry of Defense
MODCR	Ministry of Defense of the Czech Republic
NATO	North Atlantic Treaty Organization
NBG	Nordic Battlegroup
NCO	noncommissioned officer
NFIU	NATO Force Integration Unit
NORDEFECO	Nordic Defense Cooperation
NRF	NATO Response Force
ODS	Civic Democratic Party
OSCE	Organization for Security and Cooperation in Europe
PfP	Partnership for Peace
PIP	Preferred Interoperable Partner
PLN	Polish złoty
ROE	rules of engagement
SAC	Strategic Airlift Capability
SDP	Social Democratic Party
SEK	Swedish Krona
SIPRI	Stockholm International Peace Research Institute

Smer	Direction-Social Democracy
SwAF	Swedish Air Force
TTIP	Transatlantic Trade and Investment Partnership
U.S.	United States
UAV	unmanned aerial vehicle
UN	United Nations
UNCTAD FDI/TNC	United Nations Conference on Trade and Development/Foreign Direct Investment/Transnational Corporation
USEUCOM	United States European Command
V4	Visegrad Four
VJTF	Very High Readiness Joint Task Force

Chapter One. Introduction

Twice in the 20th century, the United States fought large-scale wars on the European continent. For the first two decades after the Cold War, however, the underlying assumption of U.S. defense planning when it came to Europe was that the continent had entered a period of long-lasting peace. Unfortunately, the security environment in Europe has begun to deteriorate. After two decades of peace, prosperity, and “ever closer union,” the future of peace on the continent that was the bloodiest in the 20th century is again uncertain.

Europe faces many problems today, but the challenge posed by a revanchist Russia will remain a top challenge for many years to come.

Russia’s annexation of Crimea and war in Eastern Ukraine were watershed events in the erosion of the European security environment. Especially after the Russian conventional invasion of Eastern Ukraine in August 2014, uncertainty about Europe’s security is much greater than at any time since the early 1990s. Although the hot war has so far been limited to Eastern Ukraine, serious concern that Russia might eventually seek to redraw borders elsewhere in Europe with military might have spiked, and the United States and North Atlantic Treaty Organization (NATO) have begun adjusting their foreign and defense policies accordingly. That Russia was prepared to use its growing military power to violate the territory of another European country shocked many observers and undermined long-standing assumptions about Russian intentions toward U.S. allies in Central and Eastern Europe.

For decades, U.S. and NATO defense posture along NATO’s eastern flank had been grounded on the assumption that while Russia had the capability for aggression against these countries, it had no such intent. Russia’s invasion of Ukraine and subsequent antagonistic military and political actions against several other countries in the region have undermined this assumption.

The United States and its allies responded to Russian military aggression against Ukraine with multiple rounds of sanctions, pledges to increase defense spending within NATO, the establishment of a new Very High Readiness Joint Task Force (VJTF), and a billion-dollar U.S. European Reassurance Initiative that provided funding for much-enhanced U.S. military engagement with America’s 26 European allies. U.S. European Command (USEUCOM), meanwhile, has begun to retool, transitioning from a focus on building defense partnerships and regional access for operations outside Europe in the Middle East and South Asia to a renewed focus on the prospect of East-West conflict. A focus on East-West conflict, in turn, calls for preparation for deterrence and assurance across multiple domains, ranging from conventional to unconventional, cyber, space, and nuclear.

Deeper engagement with regional allies and partners is and must continue to be part of this evolving U.S. regional defense strategy. U.S. and European security remain inextricably

intertwined. Regardless of the rising importance of East Asia in contemporary international affairs, the United States and its NATO allies face common threats and are deeply interdependent economically. The strength of the NATO alliance, moreover, remains a cornerstone of American global power. NATO's performance as an alliance has global repercussions and affects how other allies view American power and dependability.

Given its global commitments, however, the United States cannot take on the burden of defending all its regional allies and partners against threats from the South or against Russian revanchism. Nor should it be expected to. Unfortunately, after 25 years of relative calm on the European continent, many allies have allowed their national defense capabilities to dwindle. Although all NATO members pledged at the 2014 Wales summit to increase defense spending to 2 percent of gross domestic product (GDP), most remain far from this benchmark, and many have not taken steps to reach it in the near or intermediate future. To address the new security challenges Europe faces, most of America's European allies will need to reinvigorate their militaries and increase defense spending. Even as it provides direct support to the defense of regional allies, the United States can play a vital role helping allies and partners increase their capacity for self-defense via defense engagement.

To be sure, the news from the region is not all negative. If the crisis in Ukraine is introducing new requirements that are shifting U.S. strategy in the region, the impact on some—though not all—alleys and partners on the front line has also been dramatic. Many NATO allies and partners close to the emerging new fault lines have begun to reassess their post-Cold War defense strategies. Some of these countries have redoubled their efforts to provide for their own defense. Others are beginning the process of reversing decades-long decline in their defense capabilities—a process that is often painful politically and economically. This report assesses how these changes are affecting a key group of partners and allies in northeastern Europe and identifies emergent opportunities or risks for the United States and the Air Force in particular.

European Partnerships in the New European Security Environment

U.S. defense partnerships in the region have passed through two distinct phases since the end of the Cold War. The first phase began in the 1990s. As the Soviet empire retreated from Central Europe, the United States engaged deeply with the states emerging from Soviet domination to strengthen their defense institutions. The overriding objective of defense engagement in this period was political, focused on ensuring civilian rule within a democratic context that itself was anchored in a set of collective security institutions. Central European countries had experienced decades of Soviet domination, prior to which most had had only a brief experience with independent rule. The United States and its NATO allies worked to ensure civilianization and professionalization of the defense establishments. In the process, these nations were gradually brought into NATO. NATO enlargement complemented the strengthening and civilianization of

defense by bolstering regional security and reducing the chances that defense would be renationalized.¹

The second phase in U.S. partnerships with the region began with the 9/11 terrorist attacks. By the time al Qaeda attacked the United States, the Czech Republic, Hungary, and Poland had already joined NATO. The Baltic States and several Balkan countries were now on a path to membership. Many former Soviet and Warsaw Pact countries were on a solid democratic trajectory. Their military institutions were a threat to neither regional security nor democracy. Given the new menace of al Qaeda, and demand for out-of-area operations, the United States shifted the emphasis of its European defense partnerships to building regional capacity for crisis management and external military intervention. Partnership efforts focused accordingly on developing deployable allied and partner forces and strengthening organic capabilities to support and sustain such forces as part of broader NATO or U.S. coalitions, especially in Iraq and Afghanistan. They also focused on ensuring the relationships and viability of long-standing U.S. forward positions in Europe, which served as important rear positions for U.S. operations elsewhere in the world.²

Beginning in 2011, however, the drawdown of U.S. and coalition operations in Iraq and eventually of NATO operations in Afghanistan set the stage for a further shift in U.S. regional partnership objectives. Although the need for allies and partners to contribute to overseas operations remained, renewed tension with Russia has introduced a new set of priorities in European defense partnering. Regional U.S. efforts are bound to shift emphasis from preparing regional U.S. allies and partners for overseas deployments to strengthening their capability for self-defense against a renewed Russian threat. Many of the specific capabilities needed for effective regional defense luckily overlap with those necessary for effective military intervention overseas—for example, airlift, munitions stockpiles, and certain types of missile defenses. The general spirit in which U.S. defense partnering in this region occurs, however, is now far more focused on how these capabilities might be deployed to bolster NATO and partner defenses in the event of a conflict with Russia.³

One unique element of partnership between the United States and countries in Central and Eastern Europe that transcends the phases described above is the National Guard's State Partnership Program (SPP). This program emerged in the early 1990s in response to the need for

¹ See Ronald D. Asmus, *Opening NATO's Door: How the Alliance Remade Itself for a New Era*, New York: Columbia University Press, 2004. On the political transformation of Central and Eastern Europe in this period, see Milada Anna Vachudova, *Europe Undivided: Democracy, Leverage, and Integration After Communism*, New York: Oxford University Press, April 21, 2005.

² See, for example, U.S. Department of Defense, *Quadrennial Defense Review Report*, Washington, D.C., February 6, 2006, pp. 87–91.

³ See, for example, Philip Breedlove, Commander, U.S. Forces Europe, "Posture Statement," testimony before the U.S. House Armed Services Committee, Washington, D.C., February 25, 2015.

newly independent states that had been under Soviet control during the Cold War to strengthen their defense establishments and capabilities. SPP pairs up a country with a state's National Guard to facilitate military-to-military engagements that support defense goals as well as relationships across military, government, economic, and social realms.⁴ Seven of the nine countries RAND examined participate in SSP. All these partnerships were established in 1993. Czech Republic is paired with both Texas and Nebraska, Estonia is paired with Maryland, Hungary is paired with Ohio, Latvia is paired with Michigan, Lithuania is paired with Pennsylvania, Poland is paired with Illinois, and Slovakia is paired with Indiana.⁵

A conflict with Russia in Eastern Europe is unlikely. Nevertheless, Russian aggression in Ukraine, combined with Russian “snap exercises” (military exercises called at short or no notice) on NATO's borders, multiple aerial incursions into NATO and partner territory, cruise missile modernization, nuclear modernization, anti-Western rhetoric, and domestic political uncertainty leave NATO with no alternative but to take steps to strengthen its defenses in the region. Concerns about the potential for NATO-Russia conflict—inadvertent and otherwise—exist across the Black Sea, Balkans, and elsewhere. Any conflict between NATO and Russia would be very difficult to contain to a single region or domain, but the area of greatest concern for NATO for the foreseeable future will be the Baltic States. Here, geographical realities, the presence of advanced Russian offensive and defensive weaponry in the Kaliningrad Oblast, and the very limited defensive capabilities of the Baltic States themselves pose significant challenges for NATO. The specific strategies and requirements for strengthening defense and deterrence in the Baltic States have been and continue to be examined and debated. The importance of certain broad categories of requirements is emerging, however. On land, for example, prepositioning of stocks and even regional deployments of U.S. and/or allied armored and infantry brigades have been publicly mooted by several parties. In the air domain, the importance of adequate allied infrastructure that would permit rapid regional surge access in crisis conditions is increasingly important. So is the potential need to train and equip allied forward air controllers, as well as a need to ensure adequate U.S. and allied capabilities and stocks for the suppression of enemy air defense mission. Across all domains, the importance of closely integrated command and control (C2), both between air and land components and with allies, is also clear.

NATO cannot afford to focus solely on strengthening its deterrent posture in this region. It must balance the risks of inadvertent escalation against the need for further deployments. It cannot afford to neglect other defense requirements—above all, the challenges emanating from its southern flank. Nevertheless, U.S. regional partnership strategy will increasingly have to focus more on meeting the challenge of deterrence in Europe generally and in the Baltic States specifically.

⁴ U.S. National Guard, “State Partnership Program,” website, undated.

⁵ U.S. National Guard, undated.

NATO's Northeastern Flank

A focus on strengthening deterrence is especially needed for engagement with the countries in this report, which have been deeply affected by renewed tension with Russia. Geographically, the countries stretch from Central Europe northward through the eastern Nordic region. Five share a border with Russia, three more share a border with Russia's close ally Belarus, and three border Ukraine itself. All are affected by the war there. They are, moreover, often those that have been most directly targeted by Russia's renewed military activities regionally. They have been threatened by Russian snap exercises on their borders, Russian propaganda directed against their citizens, cyberattacks, espionage, and airspace and maritime violations of their sovereignty. Although other European countries have also been targeted by Russian saber-rattling and muscle-flexing, and many more are vulnerable, the group we have chosen here includes most of the allies and closer partners directly affected (except, of course, Ukraine, which is a different case altogether).⁶ Indeed, outside of Turkey, which faces a major threat from the Islamic State, all of the allies currently most likely to call for NATO military action by invoking Article 5 of the North Atlantic Treaty are included in this group. Examining the opportunities for closer defense engagement with them is therefore timely and appropriate.

⁶ Defense engagement with Ukraine is fundamentally different in character, due to many factors, especially the ongoing conflict in the east.

Figure 1.1. Map of Countries Assessed in This Report



These countries, shown in Figure 1.1, are also diverse in size, economic strength, military power, and strategic outlook. Poland, with close to 40 million citizens, is one of the largest countries in the European Union (EU), whereas Estonia, with one and a half million citizens, comes in 25th of 28 EU members. All the countries are members of the European Union, but the two largest military powers—Finland and Sweden—are not members of NATO. Per capita GDP in Finland in 2013 was \$49,000, whereas Latvia’s was barely \$15,000—in other words, less than one-third. Poland aspires to be a major military power on par with its Western European counterparts such as France and the United Kingdom, and Finland and Sweden are not too far off by some measures already. Many other countries in this report, however, have a long way to go before they attain anything even remotely similar to the military capabilities of America’s major Western European allies. Some never will. Individual Baltic States, for example, by virtue of their small size, are only slightly more likely to attain such a goal than Luxembourg.

Historically, this region has been at the center of East-West conflict for centuries. Finland was part of Russia until gaining independence after World War I, after which it remained neutral. It still retains close ties to neighboring Sweden, which itself fought and lost an epochal war against Russian Czar Peter the Great in the early 18th century and subsequently pursued a national strategy characterized by strict neutrality. The Baltics and the “Visegrad Four” (V4) Countries—Poland, the Czech Republic, Slovakia, and Hungary—contained much of the territory across which Russian and German armies marched and wreaked havoc, more than once

in the 20th century. Too many of these countries, moreover, were sites of the Nazi genocide and/or Stalinist repression.⁷

It is no surprise, given their history, that these countries are haunted by a deep fear for their own physical security. Their sense of insecurity has been severely compounded in some cases by Russia's invasion of Ukraine and the broader strains in the regional political and security environment. In Poland, perhaps most of all, many elites feel both threatened by Russia and uncertain about the strength of the American and west-European commitment to their defense. Poland is not alone, however. Heightened anxiety in the Baltics is near universal, and has intensified in Sweden and Finland in recent years in response to Russian belligerence along their borders.

Nevertheless, when it comes to how to deal with Russia, the group is not at all unified. Contrary to what structural international relations theory might predict, the V4 have split most sharply in their response to the Ukraine crisis.⁸ Some countries are either cowed by the Russian threat or genuinely less concerned about it than might be expected given their geographical proximity to Ukraine and Russia. Rifts within the region have troubled U.S. policymakers and should continue to do so. The diversity of the region makes a homogenous approach to it inappropriate. The U.S. defense strategists will need to look at the pros and cons of deeper defense engagement with each country individually and in the context of a broad array of global U.S. commitments and limited resources.

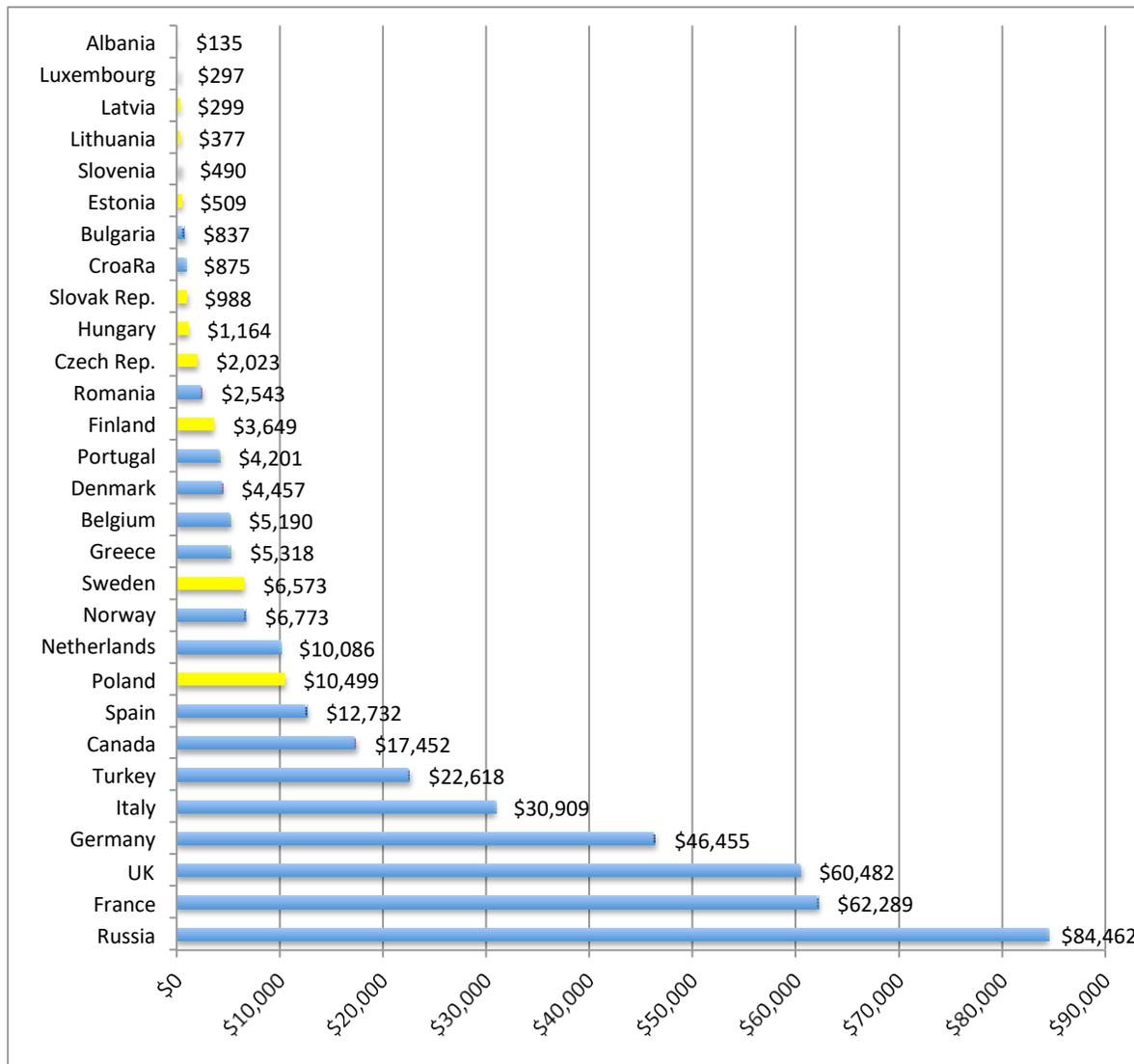
Comparative Perspective

Defense spending in all of the countries in this research is dwarfed by that of the United States and is much lower than in France, the United Kingdom, and Germany. Figure 1.2 shows overall spending in these countries relative to other European countries, such as Germany, Italy, the United Kingdom, and France. Russia is also included.

⁷ See Timothy D. Snyder, *Bloodlands: Europe Between Hitler and Stalin*, New York: Basic Books, 2010.

⁸ Kenneth N. Waltz, *Man, the State, and War: A Theoretical Analysis*, New York: Columbia University Press, 2001.

Figure 1.2. Defense Spending of NATO, Without United States, but with Finland, Sweden, and Russia (2014 levels, US\$ millions)

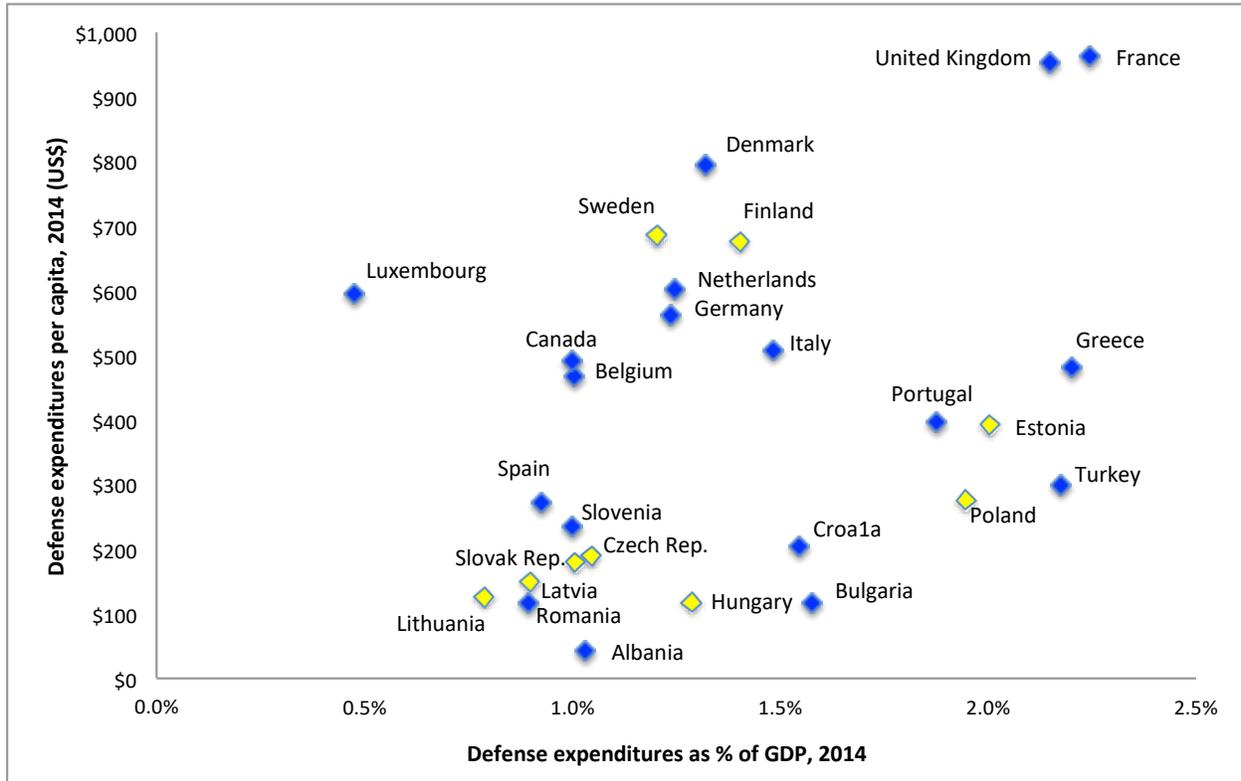


SOURCE: Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database, Solna, Sweden, database, undated(b).

NOTES: Countries in the report are highlighted in yellow. UK = United Kingdom.

These countries' overall defense spending is the single most important measure from a U.S. strategic perspective. Other measures also matter, however. Defense spending in the study countries should be considered alongside the level of *national effort on defense*. Here, two measures are relevant: defense spending as a percentage of economic output measured as GDP, and per capita defense spending. On these two measures, the picture is more varied, as shown in Figure 1.3. Countries in the upper right quadrant of this chart show strong performance on both measures of effort.

Figure 1.3. Defense Spending as a Percentage of GDP and on Per Capita Basis (select countries)



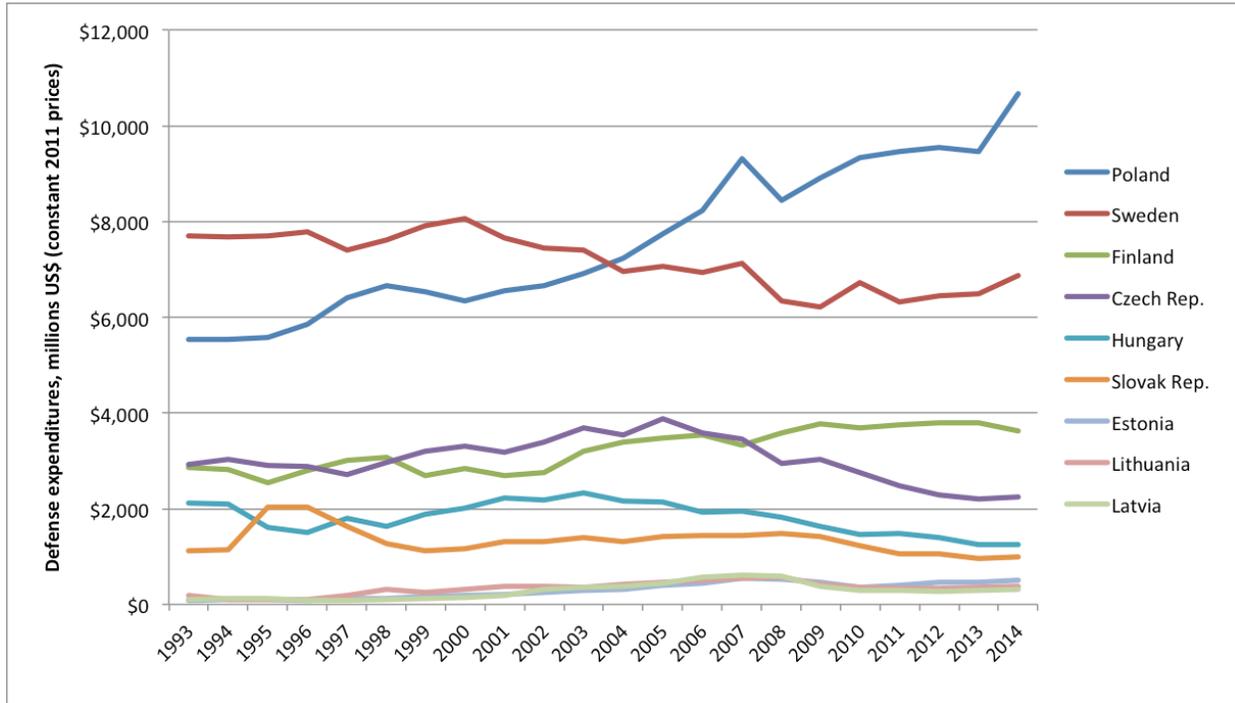
SOURCES: SIPRI, undated(b); International Monetary Fund (IMF), World Economic Outlook Database, 2015b; RAND calculations.

NOTES: The countries included in the report are shown in yellow, with other NATO countries in blue. Norway and the United States are not included in this chart because they skew the perspective significantly. Per capita defense spending in Norway in 2014 was \$1,328, in the United States \$1,891.

As shown in Figure 1.3, some of these countries perform better by these measures of effort. Finland and Sweden, for example, do fairly well on a per capita basis, while Poland and Estonia spend significantly above average on defense as a percentage of GDP (to the right on the graph).

Within the group, trends have evolved over time, as shown in Figure 1.4. Only Poland significantly increased spending in the decade prior to the Ukraine crisis, overtaking Sweden’s spending, the greatest in the group at the end of the Cold War. Spending in other countries in the group either stagnated or gradually declined. These trends mirror broader developments in Europe. Table 1.1 gives a comparative breakdown of military personnel, by service, for each of the countries as of 2014.

Figure 1.4. Evolution of Defense Spending Within the Group



SOURCE: SIPRI, undated(b).

Table 1.1. Military Personnel Comparative Statistics (2014)

Country	Total Active (Excluding Paramilitary)	Army	Air Force	Navy	Other Active	Reserve Component	Paramilitary	Paramilitary Reserve Component
Czech Rep.	23,650	13,000	5,950	n/a	4,850 ^a	n/a	3,100 ^b	n/a
Estonia	5,750	5,300	250	200	12,000 ^c	30,000	n/a	n/a
Finland	22,250	16,000	2,700	3,500	n/a	354,000	2,800 ^d	11,500
Hungary	26,500	10,300	5,900	n/a	10,300 ^e	44,000	12,000 ^f	n/a
Latvia	5,310	1,250	310	550	3,200 ^g	7,850	n/a	n/a
Lithuania	11,800	8,150	950	500	2,050 ^h	6,700	11,550 ⁱ	n/a
Poland	99,300	48,200	16,600	7,700	26,800 ^j	n/a	73,400 ^k	n/a
Slovak Rep.	15,850	6,250	3,950	n/a	5,650 ^l	n/a	n/a	n/a
Sweden	15,300	5,550	3,300	3,000	25,450 ^m	n/a	800 ⁿ	n/a

SOURCE: International Institute for Strategic Studies (IISS), *The Military Balance 2015*, Washington, D.C., February 11, 2015.

^a Czech Republic “other” figure includes Joint Staff.

^b Czech Republic “paramilitary” figure includes border guard + internal security forces.

^c Estonia “other” figure includes Defence League.

^d Finland “paramilitary” figure includes border guard.

^e Hungary “other” figure includes Joint Staff.

^f Hungary “paramilitary” figure includes border guard.

^g Latvia “other” figure includes Joint Staff + National Guard.

^h Lithuania “other” figure includes Joint Staff.

ⁱ Lithuania “paramilitary” figure includes border guard + Riflemen Union.

^j Poland “other” figure includes Joint Staff + Special Forces.

^k Poland “paramilitary” figure includes border guard + Prevention Units.

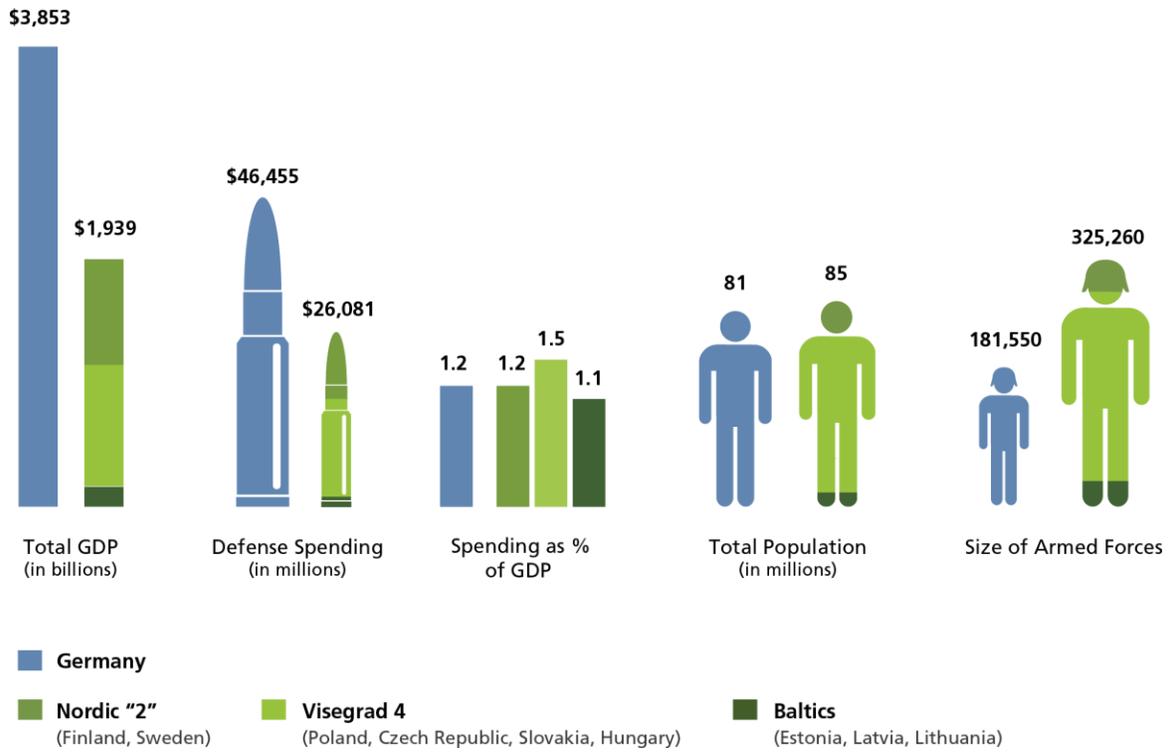
^l Slovak Republic “other” figure includes central staff + support and training personnel.

^m Sweden “other” figure includes Joint Staff + voluntary auxiliary organizations.

ⁿ Sweden “paramilitary” figure includes coast guard.

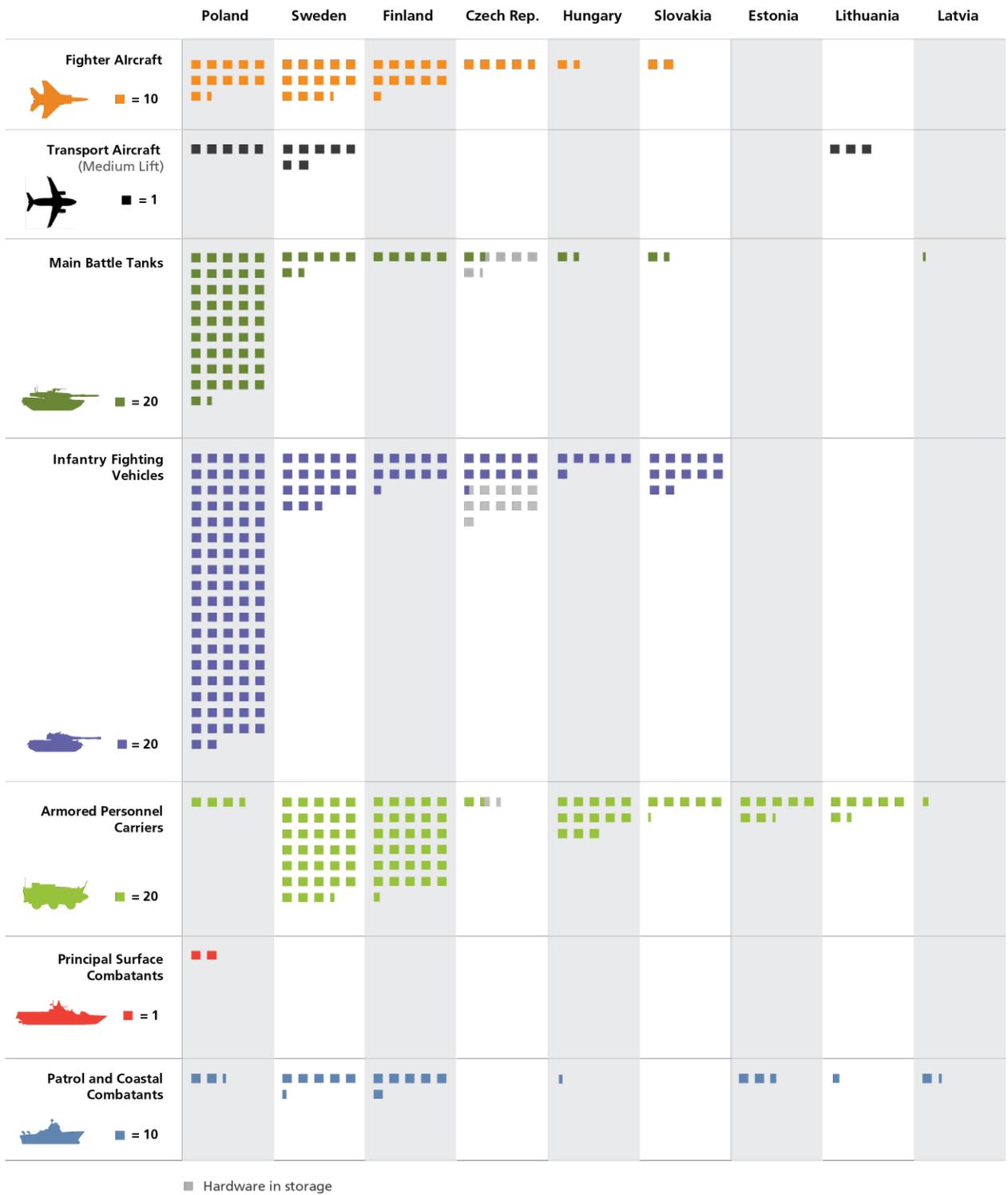
Finally, it is worth considering these countries as a collective unit, to get an overall picture of their importance. Figure 1.5 gives comparative figures on key measures. As a group, the militaries’ personnel in this report are close to twice the size of Germany’s, and defense spending is more than half of Germany’s, even though their economies are collectively much smaller. See Figure 1.6 for a survey of military equipment.

Figure 1.5. Collective Strength of the Group Relative to Germany



SOURCES: World Bank, *World Development Indicators, 2014*, Washington, D.C.: International Bank for Reconstruction and Development, 2014; SIPRI, undated(b); IISS, 2015.

Figure 1.6. Military Equipment by Country



SOURCE: IISS, 2015.

Subregional Defense Strategy

The challenges of developing a defense strategy in the region are many and require balancing the need for effective deterrence and reassurance with the (easily exaggerated, but still important) need to avoid inadvertently escalating tensions with Russia. Implementing an effective deterrent posture in the region is a complex task in and of itself. A deterrent strategy must rely on a mix of conventional, unconventional, and nuclear forces arrayed in a mutually reinforcing and complementary posture.

Within such a posture, the countries in this report play at least three critical roles:

1. As noted, many of these are the countries most threatened by Russian behavior—in other words, the countries against which attacks must be deterred.
2. They are the countries where U.S. or other allied forces are being and would continue to be deployed for deterrent purposes. The political and technical capacity for U.S. and other NATO deployments there—either in a persistent posture, a permanent posture, or as a result of a crisis—is thus an essential part of building an effective deterrent. Deterrence will be strengthened, to the extent to which these countries are prepared to host and interoperate with U.S. and other allied forces.
3. These countries have an important role to play themselves in making direct contributions to deterrence by developing and exercising the relevant capabilities, both individually and collectively. The contribution of these countries may not equal that of the United States in many areas, but they can and should be expected to contribute on a significant level, given the threat they face. Unfortunately, the small size of many of these countries tends to drive them toward strategies that deemphasize their own capabilities in favor of reliance on the United States. This tendency must be overcome. Contributing to building deterrence in the region in many cases will require a collective effort on their part. Their national and subregional efforts, like the complementary U.S. and NATO efforts, should also be multifaceted, combining conventional, unconventional, and cyber activities with strong political and economic resilience.

U.S. partnerships in the subregion should emphasize three types of major activities. First, the United States should work to strengthen regional defense cooperation. Emerging subregional forums such as Nordic Defense Cooperation (NORDEFCO) and Intra-Baltic, Nordic-Baltic, and Polish-Nordic Baltic groupings all deserve U.S. encouragement and support. Cooperation within these groupings will never be a substitute for cooperation within NATO, but the groupings can add to deterrent strength by providing economies of scale and building close links to Sweden and Finland, which are not members of NATO. Second, the United States should seize the momentum for closer cooperation in the region's three most capable countries—Finland, Poland, and Sweden—all of which are poised to strengthen their defenses. Together, these three countries could bring a defense capability equivalent to or greater than that of Germany. Moreover, because the interests of these states sometimes differ from Germany's when it comes to Russia, a combined capability may at times be more credible than Germany's in deterring Russian aggression. Third, the United States will need, as noted above, to take advantage of the positive political climate in some countries, such as Poland and the Baltic States, to increase its

military and defense presence. In some cases, this will involve sustaining the recent increase in exercise tempo, prepositioning equipment, or even permanently stationing forces in the subregion.

The final chapter of this report looks in greater detail at specific opportunities for engagement with these countries and outlines specific opportunities for the U.S. Air Force in keeping with this general strategy.

Method

The basic research question this research responds to is, “is the crisis in Ukraine creating new engagement opportunities in Central and Eastern Europe?” In this analysis, the Ukraine crisis was interpreted broadly to mean NATO’s growing military tensions with Russia. To provide scope to the report, we chose to focus in on a key group of countries rather look across the vast region as a whole.

The report is a structured and qualitative analysis, based on extensive conversations with political and military experts in the region, analysis of empirical data, and use of the best secondary sources. Given the research question, the project team first considered what factors most influence the character of a partner country’s defense relationship with the United States. The objective was to look below the surface at underlying political and economic foundations that make the defense relationship fruitful. Based on collective team knowledge and consultations with outside experts, a template for analysis of a country’s defense relationship with the United States was developed. That template identified the key major and minor factors that shape the defense relationship and thereby resulted in research questions for the country studies. The template included economic and political relations with the United States and Russia, assessments of the country’s military capabilities and strategic thinking, and analysis of the impact of the Ukraine conflict on these factors. A pilot country report was then written for consideration. After revision, that case study served as the model for subsequent studies.

After understanding how these factors were shaping the defense relationship with the United States, the team derived implications for the future of the relationship on an individual basis for each country. With the individual country trends in view, a broader regional picture was then assembled to get a view of the region as a whole. Specifically, we identified countries in which new opportunities were emerging, those in which existing opportunities are high, and countries where the outlook is uncertain. RAND then cross-walked the findings from the individual country studies with general categories of Air Force engagement to identify potential opportunities. In doing so, we combined our assessments of the overall interest of the country in deepening its partnership with the United States, as understood by its political, economic, and security culture, with the specific defense capabilities that the country does or might consider, based upon its current capabilities and resources. Finally, RAND conducted further interviews

and analysis to identify specific programs and activities in these broad areas that deserve closer attention, with a specific focus on the Air Force.

The assessment is thus a top-down, strategic look at the emerging regional picture and its implications for a regional (and changing) U.S. defense strategy. The approach is not intended to produce fully vetted specific recommendations for immediate action, but rather to identify areas where interesting new engagement opportunities may be emerging due to broader regional military and political trends.

The bulk of the work thus involved the development of the country studies presented in Chapters Two through Ten. These chapters are in-depth looks at the politics and economics of the country's security cooperation with the United States. They examine the trajectory that these countries appear to be on and ask what might change that trajectory in ways that matter to the U.S. defense enterprise in the region. The country studies offer the most-textured analysis of how the war in Ukraine has changed the opportunities for defense partnerships in the region.

A concluding chapter examines the implications, specifically for the U.S. Air Force. The findings in this chapter are not a technical assessment of the feasibility of different candidate partnering arrangements. Instead, the chapter builds on the military and political assessments in the country studies and combines them with an analysis of the major areas in which the U.S. Air Force has a stated interest—air, space, and cyber—to identify areas where partnering opportunities may exist. It looks at the short, middle, and long terms, and considers specific activities related to partnering toward these goals.

The opportunities for deeper U.S. engagement across the region are significant. To be clear, partnerships in this region are not a substitute for existing partnerships with major European powers such as Germany or France, which offer a broad range of deep support that most countries in this report cannot offer alone. Nor are partnerships in this region a substitute for building stronger relations with countries such as Romania—not included in this group, which focuses, for scoping reasons, on countries most relevant to Baltic defense. Some of the opportunities identified existed prior to the Ukraine conflict. However, as the United States seeks to bolster deterrence and regional stability while limiting the costs to U.S. taxpayers, the importance of opportunities with these partners should not be missed. As a whole, building stronger partnerships with them can bolster regional stability and reduce the medium- and long-term costs to the United States, while strengthening security in a region that remains critically important.

Part I. The Visegrad Four

The regional subgrouping known as the Visegrad Four comprises the Czech Republic, Hungary, Poland, and Slovakia. Created after the Cold War to promote economic cooperation and the integration of these countries into the European Union, the grouping also has a security identity. There is an EU Visegrad Battlegroup, for example, which, along with other battlegroups, was developed to provide the European Union with a crisis response capability, and there has been some talk about using the Battlegroup to respond to NATO demands as well.

Given their geographical proximity and common history as Communist-controlled states, it has often been assumed that the Visegrad countries would have a similar outlook on defense and security. Indeed, all sought NATO integration early on in their post-Cold War history, and all have been broadly supportive of NATO since. Nevertheless, the V4—as these countries are sometimes called—are small- to medium-sized frontier states, so the exigencies of their geographical location can make their foreign policy prone to swings.

That said, the V4 have never shown the cohesiveness in defense matters that some might have hoped. For example, the V4 so far have been unable to purchase equipment collectively. While all four countries needed to replace their aging medium-lift Soviet-era helicopter fleets at approximately the same time, they could not mount a group buy, instead opting for smaller purchases on the national level. The alliance similarly went its own way on fighter aircraft, with Poland opting for F-16s, Hungary and the Czech Republic leasing Swedish Gripens, and Slovakia—so far—not opting for anything.

The Ukraine crisis only further exposed underlying rifts in their security outlook, especially with regard to Russia. Although the V4 made statements condemning Russian actions in Ukraine and eventually joined in EU sanctions, divisions within the group were clear. Whereas Poland was one of the earliest and most vociferous critics of Russian actions in Ukraine, the other three members of the group were initially reluctant to agree to sanctions. Economic factors and dependence on Russian gas—especially in the case of Hungary—played a significant role in creating this rift. From a U.S. defense perspective, Poland will remain by far the most important of these countries. Poland's demand for engagement with the United States is high, and the resources and capabilities available to the Polish military are growing. While engagement with the other Visegrad states is still desirable, as discussed below, the locus and priority of deeper U.S. regional engagement should be Poland. The U.S. Air Force detachment at Lask airbase is an important node for deepening this relationship, which stands to grow across multiple areas in the next decade.

Chapter Two. Czech Republic: In Havel's Shadow

On November 18, 2014, newly elected Czech Prime Minister Bohuslav Sobotka visited Washington for a long-anticipated meeting with President Barack Obama.⁹ When the day came, however, Sobotka met instead with Vice President Joe Biden, making him the first Czech prime minister not to be received by the President.¹⁰ The White House cited scheduling conflicts and reported a friendly, if serious, talk between the principles about NATO, Ukraine, and European energy.¹¹ The Czech media, conversely, reported a cool reception due a host of economic and defense disputes, particularly Czech President Miloš Zeman's repeated denial of Russia's influence in the Ukraine conflict and his cozy relationship with China.¹² The *Prague Post* even claimed the American-Czech relationship lost its "bloom" and "entered into an uncertain age."¹³

The following day, Sobotka headed to Capitol Hill. Standing next to House Speaker John Boehner and House Minority Leader Nancy Pelosi, Sobotka helped unveil a bust of philosopher, anti-Communist dissident, and first Czech President Václav Havel in National Statuary Hall to mark the 25th anniversary of the Czech Republic's transition to democracy. As Boehner noted, this man who once described himself as a "Czech bumpkin through and through" was now symbolically enshrined alongside George Washington, Abraham Lincoln, Winston Churchill, and the other heroes of democracy.¹⁴

Sobotka's visit was emblematic of the broader American-Czech relationship—policy friction, at times significant, overlaying a deep transatlantic affinity. It also highlights the lasting impact that Havel had in not only guiding his country toward democracy, but in firmly establishing its Atlanticist orientation. Today, the Czech Republic remains in Havel's shadow: Despite Zeman's statements, most of the Czech population remains firmly pro-EU and Atlanticist. Whether these public attitudes translate into the political will to do more on national defense and international security, however, has varied based on political party. As for its capacity to do more, Czech participation has been constrained by an underinvestment in defense, exacerbated by an anti-corruption kick that has ground defense acquisition to a near halt.

⁹ Czech News had been reporting since at least the previous May on the expected visit to the White House. Czech News Agency, "Sobotka to Meet Obama in the Fall," *Prague Post*, May 13, 2014b.

¹⁰ Czech News Agency, "Bloom Wears Off US-Czech Relations," *Prague Post*, November 20, 2014e.

¹¹ Office of the Vice President, "Readout of the Vice President's Meeting with Czech Prime Minister Bohuslav Sobotka," Washington, D.C., The White House, November 18, 2014.

¹² Jan Richter, "Prime Minister Sobotka Endorses Havel Legacy on US Visit," Radio Praha, November 19, 2014e.

¹³ Czech News Agency, 2014e.

¹⁴ Czech News Agency, "Full Text: John Boehner Speaks at the Unveiling of Havel Bust," *Prague Post*, November 19, 2014d.

Key Background

The Czech Republic is a small- to medium-size power whose heart remains firmly in the West—even if its defense policies have not always followed suit. It owes much of its economic success to its wealthy Western neighbors—particularly Austria and Germany.¹⁵ In terms of wealth, size, and defense spending, the Czech Republic ranks just shy of center mass of most NATO countries (see Figure 1.3 and Table 2.1). Once on the Cold War’s front line, the Czech Republic today is institutionally rooted in the West as a NATO and EU member state.¹⁶ The former center of the Habsburg empire, with only a minute Russian minority (estimated at 0.2 percent in 2011), the country is culturally tied to the West, as well.¹⁷ Ultimately, the Czech Republic’s foreign policy debate is less about where its allegiances lie than about what political form they should take. As defense scholar Josefina Wallat commented, the Czech Republic “oscillated between a very pro-European and a distinctly Eurosceptic policy; it went from calling for the abolition of NATO in 1990 to joining it in 1999; it was one of the main initiators of the East Central European Visegrad cooperation as well the main obstacle to such cooperation.”¹⁸

¹⁵ IHS Jane’s, “Economy, Czech Republic,” *Jane’s Sentinel Security Assessment*, November 19, 2014r, p. 3.

¹⁶ Zdeněk Veselý, “The Security of a Small State—The Historical Experience of the Czech Republic,” *Journal of Slavic Military Studies*, Vol. 20, No. 4, 2007, p. 691.

¹⁷ IHS Jane’s, “Demography, Czech Republic,” *Jane’s Sentinel Security Assessment*, August 14, 2014b, p. 1.

¹⁸ Josefina Wallat, “Czechoslovak/Czech Foreign and Security Policy, 1989–1999,” *Perspective*, Vol. 17 (Winter), 2001/2002, p. 14.

Table 2.1. Czech Republic: Key Resource Base Statistics and Partner Ordinal Rankings

Concept	Unit Amount	NATO–Plus 2 Ordinal Ranking (Out of 29)
Total military expenditure, 2014 (current US\$ million) ^a	\$2,023	19th
Total military expenditure, 2014 (as % of GDP) ^b	1.0%	19th
Military personnel, active (excl. paramilitary), 2013 ^c	23,650	18th
Military personnel, active (incl. paramilitary), 2013 ^d	26,750	17th
Military personnel, deployed (incl. peacekeeping), 2013 ^e	243	23rd
Gross domestic product, 2014 (current US\$ billion) ^f	\$205.7	18th
Gross domestic product, 2014 (per capita, current US\$) ^f	\$19,563	20th
Total estimated population, 2014 ^f	10,535,000	14th

NOTE: NATO–Plus 2 includes the 27 NATO member states plus Sweden and Finland.

^{a, b} SIPRI, undated(b).

^c IISS, 2014 and 2015. Reserve forces, if any, are unspecified.

^d IISS, 2014 and 2015. Paramilitary includes 3,000 personnel in the Border Guard and 100 personnel in the Internal Security Force.

^e IISS, 2014 and 2015.

^f IMF, 2015b.

At the First World War’s conclusion, Czechoslovakia emerged from the ashes of the vast, heterogeneous Austro-Hungarian Empire in the Treaty of St. Germain.¹⁹ While its founder—Czechoslovakia’s first president, Tomáš Garrigue Masaryk—espoused pan-Slavism, he was also inspired by the United States and proclaimed the country’s creation in the Washington Declaration of October 18, 1918.²⁰ Soviet-backed communists seized power in 1948 and held it for the next half-century, at times with significant force—most notably in 1968 when the Soviet-led Warsaw Pact invaded the country, crushing a nascent liberalization movement.²¹ Only in 1989 did ten days of protests succeed in toppling Czechoslovakia’s communist government.²² Four years later, after its “Velvet Divorce” with Slovakia in 1993, the Czech Republic came into being.

While the Czech Republic’s affinities lay with the West, what political form this new country would take was not immediately clear. Joining NATO was only one of several possible options

¹⁹ Encyclopedia Britannica. “Treaty of Saint-Germain,” April 2013.

²⁰ Thomas G. Masaryk, “The Slavs After the War,” *Slovonic Review*, No. 1, 1922; Gérard Bergeron, “1918–Czechoslovakia–1968,” *International Journal*, Vol. 33, No. 4, 1978, p. 822; IHS Jane’s, “External Affairs, Czech Republic,” *Jane’s Sentinel Security Assessment*, August 14, 2014d.

²¹ IHS Jane’s, 2014d, pp. 6–7.

²² IHS Jane’s, 2014d, p. 7.

for guaranteeing the Czech Republic's security.²³ In fact, Havel and Foreign Minister Jiří Dienstbier initially wanted to replace NATO with a new Conference on Security Cooperation in Europe.²⁴

Three factors convinced Havel otherwise. First, despite not being an official NATO mission, the American-led coalition's decisive victory in the First Gulf War underscored the alliance's effectiveness.²⁵ As then-First Vice Minister of Foreign Affairs Alexandr Vondra explained in June 1996, NATO "provides the most security guarantees and it can ensure balance of forces in Europe which is of key importance for us as a country in the middle of Europe."²⁶ Second, economists forecasted that neutrality could cost up to 3 percent of GDP—rather than the 2-percent target benchmark for NATO countries.²⁷ Finally, Havel saw NATO as a statement of the Czech Republic's values.²⁸ He believed that Europe should be united "all in the spirit of universality, unity and diversity, and mutual responsibility for the peace, security and freedom of everyone."²⁹ International institutions, in turn, became a vehicle to fulfill this dream. Ultimately, Havel would become the most influential voice for Czech internationalism until his death in 2011.

Not all Czech politicians were as favorably disposed to NATO or European integration as Havel—most notably the Czech Republic's first prime minister, Václav Klaus. While Klaus wanted "a free Europe," he worried about "institutions that would try to control us . . . institutions that try to force their own values, ambitions and prejudices on us; institutions that would favor special interests at the costs of the interests of the whole."³⁰ Klaus was equally skeptical of the European Union and ceding hard-earned sovereignty to Brussels, which he analogized to rule from Moscow.³¹ Instead, Klaus favored "unilateralism, bilateralism and a generally more narrow and pessimistic foreign policy approach."³² His premiership between 1992 and 1997 saw a deterioration of the Czech Republic's international relationships,

²³ Veselý, 2007, p. 690.

²⁴ Michael J. Baun and Dan Marek, "Czech Foreign Policy and EU Integration," *Perspectives on European Politics and Society*, Vol. 11, No. 1, April 2010, p. 3; Stéphane Lefebvre, "The Czech Republic and National Security, 1993–1998: The Emergence of a Strategic Culture," *Journal of Slavic Military Studies*, Vol. 23, No. 2, 2010, p. 339. ²⁵ Baun and Marek, 2010, p. 19.

²⁶ Lefebvre, 2010, p. 351.

²⁷ Ryan C. Hendrickson, "NATO's Visegrad Allies: The First Test in Kosovo," *Journal of Slavic Military Studies*, Vol. 13, No. 2, 2000, p. 26; Lefebvre, 2010, pp. 350, 352.

²⁸ Lefebvre, 2010, p. 341.

²⁹ Lefebvre, 2010, p. 337.

³⁰ Lefebvre, 2010, pp. 344–345.

³¹ Wallat, 2001/2002, p. 20.

³² Baun and Marek, 2010, p. 4.

specifically with Germany and Slovakia.³³ Importantly, Klaus—at least at this stage—was not pro-Russian either; he admired the free-market economic policies of Milton Friedman and conservative British Prime Minister Margaret Thatcher.³⁴

Ultimately, Klaus' brand of Euroscepticism lost the debate over integration. While polls showed that between only 50 percent and 60 percent of the Czech public supported NATO accession, in the end, the government voted decisively to join the alliance.³⁵ On April 15, 1998, the Chamber of Deputies voted by a margin of 158 to 34; the Senate voted two weeks later, 64 to 3; and in 1999, the Czech Republic joined NATO.³⁶ Five years later, on June 13–14, 2003, Czechs voted overwhelmingly (77.3 percent) to join the European Union, with 55.2-percent voter turnout.³⁷ On May 1, 2004, the Czech Republic became an EU member, and on December 27, 2007, it joined the Schengen Zone.³⁸

Klaus' beliefs, however, live on in Czech politics today. Michal Kořan of the Institute of International Relations in Prague helpfully identifies four foreign-policy camps in Czech politics based on their attitudes toward the United States and the European Union—the Internationalists (pro–United States and pro–European Union), the Europeanists (pro–European Union but anti–United States), the Atlanticists (pro–United States but anti–European Union), and finally the Autonomists (anti–both organizations).³⁹ The latter group—embodied by the Communist Party of Bohemia and Moravia—often garners the third-largest vote share but has mostly been excluded from the governing coalitions.⁴⁰ Instead, the center-right Civic Democratic Party

³³ Wallat, 2001/2002, p. 22; Baun and Marek, 2010, p. 5.

³⁴ Martin Myant, “Klaus, Havel and the Debate over Civil Society in the Czech Republic,” *Journal of Communist Studies and Transition Politics*, Vol. 21, No. 2, June 2005, p. 249.

³⁵ Marybeth Peterson Ulrich, “Developing Mature National Security Systems in Post-Communist States: The Czech Republic and Slovakia,” *Armed Forces & Society*, Vol. 28, No. 3, Spring 2002, p. 411; Lefebvre, 2010, p. 366.

³⁶ Lefebvre, 2010, p. 359.

³⁷ IHS Jane's, 2014d, p. 5. In 1996, 73 percent of Czechs wanted to join the European Union, compared with only 60 percent for NATO (Lefebvre, 2010, p. 364; for earlier polls see Seán Hanley, “A Nation of Sceptics? The Czech EU Accession Referendum of 13–14 June 2003,” *West European Politics*, Vol. 27, No. 4, September 1, 2004, pp. 691–715, p. 694). Similarly in 2001, even after joining NATO, 75 percent of Czechs reportedly believed in coordinating foreign policy with the European Union, while only 37 percent believed in doing so with the United States (Věra Řiháčková, *Czech Republic: 'Europeanization' of a Hesitant Atlantist?* Europeum: Institute for European Policy, working paper, April 2005, p. 9).

³⁸ Veselý, 2007, p. 691; IHS Jane's, “Security and Foreign Forces, Czech Republic,” *Jane's Sentinel Security Assessment*, August 14, 2014g, p. 3.

³⁹ Michal Kořan, “Domestic Politics in Czech Foreign Policy: Between Consensus Clash,” *International Issues & Slovak Foreign Policy Affairs*, Vol. 16, No. 2, 2007, pp. 28–29.

⁴⁰ Kořan, 2007, p. 28.

(ODS) (an example of Kořan’s Atlanticists) and, more recently, the Czech Social Democratic Party (ČSSD) (an example of Kořan’s Europeanists) have led the Czech government.⁴¹

The government elected in October 2013 is headed by the Europeanist ČSSD.⁴² The new president, Zeman, has proven particularly controversial. In 2002, he argued that Sudeten Germans “prior to [the] Second World War were Adolf Hitler’s fifth column and committed treason,” angering Austria and Germany.⁴³ Later, he praised Russian and Chinese leaders and seemed to encourage Czech nostalgia for the Communist days, provoking protests at home and raising eyebrows in the West.⁴⁴ Nonetheless, multiple political commentators believe the country will still increasingly look toward the European Union for its foreign policy cues.⁴⁵

Relations with the United States and Europe

Pro-Western sympathies do not always portend an easy defense relationship. While it twice suffered invasion during the 20th century—first by Germany, then by the Soviets—“all of the Czech strategic documents produced since 1993 have assumed that the threat of an external attack on the country is very low and the country does not have a specific enemy.”⁴⁶ Aside from fears of terrorism and fears of “Southern threat”—immigration from North Africa coming up through southern Europe—most Czechs feel safe and secure, with consequently little need to invest in defense or employ it abroad.⁴⁷ This, in turn, can create friction in the U.S.-Czech and the NATO-Czech defense relationships, particularly when the United States pushes the Czech Republic to play a more active role in defense issues.⁴⁸

As mentioned, the Czech Republic’s ties to the United States date to its founding and run broad and deep. At least three waves of Czech immigration have come to the United States, and

⁴¹ Kořan, 2007, p. 28.

⁴² IHS Jane’s, “Executive Summary, Czech Republic” *Jane’s Sentinel Security Assessment*, November 12, 2014q, p. 2.

⁴³ IHS Jane’s, 2014d, p. 3.

⁴⁴ Rick Lyman, “Reverently and Defiantly, Czechs Honor Velvet Revolution’s Anniversary,” *New York Times*, November 17, 2014.

⁴⁵ Kořan, 2007, p. 38; IHS Jane’s, 2014q, p. 1.

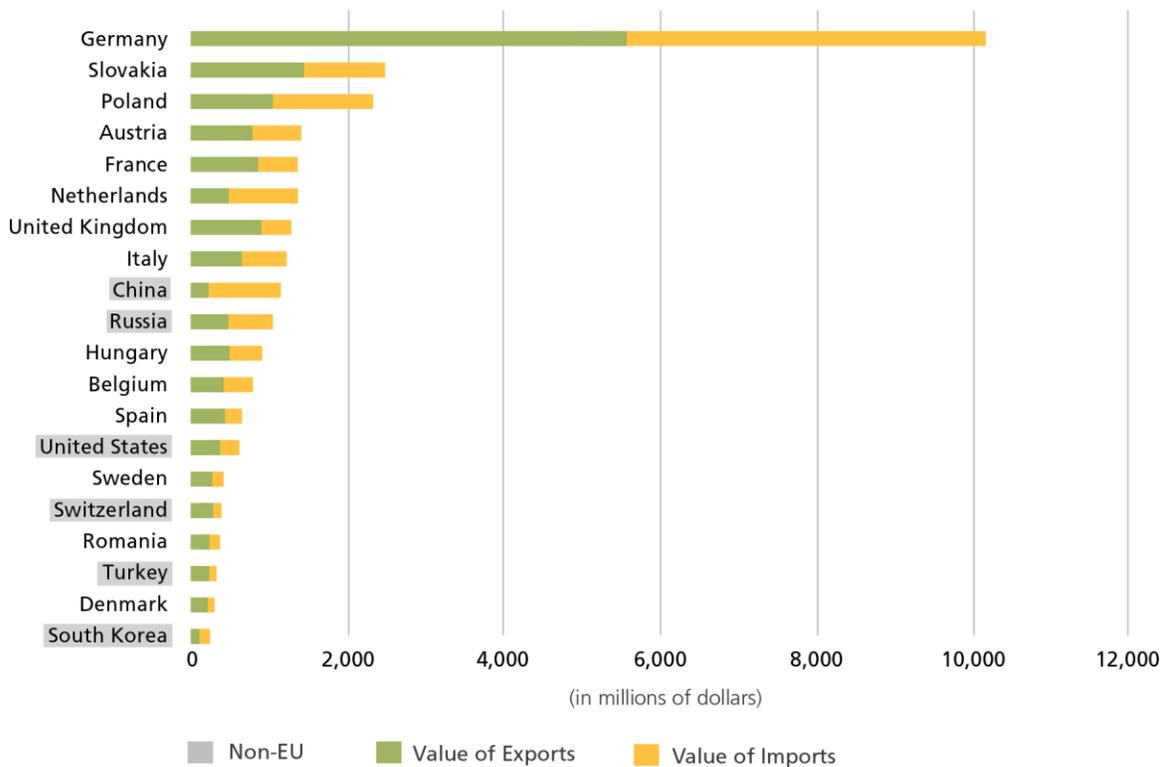
⁴⁶ Zdeněk Kříž, “Czech Military Transformation: Towards Military Typical of Consolidated Democracy?” *Journal of Slavic Military Studies*, Vol. 23, No. 4, 2010a, p. 621.

⁴⁷ For polling data to this effect, see Ivan Gabal, Lenka Helsusova, and Thomas S. Szayna, *The Impact of NATO Membership in the Czech Republic: Changing Czech Views of Security, Military and Defense*, Surrey, England: Conflict Studies Research Centre, G107(S), March 2002, p. 6; Kříž, 2010a, p. 62. For example, in April 2011, six people were arrested in Prague for fundraising for Dagestan’s Jamaat Shariat (IHS Jane’s, 2014g, p. 3; interview with a midlevel Ministry of Foreign Affairs official, Prague, Czech Republic, May 6, 2015; interview with a midlevel Ministry of Defense (MoD) official, Prague, Czech Republic, May 7, 2015).

⁴⁸ Interview with a senior American military official, May 7, 2015.

Czech Americans can still vote in elections at the Czech embassy and consulates.⁴⁹ Pew polling in 2012 and 2013 found that between 54 and 60 percent of Czechs had favorable impressions of Americans and the United States, about the same percentages as in Germany.⁵⁰ American direct investments in the Czech Republic totaled \$4.6 billion in 2012, including large, well-known companies such as Conoco/Dupont, Phillip Morris, PepsiCo and Coca-Cola.⁵¹ Admittedly, Czech trade and foreign direct stock flows to and from the United States pale in comparison with the European Union as whole and even with individual key European countries—such as Germany, the Netherlands, and even Russia (see Figures 2.1 and 2.2).

Figure 2.1. Top 20 Czech Trade Partners (2014)



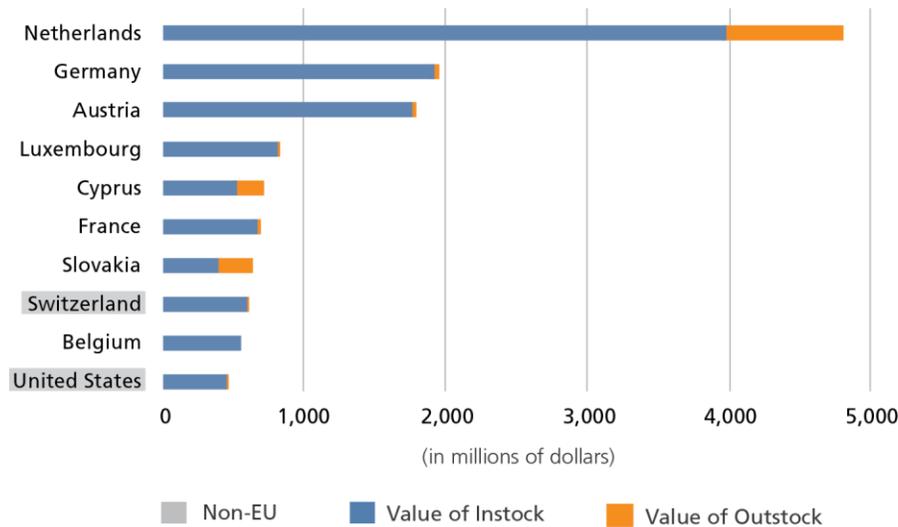
SOURCE: IMF, *Direction of Trade Statistics Yearbook*, 2015a.

⁴⁹ Řiháčková, 2005, p. 4.

⁵⁰ Pew Foundation, “Opinion of Americans,” 2014a; Pew Foundation, “Opinion of the United States,” 2014b.

⁵¹ See Table 1.3; Řiháčková, 2005, p. 6.

Figure 2.2. Czech Republic's Top Ten Foreign Direct Investment Partners, by Instock and Outstock (2012)



SOURCE: United Nations (UN) Conference on Trade and Development Foreign Direct Investment/Transnational Corporation (UNCTAD/FDI/TC) database, based on data from the Czech National Bank.

On the surface, this strong cultural and economic relationship translated into an equally vibrant security partnership. In 1998, as the Czech Republic was on the path to NATO membership, Secretary General Javier Solana praised “the serious commitment they have demonstrated to the ideals and common values underpinning our Alliance.”⁵² Similarly, in 1999, Czech Foreign Minister Jan Kavan stated, “We are determined not to become a burden to the alliance. Just to the contrary, we are prepared to fulfill our part of the responsibilities and commitments of member-states and to meet all the obligations and duties which stem from membership.”⁵³

The Czech Republic’s strategic documents highlight its strong political commitment to the alliance. The 2002 *Military Strategy* states that, thanks to its accession into NATO, “one of the main strategic goals of the security policy of the country has been achieved, ensuring security of the Czech Republic within the current security environment in the best way possible.”⁵⁴ Similarly, the 2008 *Military Strategy* states (in bold): “The cornerstone of defence of the Czech Republic against present or future threats is her active participation in the NATO’s system of collective defence found on a strong transatlantic link.”⁵⁵ Similarly, the 2011 *Security Strategy* lists NATO at the forefront of the “collective dimension of safeguarding security and defence”

⁵² Hendrickson, 2000, p. 28.

⁵³ Hendrickson, 2000, p. 30.

⁵⁴ Ministry of Defense of the Czech Republic (MODCR), *Military Strategy of the Czech Republic*, 2002, p. 3.

⁵⁵ MODCR, *Military Strategy of the Czech Republic*, 2008, p. 3.

section.⁵⁶ And the 2012 *Defence Strategy* is even subtitled “A Responsible State and a Reliable Ally.”⁵⁷

The Czech Republic followed up these pledges by sending troops to Iraq and Afghanistan. Soon after 9/11, it sent the 6th and 11th field hospitals to Afghanistan and a chemical battalion to Kuwait.⁵⁸ By 2011, it had 620 soldiers in the country and gave 12 helicopters and 725,044 euros in military aid to Afghanistan.⁵⁹ Czech forces manned a provincial reconstruction team in Logar Province and trained Afghan security forces, and, as a 2011 White House fact sheet noted, “operate(d) without caveats or restrictions.”⁶⁰ As late as December 2014, it had 224 service members in Afghanistan, making it the 13th largest contributor—as measured in personnel—to the mission.⁶¹ And as of June 2015, the Czech Republic had suffered ten casualties in Afghanistan—nine in hostile fire incidents, roughly in the middle of the pack for the contributing nations.⁶²

On closer examination, however, the U.S.-Czech and the Czech-NATO relationships face at least four significant points of friction—starting with how force should be used internationally. Fifty percent of the Czech public opposed NATO’s intervention in Kosovo (with 30 percent backing the operation), and then—Czech Prime Minister and left-leaning ČSSD leader (and now President) Zeman called NATO and its supporters “warmongers” and “primitive troglodytes who assume everything can be achieved by bombing.”⁶³ Havel, however, eventually persuaded Zeman to send 125 Czech peacekeepers postconflict as part of NATO’s Kosovo Force (KFOR) mission.⁶⁴ Similarly, the Czech public overwhelmingly opposed the Iraq War—with 72 percent saying they were against the war in 2003, even if the United States got a UN mandate.⁶⁵ The

⁵⁶ Ministry of Foreign Affairs of the Czech Republic, *Security Strategy of the Czech Republic*, 2011, p. 12.

⁵⁷ MODCR, *The Defence Strategy of the Czech Republic: A Responsible State and a Reliable Ally*, 2012, p. 1.

⁵⁸ Řiháčková, 2005, p. 16.

⁵⁹ Joseph P. Bell and Ryan C. Hendrickson, “NATO’s Visegrad Allies and the Bombing of Qaddafi: The Consequences of Alliance Free-Riders,” *Journal of Slavic Military Studies*, Vol. 25, No. 2, 2012, p. 156.

⁶⁰ Office of the Press Secretary, “The United States and the Czech Republic—NATO Allies and Partners in Prosperity and Democracy,” fact sheet, Washington, D.C., The White House, October 27, 2011.

⁶¹ International Security Assistance Force, “International Security Assistance Force (ISAF): Key Facts and Figures,” fact sheet, December 1, 2014.

⁶² iCasualties, “Nationality: Czech,” *Operation Enduring Freedom*, 2015.

⁶³ Hendrickson, 2000, pp. 30–31. For perspective, the American public backed the Kosovo intervention by a margin of 46 percent in favor to 43 percent opposed (Lydia Saad, “Americans Hesitant, As Usual, About U.S. Military Action in Balkans: Less than Half Favor U.S. Participation in Anti-Serb Air Strikes,” Gallup News Service, March 24, 1999).

⁶⁴ Hendrickson, 2000, pp. 31–32.

⁶⁵ Martin Hrobský, “News of Radio Prague,” Radio Praha, March 26, 2003.

Czech public was equally opposed to Afghanistan—with one Academy of Sciences of the Czech Republic poll in March 2004 showing 75 percent opposition to sending troops to the conflict.⁶⁶

While the Czechs—thanks to the backing of the center-right parties, as well as split opinions among the Socialists—still participated in the Iraq and Afghanistan wars despite public opposition, they broke from NATO on the 2011 Libya intervention. While most Czechs believed strikes on Libya were warranted, and 50 percent agreed with the UN resolution authorizing force, 54 percent opposed any government policy supporting the NATO operation, and 70 percent opposed Czech troops “actively participating” in the mission.⁶⁷ In fact, only 17 percent favored Czech military cooperation with the NATO operation.⁶⁸ Czech reticence about the Libya intervention stemmed from economic motivations (the Czech Republic imported \$111 million, mostly in oil, from Libya in 2005), but also strategic reasons.⁶⁹ As Czech Foreign Minister Karel Schwarzenberg warned on February 21, 2011, “EU should not get involved too much . . . If Gaddafi falls, then there will be bigger catastrophes in the world. It’s no use for anyone if we intervene loudly, just to prove our own importance.”⁷⁰ Later, the Czech Republic remained skeptical of the intervention, fearing that it would lead to regional instability and, as a result, prompt a wave of illegal immigration into the European Union.⁷¹

Second, the Czech Republic’s commitment to its own defense has waned and is now a source of tension. A 2002 RAND report found that Czechs ranked “defense” and “NATO responsibilities” 13th and 15th among the “serious” or “very serious” problems facing the country, well behind the economy, social programs, education, and health care.⁷² Consequently, while the Czech Republic pledged 2.2 percent of its GDP to defense in 2002, it has not fulfilled this commitment.⁷³ As Gabal, Helsingsova, and Szayna concluded, “it is an open secret in the NATO defense community that Czech performance is the most problematic among the three members that joined in 1999.”⁷⁴

If anything, the Czech Republic’s reluctance to spend on defense has only increased over the years. According to Czech media accounts, National Security Adviser Susan Rice warned Czech Defense Minister Martin Stropnický in April 2014 that if the Czech Republic failed to increase

⁶⁶ Jan Červenka, “Attitudes of Citizens to Sending Czech Soldiers to Afghanistan,” Academy of Sciences of the Czech Republic, March 5 2014.

⁶⁷ Bell and Hendrickson, 2012, p. 158.

⁶⁸ Bell and Hendrickson, 2012, p. 158.

⁶⁹ Bell and Hendrickson, 2012, p. 157; interview with a senior former Czech MoD official, Prague, Czech Republic, May 6, 2015.

⁷⁰ Bell and Hendrickson, 2012, p. 157.

⁷¹ Interview with a senior former Czech MoD official, Prague, Czech Republic, May 6, 2015.

⁷² Gabal, Helsingsova, and Szayna, 2002, p. 10.

⁷³ MODCR, 2002, p. 15; Ulrich, 2002, p. 406.

⁷⁴ Gabal, Helsingsova, and Szayna, 2002, p. 2; also see Ulrich, 2002, p. 410.

defense spending, “Washington would no longer consider [the] Czechs its ally.”⁷⁵ And indeed, a leaked NATO internal assessment from April 2014 concludes, “If the situation does not change, the Czech Republic will have serious difficulties in providing its average contribution to alliance operations.”⁷⁶

Third, more-Atlanticist Czech politicians have complained of American abandonment.⁷⁷ As previously mentioned, the Czech Republic sent troops to both Iraq and Afghanistan, despite significant domestic opposition. Particularly on center-right of the Czech political spectrum, some politicians feel that this loyalty was not reciprocated.⁷⁸ In a July 2009 open letter to President Obama, 22 Central and Eastern European leaders—including Havel, former Minister of Defense Luboš Dobroský, and former Ministers of Foreign Affairs Karel Schwarzenberg and Alexandr Vondra—warned that the “reset” in Russian relations and the cancellation of missile defense sites in Poland and the Czech Republic, if not handled correctly, could “undermine the credibility of the United States across the whole region.”⁷⁹ More recently, the Czechs also worried about the “Pivot to Asia.” The 2012 *Defense Strategy* states that “As the United States of America (US) rebalances towards Asia, there will be a growing requirement for Europeans to take up a greater share of responsibility for their own defence and security.”⁸⁰

Going forward, U.S.-Czech and NATO-Czech relations will likely retain their affinity, but not necessarily their utility. While the Czech public largely remains favorably disposed to the United States in abstract, there is significant tension over defense spending and using force on the international stage.

Relations with Russia

On the other side of the equation, the Czech Republic has had an uneven relationship with Russia over the years. As Prague’s Institute of International Relations Director Petr Kratochvíl wrote, “Historically speaking, the relations between the Russian Empire and the Czechs were harmonious, albeit sometimes over idealized. The Russian Empire was often portrayed as the ultimate defender of the freedom of the Slavic nations oppressed by the German, Austrian or

⁷⁵ Czech News Agency, 2014e.

⁷⁶ Jiri Kominek, “NATO Report Criticises Czech Defence Spending,” *Jane’s Defense Weekly*, April 11, 2014a.

⁷⁷ In 2002, for example, 69 percent of Czechs believed the United States would come to its defense in a crisis—more so than other countries or “the allies” more generically (Gabal, Helsensova, and Sazyna, 2002, pp. 34, 35).

⁷⁸ Based on multiple interviews with senior former ODS politicians, Prague, Czech Republic, May 6, 2015.

⁷⁹ Valdas Adamkus et al., “An Open Letter to the Obama Administration from Central and Eastern Europe,” *Wyborcza.pl*, July 15, 2014. Admittedly, according to some observers, Czech leaders felt less strongly about missile defense than their Polish counterparts. See Vít Střítecký and Nik Hynek, “Divided We Stand: Limits of Central European Atlanticism in the New Era,” *International Issues & Slovak Foreign Policy Affairs*, Vol. 17, No. 4, 2009, p. 26.

⁸⁰ MODCR, 2012, p. 6.

Turkish rulers.”⁸¹ Given the Czech Republic’s proximity to Germany and Austria, the idea that the Czechs would look to Russia—as fellow Slavs—as their natural protector made abstract sense.

In practice, however, Czechs had a decidedly mixed experience when they fell under Soviet influence in the early stages of the Cold War. In their May 1946 elections, the Czech Communists captured only 38 percent of the vote, but with Moscow’s help, the Communists gradually expanded their influence over key ministries until they were able to seize control in 1948, bringing the country firmly behind the Iron Curtain.⁸² When Czechoslovakia showed signs of slipping from Soviet grasp during the Prague Spring protests of 1968, the Soviets invaded and crushed the reformers.⁸³

The Prague Spring scarred Russian-Czech relations for a generation. A July 1995 poll showed that 29 percent of Czechs feared the Russian “military threat,” while a September 1997 poll showed that 58 percent of Czechs viewed Russia as their “most serious external threat.”⁸⁴ For his part, while Havel favored a NATO-Russian strategic partnership, he did not accept that Russia—for historical and cultural reasons—could ever be fully integrated into the West or NATO.⁸⁵

Russian-Czech relations warmed in the early 2000s. After the Czech Republic joined NATO, Czech-Russian relations focused on settling Russia’s Cold War–era \$3.5 billion debt and abolishing the visa-free regime.⁸⁶ Gradually, this led to more intense negotiations and, in February 2001, Russian Foreign Minister Igor Ivanov visited Prague, sparking a series of high-level diplomatic visits.⁸⁷ In fall 2003, then–newly elected Klaus visited Russia, normalized relations, and prompted the Czech foreign minister to declare the current state of “Russian-Czech ties the best in the last ten years.”⁸⁸ A few years later, in March 2006, Vladimir Putin visited Prague.⁸⁹

Strategic and economic disagreements, however, soon cooled Russian-Czech relations in the second half of the decade. While Klaus blamed Georgia for the 2008 Russian-Georgian War, the Czech government opposed the Russian invasion, comparing it with the 1968 invasion of

⁸¹ Petr Kratochvíl, “Political Relationship Between Russia and the Czech Republic: Or There and Back Again?” conference paper for the ICEG EC Conference, Budapest, Hungary, February 5–6, 2004. p. 1.

⁸² Bergeron, 1978, pp. 829–830.

⁸³ Veselý, 2007, p. 688.

⁸⁴ Lefebvre, 2010, p. 365.

⁸⁵ Lefebvre, 2010, pp. 340, 342.

⁸⁶ Kratochvíl, 2004, p. 4.

⁸⁷ Kratochvíl, 2004, p. 4.

⁸⁸ Kratochvíl, 2004, p. 5.

⁸⁹ Baun and Marek, 2010, p. 12.

Czechoslovakia.⁹⁰ Adding to this tension, in 2008, Czech Prime Minister Mirek Topolánek signed the Ballistic Missile Defense treaty with the United States, wherein the Czech Republic agreed to host a radar site as part of the American Antiballistic Missile Defense system, which Russia perceived as a threat to its strategic deterrent capability.⁹¹

On the economic side, Czech public opinion was divided about the 2006 and 2009 Ukraine-Russia gas disputes: Some dismissed them as a bilateral problem, while others blamed Russia for the disruption in their energy supply.⁹² Moreover, in retaliation for signing the missile defense agreement, Russia halved its oil exports to the Czech Republic.⁹³ Unsurprisingly, therefore, during the Czech Republic's EU presidency from January to June of 2009, Czech leaders pushed for a Southern Corridor designed to provide Europe with access to Caspian gas while bypassing Russia, and they helped secure some 200 million euros in EU stimulus funding for the Nabucco gas pipeline in March 2009, over German objections.⁹⁴

Despite these tensions, the Czech Republic still had strong economic ties to Russia prior to the Ukraine crisis. Exports to Russia increased in 2013 to \$5.2 billion, making it the eighth-largest market for Czech goods at 3.2 percent, although this amounts to only a tenth of the percentage of Czech exports to Germany for that year (31.7-percent share).⁹⁵ Similarly, imports from Russia increased in nominal terms from 2000 to 2013 (from \$2.3 billion to \$7.3 billion) but decreased as a share of total imports, from 6.6 percent to 5.1 percent.⁹⁶

Importantly, unlike many of its Central European allies, the Czech Republic is not beholden to Russia for its energy. While it still imported 57 percent of its natural gas from Russia in 2012, this was less than the Baltics and the other Visegrad countries.⁹⁷ Moreover, because the Czech Republic's gas consumption constitutes only about 16 percent of its total energy needs, Russian gas is not the same economic lifeblood as it is elsewhere in Central and Eastern Europe.⁹⁸ The Czech Republic also diversified its energy sources early on: Since the 1990s, the Czechs have contracted with Norway to supply up to a fifth of their oil needs.⁹⁹ Norway also provides natural

⁹⁰ Baun and Marek, 2010, p. 12.

⁹¹ IHS Jane's, 2014d, p. 3.

⁹² Baun and Marek, 2010, pp. 12, 14.

⁹³ Judy Dempsey, "Russia Further Cuts Its Oil Deliveries to Czech Republic," *New York Times*, July 30, 2008.

⁹⁴ Baun and Marek, 2010, pp. 13, 15.

⁹⁵ IHS Jane's, 2014q, p. 5.

⁹⁶ IHS Jane's, 2014q, p. 6.

⁹⁷ "Conscious Uncoupling," *Economist*, April 5, 2014.

⁹⁸ International Energy Agency (IEA), *The Czech Republic 2010 Review*, Paris, France, 2010, p. 65.

⁹⁹ Karel Hirman, "The Transit Location of Slovakia and Its Interests in the Context of the EU Energy Security," *International Issues & Slovak Foreign Policy Affairs*, Vol. 15, No. 3, 2006, p. 57.

gas to the Czech Republic—amounting to roughly 10 percent of its total supplies in 2013.¹⁰⁰ In fact, the Czech Republic has pipelines to Poland and Hungary that can aid in the reverse flow of gas, if the need arises.¹⁰¹

Today, there is a small, but vocal and well-placed, pro-Russian faction in the Czech Republic. After his 2013 election, President Zeman promised a “pragmatic” approach to Russia, enhancing “economic cooperation mechanisms”¹⁰² And as late as August 2014, *Jane’s* noted an “Easterner” faction, led by former President Klaus, that was skeptical of the EU’s future and saw economic opportunities within Russia.¹⁰³ More nefariously, the Czech Republic’s Security Information Service (BIS) reported in 2013 that the number of Russian intelligence operatives posing as diplomats, tourists, experts, academics, and entrepreneurs in the country was “extremely high.” BIS concluded, “The Cold War and the Soviet Union may have passed, but the same is not true for Russia’s passion for trying to gain influence and taking active measures (such as the use of agents) to achieve this.”¹⁰⁴

Despite the public prominence of some of “Easterners,” they constitute a minority view and are not a principle roadblock to enhanced U.S.-Czech defense cooperation. However, what sort of military capacity the Czech Republic can actually bring to the table—and its willingness to use it—are different matters entirely.

Defense Capabilities

After the Cold War, the Czech Republic inherited a military in desperate need of modernization but lacked the funds to pay for it. By the Cold War’s end, the Czech military—in some analysts’ opinions—could not even defend its own territory, much less perform more-complex tasks.¹⁰⁵ Unfortunately, since joining NATO, the Czechs have been increasingly unwilling to pay for the expensive overhaul (see Figure 2.3). While the 2002 *Military Strategy* pegged the defense spending goals to 2.2 percent of GDP, the Czech Republic allocated only 1.08 percent in 2014, and the reductions predated the current financial crisis.¹⁰⁶ Moreover, these resources largely paid for personnel, not procurement and research and development—the areas

¹⁰⁰ Eurogas, *Statistical Report 2014*. 2014, p. 6. By comparison, according to the Eurogas report, the Baltics and the other Visegrad countries received no Norwegian gas during 2013.

¹⁰¹ “Conscious Uncoupling,” 2014.

¹⁰² IHS Jane’s, 2014d, p. 4.

¹⁰³ IHS Jane’s, 2014d, p. 1.

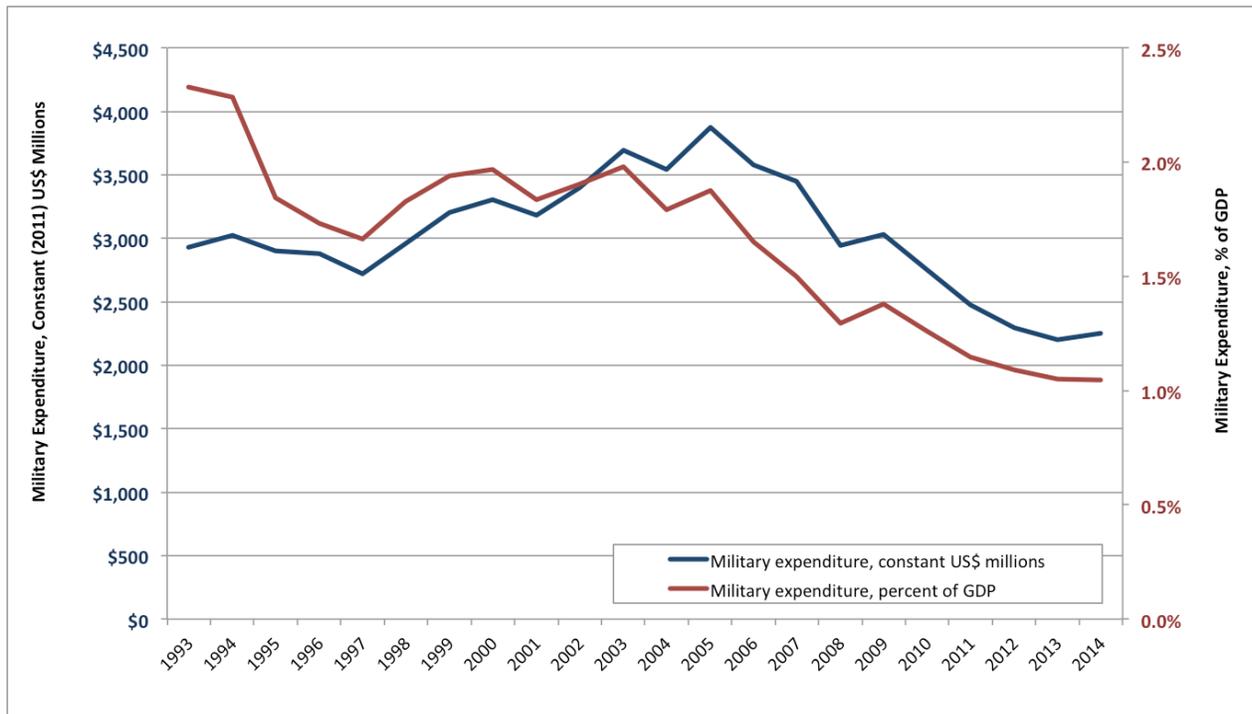
¹⁰⁴ Matthew Day, “‘Extremely High’ Number of Russian Spies in Czech Republic,” *Telegraph*, October 27, 2014.

¹⁰⁵ Wade Jacoby and Christopher Jones, “The EU Battle Groups in Sweden and the Czech Republic: What National Defense Reforms Tell Us About European Rapid Reaction Capabilities,” *European Security*, Vol. 17, No. 2/4, 2008, p. 319.

¹⁰⁶ MODCR, 2002, p. 15; Jacoby and Jones, 2008, p. 322; IHS Jane’s, 2014g, pp. 2–3.

needed for modernization.¹⁰⁷ Even more debilitating, Czech politics is currently caught up in a series of corruption scandals, while the Czech defense acquisition process tends to be arduous and bureaucratic.¹⁰⁸ As a result, while it was allocated 1.08 percent of GDP in 2014, the Czech MoD failed to spend some 4 billion crowns, so it spent only roughly 0.96 percent.¹⁰⁹ Today, Czech defense officials acknowledge that budget cuts limit their military capabilities and harm NATO alliances.¹¹⁰ The Czech military thus becomes a case study of modernization on a shoestring budget.

Figure 2.3. Czech Defense Expenditures in Constant US\$ and as Percentage of GDP (1988–2014)



SOURCE: SIPRI, undated(b).

¹⁰⁷ In 2011, for example, 55 percent of the budget went to personnel costs, 30 percent supported overseas missions (particularly Kosovo and Afghanistan), and 15 percent went for R&D and procurement (IHS Jane’s, 2014g, p. 2; also see Lefebvre, 2010, p. 353).

¹⁰⁸ Interview with a midlevel MoD official, Prague, Czech Republic, May 7, 2015.

¹⁰⁹ Interview with a former senior Ministry of Foreign Affairs official, Prague, Czech Republic, May 6, 2015, and a midlevel MoD official, Prague, Czech Republic, May 7, 2015.

¹¹⁰ In fact, the 2012 *Defence Strategy* acknowledges, “Growing differences in the level of defence investments and uneven sharing of the responsibility for collective defence and security among Allies weakens NATO’s unity and solidarity.” It then offers a backhanded critique of Czech military spending cuts, noting that “predictable and adequate appropriations for the development of defence capabilities are a key prerequisite for an effective national defence.” MODCR, 2012, pp. 6, 8.

Once the Iron Curtain fell, the military began to professionalize. Between September 1990 and September 1992, 15 percent of the officer corps—9,640 officers, including 157 generals—retired or were dismissed.¹¹¹ The military also professionalized its rank and file, dramatically downsizing its end-strength and ending conscription on January 1, 2005.¹¹² The Czech Republic also put the military more firmly under civilian control and removed it from politics.¹¹³ In October 1990, Luboš Dobroský became the first civilian minister of defense and, aside from a brief period between 2001 and 2004 when retired soldiers filled the post, civilians have run the defense ministry.¹¹⁴

Professionalizing the force, however, created a new set of problems. The military's relationship with civilians at times has been rocky. Dobroský famously quipped, "I am not a military expert and I do not intend to become one," and the military's trust in the minister of defense has varied wildly over the years—from a low of 34.5 percent in 1996 to 92.8 percent in 2002.¹¹⁵ Military trust in the presidency also varied from 45 percent in 2001 under Havel to 82.4 percent under Klaus in 2004.¹¹⁶

Perhaps more serious, the Czech military has struggled to recruit. A 2002 RAND survey found that while 72 percent of Czechs trusted the military (the highest of any state institution surveyed), a mere 40 percent of Czech men would volunteer to serve, even if the Czech Republic were attacked.¹¹⁷ This reluctance to serve persists today. The 1997 Czech *National Defence Strategy* set as the military's end-strength 0.5–0.6 percent of population in peacetime and five to six times that size in wartime, but this target has proven untenable.¹¹⁸ Indeed, the 2011 Czech *White Paper on Defence* concluded that, thanks to the aging overall population and the military's declining ability to attract suitable candidates, the "currently valid quantitative ambitions of 26,200 personnel will become unattainable."¹¹⁹ And in 2013, the Czech military could recruit

¹¹¹ Kříž, 2010a, p. 638.

¹¹² A 1997 survey, however, found that the rank and file still lacked professionalism: 74.6 percent of conscripts were motivated by money, and more than a quarter agreed with the skinhead movement (Jirí Hodný and Štefan Sarvaš, "Conscripts and the Military Profession in the Czech Republic," *Journal of Slavic Military Studies*, Vol. 12, No. 1, 1999, pp. 35, 42; Zdeněk Kříž, "Czech Military Transformation: Towards Military Typical of Consolidated Democracy?" *Journal of Slavic Military Studies*, Vol. 23, No. 4, 2010b, p. 624; Kříž, 2010a, p. 639).

¹¹³ Kříž, 2010a, p. 636.

¹¹⁴ Kříž, 2010a, p. 634.

¹¹⁵ Wallat, 2001/2002, p. 16; Kříž, 2010a, p. 634.

¹¹⁶ Kříž, 2010a, p. 637.

¹¹⁷ Gabal, Helsusova, and Sazyna, 2002, pp. 14, 16, 20. The actual statistics could, in fact, be darker: The survey showed that 21 percent of Czech men would offer to serve in the military, and another 19 percent would wait and see if they were needed.

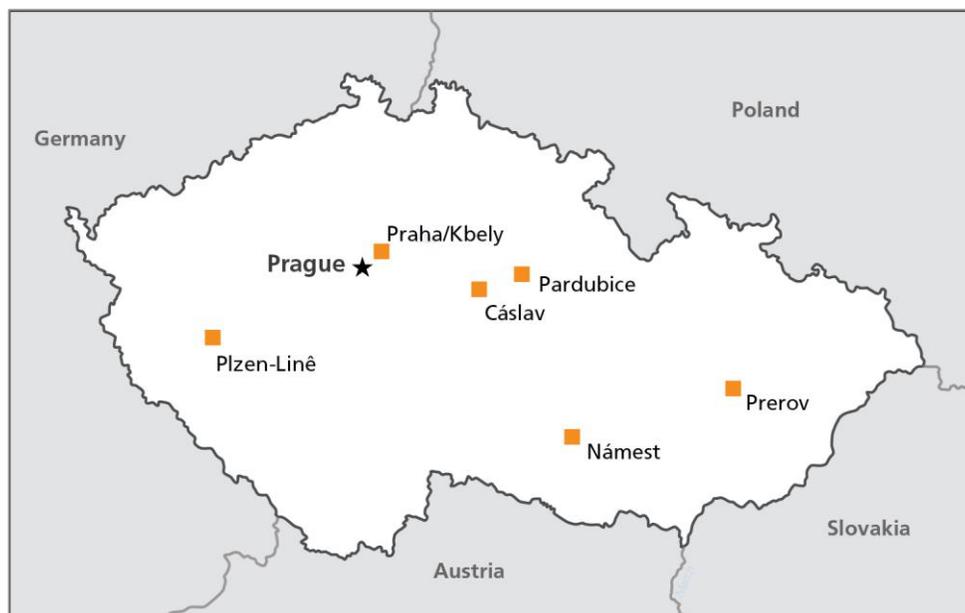
¹¹⁸ MODCR, *National Defence Strategy of the Czech Republic*, 1997, p. 7.

¹¹⁹ MODCR, *Czech Republic: The White Paper on Defence 2011*, 2011, p. 13.

only 585 to replace 1,166 retiring soldiers.¹²⁰ This recruiting and retention problem proves particularly acute when it comes to certain high-skilled professions—such as doctors and pilots.¹²¹

Overall, the transformation to a professional force left the Czech Republic with a military of roughly 23,000 personnel—just shy of center mass of the countries in NATO. The Czech Air Force shrank in size—to 5,100 personnel in 2015, down from 6,130 in 2008—although not as severely as the Army.¹²² In terms of force structure, it managed to maintain two fighter/ground attack squadrons, a training squadron, one attack helicopter squadron (for the moment), two transport helicopter squadrons, and an air defense (surface-to-air missile equipped) brigade.¹²³ Figure 2.4 shows the location of major Czech air bases.

Figure 2.4. Major Czech Air Bases in Operation (2014)



The Czech Republic’s relationship with the Texas and Nebraska National Guards as part of the State Partnership program dates to 1993, and in 2012 alone, the National Guard conducted 12 “engagements” of varying size with the Czech military.¹²⁴ Similarly, in fiscal year 2014, the United States trained more than 350 Czech military members of the Coalition Readiness Support

¹²⁰ IHS Jane’s, 2014g, p. 3.

¹²¹ Interview with a midlevel MoD official, Prague, Czech Republic, May 7, 2015.

¹²² IISS, 2015.

¹²³ IISS, 2015.

¹²⁴ USEUCOM, “Texas, Nebraska-Czech Rep. 1993–2013,” 2013.

Program, International Military Education and Training Program (IMET), and other programs.¹²⁵ Indeed, the number of students trained in 2014 under IMET and Combating Terrorism Fellowship remains near a record high.¹²⁶ On an Air Force-specific front, the Czech Republic has participated in several NATO exercises over the last several years—including hosting the Ramstein Rover series, which trained forward air control and close air support missions in preparation for the Afghanistan mission.¹²⁷

At the same time, thanks to declining Czech resources, this training has largely focused on niche capabilities—Special Forces, medical, chemical and biological warfare, and cyber—not on building broader defense capacity.¹²⁸ Declining budgets have taken their toll on the number of training opportunities, too. Indeed, in 2012, only those troops slated to deploy to Afghanistan conducted live-fire training.¹²⁹ The MODCR website lists participation in four named international exercises in 2008 and five in 2009 (and a high of 11 in 2006), but only one or two exercises from 2010 to 2014.¹³⁰ In the wake of the Ukraine crisis, however, this may be changing. In 2015, Czech forces announced plans to participate in at least five international exercises, although with relatively small contributions by U.S. standards, with the largest involving 1,400 soldiers and airmen and the others involving 600 fewer.¹³¹

Budget cuts also inflicted a toll on Czech military equipment. While the Czech Republic bought mostly Western-made equipment after the Cold War, like many other countries, it bought significantly less of it (see Figure 2.5). As a result, its arsenal has shrunk dramatically. In 1993, the Czech Army had 1,367 light armored vehicles, 767 artillery pieces, 957 tanks, and 456 aircraft.¹³² By January 1, 2009, the Czech Army had only about a third the number of combat vehicles (490) and artillery pieces (259), a quarter the number of tanks (178), and less than a sixth the number of aircraft (42 aircraft and 29 helicopters).¹³³ Indeed, these cuts are so severe that some officials doubt whether the Czech Republic's only heavy brigade could deploy, if called upon to do so, thanks to equipment, personnel, and ammunition shortfalls.¹³⁴ Budget

¹²⁵ U.S. Department of State, “The U.S.-Czech Security Partnership,” fact sheet, August 4, 2014.

¹²⁶ Defense Security Cooperation Agency (DSCA), *Fiscal Year Series: As of September 30, 2013*, Washington, D.C., U.S. Department of Defense, September 30, 2013a, Table 1.10 of Czech Republic data push.

¹²⁷ IHS Jane's, “Czech Republic—Air Force,” *Jane's World Air Forces*, 2016g.

¹²⁸ USEUCOM, 2013.

¹²⁹ IHS Jane's, 2014g, p. 6.

¹³⁰ MODCR, “History of Czech Military Participation in Operations Abroad (1990–2015),” September 5, 2014.

¹³¹ Czech News Agency, “Czech Army to Take Part in Several Large Allied Exercises,” *Prague Post*, January 21, 2015d.

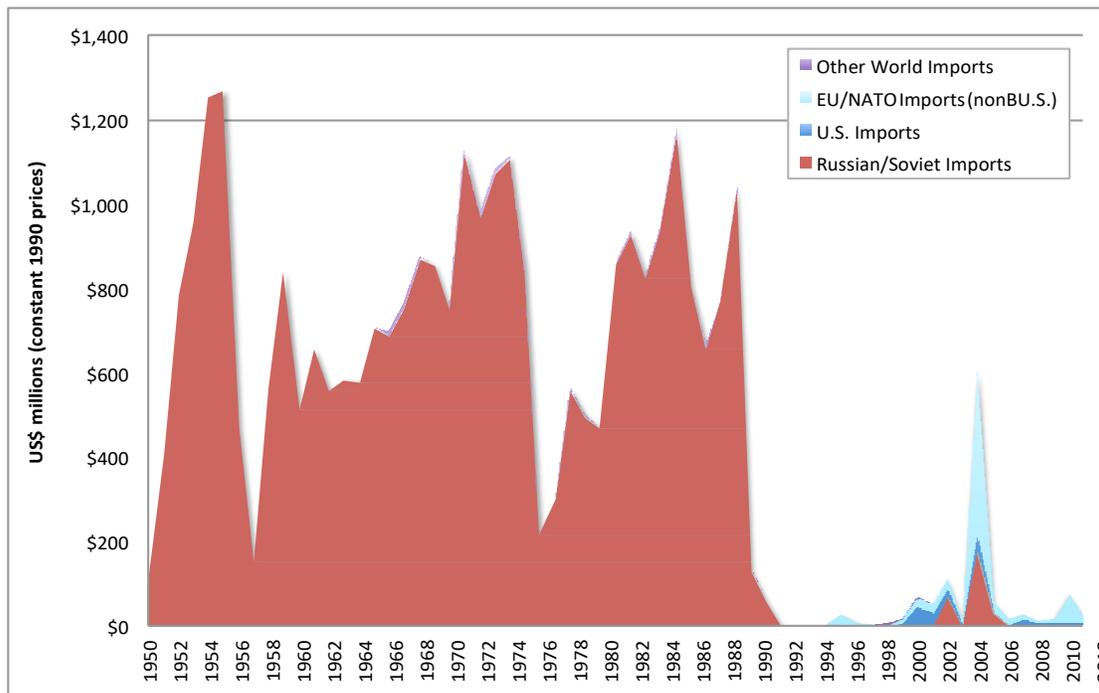
¹³² Kříž, 2010b, p. 625.

¹³³ Kříž, 2010b, p. 625.

¹³⁴ Interviews with a senior MoD official and current midlevel MoD official, Prague, Czech Republic, May 6–7, 2015.

cuts also forced the Czechs to shed certain capabilities altogether. For example, the military chose to retire its fleet of Russian-made MI-24/35 attack helicopters because, as Chief of Czech General Staff Lieutenant General Petr Pavel explained, “we will not have the resources to upgrade or maintain them.”¹³⁵ Pavel further noted that he also could not replace the helicopters with American AH-64 Apaches because “such an acquisition (of modern attack helicopters) would mean sacrificing our entire budget set aside for aircraft operations.”¹³⁶

Figure 2.5. Czech Arms Imports, by Supplier, 1950–2013 (US\$ millions, constant 1990 prices)



SOURCE: SIPRI, SIPRI Arms Transfer Database, database, Solna, Sweden, undated(a).

Moreover, some of the Czech military’s new equipment comes with caveats. Within the last decade, the Czech military bought a variety of new platforms (from the General Dynamics European Land System Pandur wheeled armored personnel carrier [APC] to the RQ11B Raven unmanned aerial vehicle), began investing in a new mobile air defense radar 3-D MADR (along with the other Visegrad countries), and leased 14 Swedish Gripen through 2027.¹³⁷ The latter, however, came with a catch: Originally, the Czech Republic did not include the air-to-ground

¹³⁵ IHS Jane’s, 2014g p. 6.

¹³⁶ IHS Jane’s, 2014g, p. 6.

¹³⁷ IHS Jane’s, 2014g, pp. 1, 3, 8, 12; Mark Doyle, “Aircraft Tech Key As Former Soviet States Wean off Russian Weapons,” Fox News, October 31, 2014.

capability (only the air-to-air package), limiting its potential contribution to primarily air-to-ground operations in NATO's Operation Unified Protector in Libya.¹³⁸ The new lease, signed in the fall of 2014, adds this capability.¹³⁹

The Czechs aspire to fix some of their equipment shortfalls, and with the exception of the planned tracked armored vehicle purchase, most prioritize air force assets. Specifically, they are interested in investing in transport helicopters (to replace their aging Mi-24/35 fleet), radars (to replace their Russian-made P-37 "Bar Lock" 2D air defense system), and medium-lift transport aircraft (C-130 or KC-390 equivalent).¹⁴⁰ They also are considering whether to expand their Gripen fleet from 14 to 20 aircraft or to increase their pooling and sharing of aircraft with Austria, Slovakia, Hungary, Croatia, and Poland. Under the latter option, these countries—only one of which (Hungary) currently flies Gripens—would jointly patrol their airspace, thereby freeing up Czech aircraft for NATO missions.¹⁴¹

For the moment, these trends constrain the Czech military's contribution to overseas operations. Even before the end of conscription, polls confirmed the military's willingness to deploy abroad.¹⁴² To its credit, it joined international coalitions in Iraq, Chad, Afghanistan, Bosnia, Kosovo, Mali, Iceland Air Policing, and, most recently, the Baltic Air Sovereignty Mission. Notably, the Czech Republic has successfully deployed its Mi-17s (to Afghanistan in 2010) and its Gripens (to Iceland and to the Baltics) abroad.¹⁴³ And yet, the military's ability to provide significant combat power declined, thanks to budget cuts and, to a lesser extent, political constraints. Looking at the Czech deployments over time, they are both relatively small—only twice deploying 1,000 troops abroad in a given year—and on the decline in absolute terms (see Figure 2.6). Already in 2006, one study found that only 10 percent of the Czech force was capable of operating in NATO missions.¹⁴⁴ In 2011, the Czech Republic reduced its contribution for KFOR from 500 to 90 due to budget cuts.¹⁴⁵

¹³⁸ Discussions with midlevel Ministry of Foreign Affairs and MoD officials, Prague, May 6, 7, 2015; and with a senior MoD official, May 6, 2015.

¹³⁹ Discussion with midlevel Ministry of Foreign Affairs and MoD officials, Prague, May 6, 7, 2015.

¹⁴⁰ IHS Jane's, "Czech Republic—Air Force," 2016g.

¹⁴¹ Discussion with a midlevel MoD official, Prague, Czech Republic, May 5, 2015. Croatia and Slovakia are also considering the Gripen.

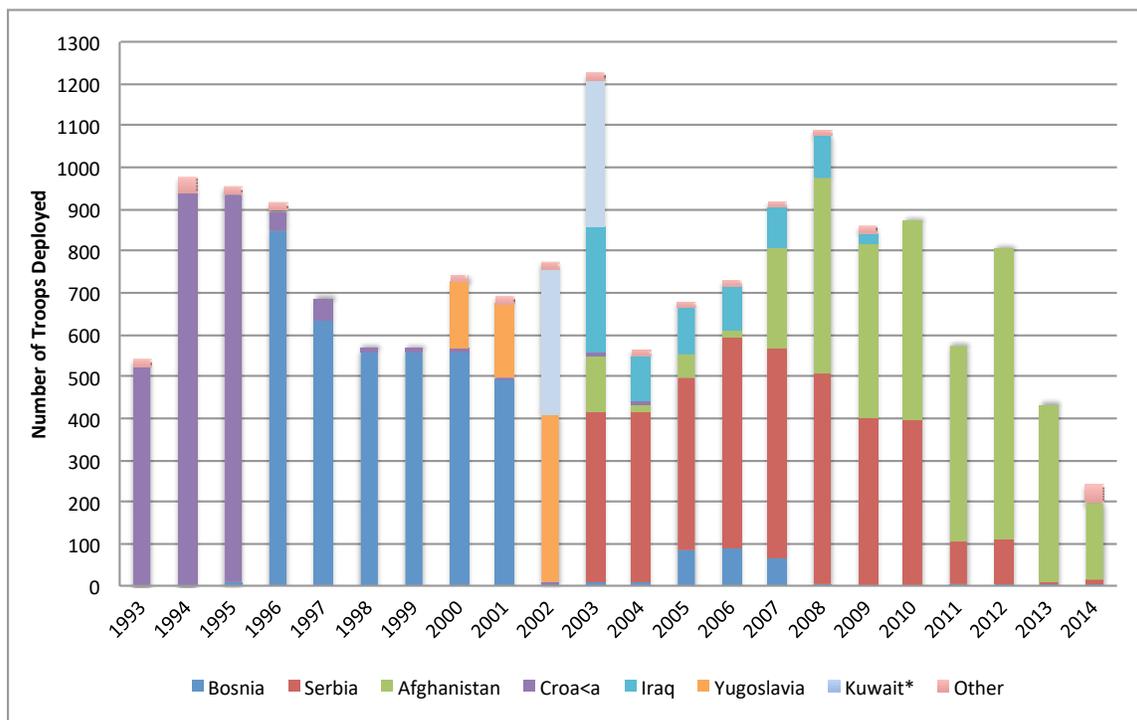
¹⁴² In 1997, 75.1 percent of soldiers believed that participating in peacekeeping missions could improve the Czech Republic's international image (Hodný and Sarvaš, 1999, p. 41). And in 2004, in contrast with the overall population, the military overwhelmingly supported deployments to Kosovo (87 percent), Afghanistan (68 percent), and Iraq (66 percent) (Kříž, 2010a, p. 637).

¹⁴³ IHS Jane's, 2014g.

¹⁴⁴ Jacoby and Jones, 2008, p. 321.

¹⁴⁵ IHS Jane's, 2014g, p. 4.

Figure 2.6. Estimated Number of Czech Forces Deployed Abroad, by Country (1993–2014)



SOURCE: IISS, *The Military Balance*, 1997–2014.

NOTES: “Other” includes annual deployments of 20 or fewer military personnel—typically in an observer capacity—in the countries of Georgia, Liberia, Democratic Republic of Congo, Mozambique, Mali, Sierra Leone, Ethiopia/Eritrea, Egypt, Tajikistan, Lithuania, Macedonia, Armenia/Azerbaijan, Moldova, and Central African Republic/Chad.

* Troops deployed in Kuwait in 2002 and 2003 were part of Operation Enduring Freedom.

A close read of the Czech Republic’s strategic documents hints at its decreasing international aspirations. The 2002 *Military Strategy* pledges a 5,000-man brigade (or its Air Force equivalent) for a one-time deployment of up to six months to perform a non–Article 5 collective security peace enforcement operation.¹⁴⁶ The 2004 *Military Strategy* decreased the commitment to a 3,000-man brigade for six months or its Air Force equivalent for three months.¹⁴⁷ The 2008 *Military Strategy* dropped the size altogether and simply stated a brigade task force for six months without rotation.¹⁴⁸ Finally, the 2012 *Defence Strategy* pledged a brigade task force, but only for Article 5 collective security missions; for non–Article 5 missions, it pledges smaller forces.¹⁴⁹

¹⁴⁶ MODCR, 2002, p. 7.

¹⁴⁷ MODCR, *Czech Republic Military Strategy*, 2004, p. 4.

¹⁴⁸ MODCR, 2008, p. 5.

¹⁴⁹ MODCR, 2012, p. 10.

A similar trend plays out with the Czech Republic's EU contributions as well. The Czechs signed onto the battlegroup concept—where European countries band together to form units between 1,500 and 2,200 strong, capable of operating autonomously for 30 days and up to 120 days with troop rotation.¹⁵⁰ In practice, even in 2008, observers noted that the concept reinforced a tiered readiness model—leaving the Czech Republic with a handful of deployable, highly trained soldiers and a larger pool of less-ready forces.¹⁵¹ More recently, the battlegroup concept reflected budgetary weakness, rather than increased readiness. The Visegrad Battlegroup—a collaboration of Poland, the Czech Republic, Slovakia, and Hungary—was hailed as the “linchpin for our defence cooperation in the area of training, exercises and capability development.”¹⁵² In fact, as the Central European Policy Institute's Foreign and Defense Policy Director Milan Šuplata wrote, the battlegroup was also “a tool to overcome negative effects of the [financial] crisis on their militaries,” just as it was a method for increasing security cooperation.¹⁵³

In sum, while the Czech military professionalized and modernized its force over the past quarter-century, declining budgets have hamstrung its ability to turn reforms into capabilities. As a result, the Czech Republic's potential contribution to any future NATO mission would likely remain restricted to a handful of niche capacities—such as medical units and special operations forces—and to participating in small-scale, low-intensity peacekeeping missions.

Response to Crimea and the Ukraine Crisis

Most Czechs reacted with apprehension to the Russian intervention in Ukraine. An October 2014 poll showed that 65 percent of Czechs believed that Russia threatens the country (up from 29 percent the previous year), and a full 80 percent believed Russia's actions undermined peace in Europe.¹⁵⁴ According to the Czech Statistical Bureau, Czech tourism to Russia dropped off by 23 percent in the third quarter of 2014, while tourists from Russia posted a 14-percent drop.¹⁵⁵ Similarly, Czech newspapers ran stories about Czech individuals and companies donating to nongovernmental organizations delivering winter clothing and roofing materials to Eastern Ukraine.¹⁵⁶ Czech media similarly expressed concern for the 120,000 to

¹⁵⁰ Jacoby and Jones, 2008, p. 318.

¹⁵¹ Jacoby and Jones, 2008, p. 323.

¹⁵² Visegrad Group, “Budapest Declaration of the Visegrad Group Heads of Government on the New Opening in V4 Defence Cooperation,” June 24, 2014.

¹⁵³ Milan Šuplata, “Visegrad Battlegroup: A Vehicle for Regional Defence Co-operation,” Central European Policy Institute, March 25, 2013.

¹⁵⁴ Sean Carney, “Russia Quickly Losing Friends, Supporters in Czech Republic,” *Wall Street Journal*, October 24, 2014.

¹⁵⁵ “Czech Republic Welcomed 14% Fewer Russians,” *Tourism Review*, November 15, 2014.

¹⁵⁶ Raymond Johnston, “People in Need Send Convoy to Eastern Ukraine,” *Prague Post*, January 7, 2015.

200,000 Ukrainians in the Czech Republic and particularly for the estimated 20,000 drafted into the Ukrainian military.¹⁵⁷

Despite these public sentiments, some senior government officials' statements leave much to be desired. Accused of being overly close to Putin and Russia, Zeman referred to the former Ukrainian Prime Minister Arseni Yatsenyuk as a "prime minister of war" and insisted that the "Maidan [movement] was no democratic revolution"; rather, it was a "civil war" fought between rival "gangs."¹⁵⁸

For his part, Klaus was equally—if not more—controversial. He referred to Ukraine in Soviet terms, as "the Ukraine," asserted the "artificiality of this state," and chastised the "very irresponsible [policies] from the West to nurture the ambitions and illusions of radicals from Western Ukraine."¹⁵⁹ Elsewhere, he reiterated that Ukraine was an "**essentially non-historical state**," (emphasis in the original) and accused a "small group of the little Czech 'neocons' who keep propping up their careers in the belated battles against communism and Russian imperialism" to "turn Russia into a 'bogey man' in the East."¹⁶⁰

According to media reports, the Czech Republic is among a group of other EU countries—including Slovakia, Hungary, Austria, and others—pushing a softer line on Russian sanctions.¹⁶¹ Publicly, Prime Minister Sobotka disavowed this stance. In a January 2015 press release, he stated, "A reduction of the sanctions against Russia is directly connected with how it fulfills the agreements of Minsk and how it contributes to calming down the situation in the east of Ukraine."¹⁶² Other current government officials, however, seem to contradict these statements. For example, in November 2014, Deputy Prime Minister and Finance Minister Andrej Babis argued, "We have to find some diplomatic solution because more sanctions will definitely have negative effects on all of us."¹⁶³

With limited capacity and less political will, the Czech military response to the Ukraine crisis focused predominantly on humanitarian concerns. In February 2014, Czech military transport

¹⁵⁷ Czech News Agency, "Ukrainians in Czech Republic Called Up to Serve in War," *Prague Post*, August 12, 2014c.

¹⁵⁸ Czech News Agency, "Zeman Criticizes Ukrainian PM," *Prague Post*, January 4, 2015b.

¹⁵⁹ Václav Klaus and Jiří Weigl, "The Václav Klaus Institute's Public Statement on the Situation in the Ukraine," Institut Václava Klaus, February 21, 2014a.

¹⁶⁰ Václav Klaus and Jiří Weigl. "Let's Start a Real Ukrainian Debate," April 22, 2014b.

¹⁶¹ Andrew Rettman, "EU Foreign Policy Chief Seeks New 'Debate' with Russia," *EU Observer*, December 29, 2014; Andrew Rettman, "France: EU-Russia Sanctions 'Must Stop Now'," *EU Observer*, January 6, 2015.

¹⁶² Czech News Agency, "PM: Czechs Do Not Support Abolition of Anti-Russian Sanctions," *Prague Daily Monitor*, January 16, 2015c.

¹⁶³ Leos Rousek, "Czech Deputy Prime Minister Calls for Political Solution to Ukraine Crisis," *Wall Street Journal*, November 11, 2014.

planes airlifted 27 Ukrainian demonstrators to two Prague hospitals for treatment.¹⁶⁴ More recently, the Czech government pledged medical care for wounded Ukrainian troops and donated 10,000 pieces of military-issued winter clothing to Ukraine.¹⁶⁵ The scale of this assistance, however, is relatively modest.

More importantly, the Czech Republic may not be able to mount a more robust response even if it wants to. In April 2014, Czech media reported that the military could respond if Russia overtly invaded Ukraine, with 1,200 men (a battalion-plus-sized element) to reinforce police positions and another 300 men plus four Gripen fighters to protect neighboring NATO member states.¹⁶⁶ By comparison, estimates of the Russian strength in Ukraine from November 2014 already numbered 7,000, with 40,000 to 50,000 massing on the Russian border.¹⁶⁷ Moreover, the Czech military currently suffers from a shortage of modern munitions, which would hamstring their operations if it needed to react quickly.¹⁶⁸

Outlook

Three possible factors on the horizon could drive a more robust Czech foreign and defense policy. First, despite Zeman's and Klaus's headline-catching proclamations, Czech public opinion remains firmly with the West. An address by Zeman on the 25th anniversary of the Velvet Revolution sparked demonstrations opposing his stance on the Ukraine crisis. Protestors carried banners of "down with Zeman" and "we do not want to be a Russian colony" and pelted him with eggs.¹⁶⁹ Opinion polls in December showed that Zeman's popularity had dropped by 14 points since his election in 2013, partially because of his comments on Ukraine.¹⁷⁰ While Zeman has not yielded to public opinion thus far, this public outcry could force a harder line on Russia in the future.

Second, increased Russian aggression will influence Czech decisionmaking. Even dovish politicians may take a harder stance if Russian intervention becomes more extensive and overt. In April, Zeman stated, ". . . Even for me—and I am no hawk—it would be a sort of red line to attempt to annex the eastern part of Ukraine. That is where I would change from a dove to a man

¹⁶⁴ Chris Johnstone, "Czech Army Planes to Airlift Ukrainian Injured to Prague Hospitals," Radio Praha, February 27, 2014.

¹⁶⁵ Czech News Agency, "Military Donates Winter Clothes to Ukraine," *Prague Post*, January 1, 2015a.

¹⁶⁶ Czech News Agency, "Czech Army to React If Russia Invades Ukraine," *Prague Post*, April 25, 2014a.

¹⁶⁷ Shane Harris, "Thousands of Putin's Troops Now in Ukraine, Analysts Say," *Daily Beast*, November 11, 2014.

¹⁶⁸ Discussion with a midlevel MoD official, Prague, Czech Republic, May 7, 2015.

¹⁶⁹ "Czech President Pelted with Eggs on Revolution Anniversary," BBC News, November 17, 2014.

¹⁷⁰ Czech News Agency, "Zeman's Popularity Plummet," *Prague Post*, December 7, 2014f.

who calls for very harsh sanctions.”¹⁷¹ Under these circumstances, Zeman said he could even back a NATO military mission to Ukraine.¹⁷²

Third, increased American diplomatic pressure could strengthen Czech resolve. After Sobotka failed to secure his desired meeting with President Obama during his November 2014 visit partly because of the Czech Republic’s counterproductive foreign policy statements, he deliberately emphasized his support for the transatlantic relationship and seemed to embrace a more Atlanticist foreign policy. He stated, “I came not only to attend this unveiling ceremony but also to subscribe to the principles that Václav Havel as president promoted in Czech foreign policy.”¹⁷³ Whether Sobotka’s stance extends much beyond rhetoric, however, remains to be seen.

Even if the Czech Republic possessed the political will, however, its contribution would still be constrained by its underinvestment in defense. While it pledged to increase its defense spending to 1.5 percent of GDP and signed the 2014 Wales agreement—and the Visegrad 4’s Budapest Declaration—theoretically recommitting itself to 2 percent, whether the Czech Republic will be able to achieve these levels remains uncertain.¹⁷⁴ Even if the Czechs boosted their defense budget, rebuilding capacity takes time and does not solve the military’s manpower shortages. For the near term, moreover, priority is likely to go to counterterrorism measures.

This analysis leads to several policy recommendations. First, the United States should continue to press Prague to fulfill its Wales commitments on defense spending. While U.S. pressure, in isolation, is unlikely to motivate adherence to the benchmark of 2 percent of GDP, it may—when combined with the increasing Russian threat—spark more-modest increases. Second, the United States can underscore that while corruption remains a concern, there is a clear need to invest in defense procurement and push the MODCR to at least spend the resources allocated to procurement, rather than return a significant portion to the ministry. Third, the United States should integrate the Czech military—as much as possible—in niche areas such as medical support, understanding these contributions will be constrained by both limited resources and a lack of political will. This may help pave the way for more-substantive contributions in the future, should Czech politics once again favor a more forceful approach to foreign policy.

For the U.S. Air Force in particular, this analysis suggests a more modest approach to future defense cooperation. Air Force cooperation can focus on expanding the Czech Air Force’s ability to conduct air-to-ground operations, now that it has decided to add this capability to its Gripen fleet, or maintaining the Czech Air Force’s capacity to conduct limited out-of-area operations—

¹⁷¹ “Czech Leader Says NATO Could Offer Troops to Ukraine If Russia Goes Beyond Crimea,” Reuters, April 6, 2014.

¹⁷² “Czech Leader Says NATO Could Offer Troops to Ukraine if Russia Goes Beyond Crimea,” 2014.

¹⁷³ Richter, 2014.

¹⁷⁴ Karl Ritter, “Ukraine Crisis Prompts Security Rethink in Europe,” Associated Press, March 21, 2014; Visegrad Group, 2014.

like the Iceland or Baltic Air Policing mission. On the messaging front, Air Force senior leadership engagements should continue to encourage the Czechs to move away from Russian legacy equipment—both to increase their own capabilities and reduce their dependence on the Russian Federation. These initiatives notwithstanding, however, the potential overall for a dramatic increase in defense cooperation post-Ukraine crisis in the Czech Republic looks less promising than it does in some of the other countries. Simply put, the Czech Republic lacks the force structure to contribute much more on the Air Force front, and current Czech politics do not point to this changing in the near term.

Whether Czech politics will favor a more Atlanticist approach in the future, however, is an open question. As Věra Řiháčková of the Institute for European Policy described, “The Czech Republic is an instinctive but hesitant Atlanticist.”¹⁷⁵ While the Czech public may be pro-Western and pro-American, it historically has also been disengaged on national security matters—at least until the current crisis.¹⁷⁶ Many of the Czech contributions to international security can be traced to Havel’s legacy. Havel, by stature and force of personality, overcame Czech disengagement, but whether future politicians could do so remains in question. As the Czech Republic celebrated its Velvet Revolution’s 25th anniversary, a Public Opinion Research Center poll showed that a sixth of Czechs advocated a return to communism, while a Medea Agency poll found that only about 60 percent of Czechs believed their quality of life had improved since 1989.¹⁷⁷ More troubling, with Havel now gone and most Czechs under 30 no longer remembering the Velvet Revolution, Czech internationalists have a weaker hand to play now than in previous eras.¹⁷⁸ And so, the deeper concern for the long-term future of the American-Czech relationship may not be the presence of Sobotka, Zeman, or Klaus, but the waning shadow of Havel.

¹⁷⁵ Řiháčková, 2005, p. 2.

¹⁷⁶ Discussion with defense academic, Prague, Czech Republic, May 5, 2015; interview with a senior former MoD official, Prague, Czech Republic, May 6, 2015; interview with a senior former Ministry of Foreign Affairs official, Prague, Czech Republic, May 7, 2015.

¹⁷⁷ Simona Kralova, “Czech Republic Slovakia: Velvet Revolution at 25,” BBC News, November 17, 2014.

¹⁷⁸ Kralova, 2014.

Chapter Three. Hungary: Balancing East and West

Hungary, perhaps more than any other country in this report, has clashed with the United States and other key NATO members over President Putin's aggressive foreign policy. This is in no small part due to Hungary's dependence on Russian gas exports, which heat the homes of most Hungarians. It is also, however, due to political affinities between some parts of the Hungarian political scene and Putinism. Concerns about democratic backsliding in Hungary have been voiced widely in Europe and by the United States. The upshot has been continued tensions when it comes to Russia—within the region, between Hungary and Poland, and across the Atlantic, between Hungary and the United States.

That said, the differences with Hungary should not be exaggerated, and some effort to mend fences was made in 2015. Moreover, while opportunities for defense engagement could be negatively affected by these trends, it is also possible that Hungary may seek to use defense engagement with the United States to compensate for deteriorating relations over Russia. In other words, even as Hungary clashes with the United States over Russia, it may seek to deepen defense engagement. This is important because of the significant regional airbase in Pápa, Hungary, home to NATO's Strategic Airlift Consortium. Overall, however, the horizons for closer engagement with Hungary post-Ukraine will remain constrained by Hungary's limited resources and modest defense spending.

Key Background

Poor in natural resources, Hungary has always depended on the outside world for investment and trade. As a result, Hungary has historically been more closely tied to the West than some other countries in Central Europe. At the same time, Hungary has also needed to maintain cordial ties with the East, if only for economic and energy reasons. Hungary's economic vulnerability has also left it open to political turmoil, with shifts between right- and left-wing governments during its post-Communist period driven in part by its economic fortunes. Table 3.1 presents an economic and military snapshot.

Table 3.1. Hungary: Key Resource Base Statistics and Partner Ordinal Rankings

Concept	Unit Amount	NATO–Plus 2 Ordinal Ranking (Out of 29)
Total military expenditure, 2014 (current US\$ million) ^a	\$1,164	20th
Total military expenditure, 2014 (as percentage of GDP) ^b	0.9%	26th
Military personnel, active (excl. paramilitary), 2013 ^c	26,500	16th
Military personnel, active (incl. paramilitary), 2013 ^d	38,500	15th
Military personnel, deployed (incl. peacekeeping), 2013 ^e	865	12th
Gross domestic product, 2014 (current US\$ billion) ^f	\$137.1	20th
Gross domestic product, 2014 (per capita, current US\$) ^f	\$13,881	25th
Total estimated population, 2014 ^f	9,859,000	16th

NOTE: NATO–Plus 2 includes 27 NATO member states plus Sweden and Finland.

^{a, b} SIPRI, undated(b).

^c IISS, 2014. Reserve forces, if any, are unspecified.

^d IISS, 2014. Paramilitary includes 3,000 personnel in the Border Guard and 100 personnel in the Internal Security Force.

^e IISS, 2014.

^f IMF, 2015b.

Even before the collapse of the Communist regime in 1989–1990, Hungary had maintained increasingly important economic ties with Austria, Germany, and a few other countries in Western Europe. In 1982, Hungary was the first member of the Soviet bloc to join the IMF. Moreover, the country had then enacted a series of modest domestic reforms, starting as early as the 1970s, which had the cumulative effect of slightly reducing the role of the state in economic affairs. The resulting system of “goulash communism,” as it was dubbed in the West, helped make Hungary a promising candidate for the transition to an effective market-oriented economy after 1990.

As elsewhere in Central and Eastern Europe, the initial results were mixed but, mainly because of its pre-1989 reforms and foreign investments, Hungary’s transition was relatively quick, moving ahead of others in the region. Until 1995, despite its size, the Hungarian economy was the beneficiary of far more foreign direct investment (FDI) than any other transitional state, including Russia. In some years in the early 1990s, Hungary’s FDI exceeded FDI in *all* transitional states combined. Yet, as elsewhere, accompanying the ongoing large-scale privatization process was corruption on a large scale. Ownership and management of state-owned companies typically were passed on to individuals and groups with the best connections to and associations with the old regime. By 1995, a growing trade deficit and budget gap, together with the impact of corruption, prompted the introduction of a series of austerity

measures known as the “Bokros package,” named after Minister of Finance Lajos Bokros. These measures entailed reduction of the benefits of the old welfare state,¹⁷⁹ which in turn sparked significant economic activity strongly endorsed by Western economic institutions, such as the IMF and the World Bank, and almost unanimously opposed by the vast majority of Hungarians. Consequently, successive governments for a decade or so returned to the old practice of excessive spending to please the voting public.

From these conditions emerged a politician who shape Hungarian politics for almost the next three decades—Victor Orbán. Orbán entered political life in the early 1990s as a liberal, pro-Western politician: He even held a high position in a once-prestigious organization called the Liberal International. His party, Fidesz (Young Democrats’ Alliance), was originally styled as anticommunist and libertarian but later shifted to the right. Orbán helped lead Fidesz to electoral victory and first served as prime minister from 1998 to 2002.

Fidesz was replaced by a string of socialist-liberal coalitions. The first was headed by Péter Medgyessy, who was forced to resign in 2004 when it came to light that he had been an informer for the Hungarian secret police in the 1980s.¹⁸⁰ He was replaced by Ferenc Gyurcsány, who remained in power until 2009, when he resigned after the parliament passed a constructive motion of no-confidence.

Hungary’s economic performance throughout this period was lackluster. In 2006, Prime Minister Gyurcsány had proclaimed the need for “reform without austerity,” but the very necessary austerity measures he actually enacted after the 2006 elections brought about a slowdown of economic activity made significantly worse by the 2008 global crisis. The recession that followed—among the worst in Europe—was alleviated but not fully reversed by a \$25 billion IMF/EU loan and subsequent reforms.

In 2010, Fidesz and Orbán returned to power. By 2010, if not years before, Orbán had become a populist-nationalist. He was opposed by a deeply fragmented democratic opposition on the left and a growing, anti-Western, anti-Roma, and anti-Semitic party called Jobbik (Movement for a Better Hungary) on the far right. In coalition with a small Christian Democratic People’s Party, Orbán obtained a supermajority (i.e., two-thirds of the seats) in the Hungarian Parliament. Functionally, the election left Orbán with considerable political power and a perverse set of incentives to tack right to fend off Jobbik.¹⁸¹

The outcome was a series of measures that raised widespread concern about Orbán’s commitment to liberal democracy. Taking advantage of its supermajority, Fidesz enacted a new

¹⁷⁹ The measures included devaluation of the currency, welfare payment reductions, lowering subsidies of medicine and university tuition costs, raising the retirement age, followed a year later by the introduction of private pension savings accounts.

¹⁸⁰ David Holley and Palma Melis, “Hungary Prime Minister Admits and Defends His Former Spy Life,” *Los Angeles Times*, June 20, 2002.

¹⁸¹ Interviews, Budapest, May 14, 2015.

constitution in 2012 that removed most, if not all, checks and balances on the prime minister's power. Mainstream European governments roundly criticized the undemocratic nature of the reform. For years, the government denied the nondemocratic characteristics of the new political order, but in a controversial July 24, 2014, speech, Orbán proudly disclosed his preference for an “illiberal democracy” to replace the supposedly failed Western model.¹⁸²

The return of Fidesz to power in 2010 also signified a new course for the hitherto troubled Hungarian economy. Prime Minister Orbán tried to avoid austerity measures, instead nationalizing \$13 billion in private pension-fund assets, introducing special taxes on banks, and replacing a progressive income tax structure with a flat tax. As part of its campaign against the influence of the IMF, the Orbán government raised sufficient funds on its own to repay the country's long-standing debt to the IMF ahead of schedule and thus free itself from foreign “interference” in its economic affairs. In 2014, the Hungarian economy grew at the moderate rate of 3.2 percent.¹⁸³

The Hungarian public, however, may be less impressed by the results of the government's so-called “unorthodox” policies.¹⁸⁴ Hungary's GDP still lagged behind that of many EU members, including the Czech Republic, Slovenia, Slovakia, Estonia, Lithuania, and Poland.¹⁸⁵ Moreover, the gap with some wealthier EU members, such as neighboring Austria has actually increased somewhat.¹⁸⁶ Job creation has also been limited.¹⁸⁷ In short, the Orbán government has approached the free market, including private property, with suspicion, preferring to dominate—and not just regulate—market mechanisms.

Whether such “unorthodox,” basically nationalist, economic policies can be sustained over the long term remains to be seen. The Hungarian economy depends heavily on the outside world. As of 2012, Hungary imported about 82 percent of its crude oil supply¹⁸⁸ and 44 percent of its natural gas from Russia (versus 80 percent in 2009).¹⁸⁹ Russia remains the crucial source for

¹⁸² Csaba Tóth, “Full Text of Viktor Orbán's Speech at Băile Tușnad (Tusnádfürdő) of 26 July, 2014,” *Budapest Beacon*, July 29, 2014. Compare with Charles Gati, “Putin's Mini-Me: The Mask is Off,” *American Interest*, August 7, 2014. See also the unsigned editorial, “Hungary's ‘Illiberalism’ Should Not Go Unchallenged,” *Washington Post*, August 16, 2014.

¹⁸³ World Bank, “Data: Hungary,” web page, undated(a).

¹⁸⁴ Andrew Byrne, “‘Orbanomics’ Confounds Critics as Hungary's Economy Recovers,” *Financial Times*, June 9, 2015. See also, “Fitch Revises Hungary's Outlook to Positive; Affirms at ‘BB+’,” Reuters, May 22, 2015.

¹⁸⁵ Data derived from World Bank, “GDP Per Capita, PPP [Purchasing Power Parity](Current International \$),” database, undated(b).

¹⁸⁶ Data derived from World Bank, “GNI [Gross National Income] Per Capita, Atlas Method (Current US\$),” web page, undated(c).

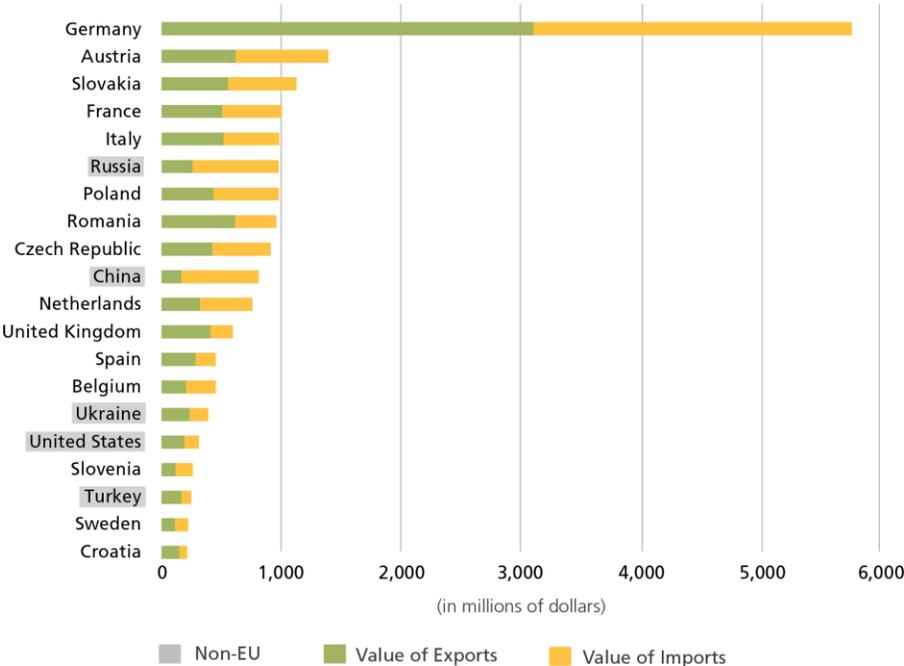
¹⁸⁷ János Kornai, “Hungary's U-Turn: Retreating from Democracy,” *Journal of Democracy*, Vol. 26, No. 3, June 2015.

¹⁸⁸ IEA, *Energy Supply Security 2014—Hungary*, 2014a.

¹⁸⁹ IEA, *Oil and Gas Emergency Policy—Hungary 2012 Update*, 2012.

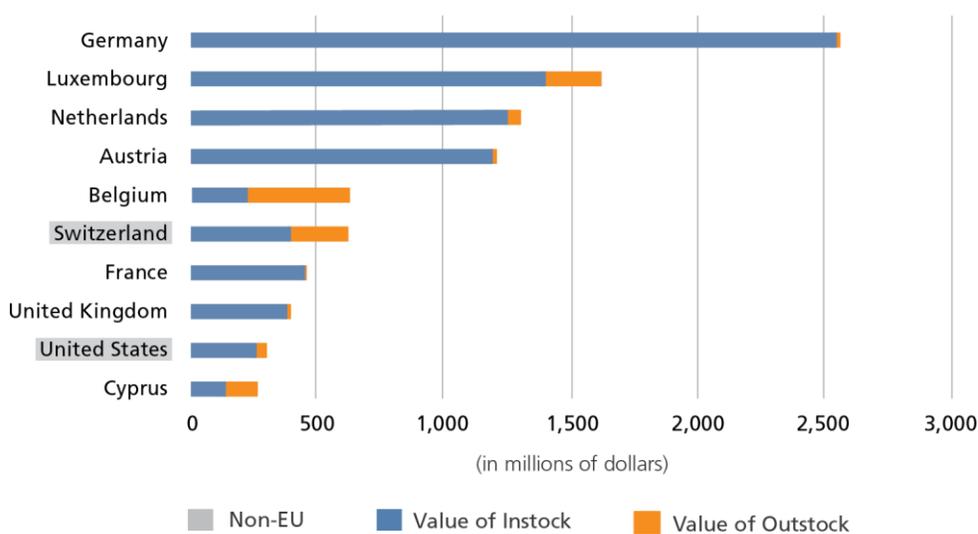
energy, but in foreign trade, Europe is the main direction of Hungary’s exports and imports, with Germany dwarfing all other countries (see Figure 3.1). FDI paints a similar picture—with the top ten countries all lying in the West (Figure 3.2). The main conclusion is that while the Hungarian government may continue to heavily tax foreign banks and multinational companies for now, and despite its vigorous nationalist rhetorical campaign against the European Union, the country’s economic dependence on foreign trade suggests limits on autarky or national self-sufficiency. In sum, whether it likes it or not, Hungary needs both Russia and the West.

Figure 3.1. Top 20 Hungarian Trade Partners (2014)



SOURCE: IMF, 2015a.

Figure 3.2. Hungary's Top 10 FDI Partners, by Instock and Outstock (2012) (US\$ millions)



SOURCE: UNCTAD FDI/TNC database, based on data from National Bank of Hungary.

Orbán has sometimes made statements sympathetic to Putin and authoritarianism in general. In November 2011, for example, he said that an “Eastern Wind” was blowing in the world, although he added that “we’re sailing under a Western flag.”¹⁹⁰ He has clashed frequently with the European Union while pursuing a new economic and political opening to Russia. In July 2014, Orbán held up the examples of Russia, China, Turkey, Singapore, and, for some obscure reason, India as models for his country.¹⁹¹ More recently, on the occasion of Putin’s 2015 visit, he said: “We are convinced that the isolation of Russia from Europe is not feasible.”¹⁹²

Simultaneously, however, Orbán has also argued that Hungary shares “common values” with the West. In late 2014 and early 2015, he commenced what Western diplomats have called a “charm offensive” toward the United States. On April 13, 2015, the Hungarian Parliament voted, with the required two-thirds majority (including all Fidesz representatives but one), for the government to dispatch up to 150 nonfighting soldiers to Iraq to help defeat the Islamic State of Iraq and Syria (ISIS). On May 29, 2015, evaluating his government’s performance since 2010, Orbán spoke of the commitment of a “sovereign Hungary” to Western civilization. He stressed that Hungary must remain an “equal and respected” member of both the European Union and

¹⁹⁰ Péter Magyar, “Orbán: Keleti Szél Fúj” (Orbán: Eastern Wind Is Blowing), Index.hu (Budapest), November 5, 2010.

¹⁹¹ Magyar, 2010.

¹⁹² Rick Lyman and Helene Bienvenu, “Hungary Keeps Visit by Putin Low-Key as It Seeks to Repair Relations With West” *New York Times*, February 17, 2015.

NATO.¹⁹³ Under pressure from U.S. and European powers, Hungary has also modified some of the laws that raised concerns about excessive centralization of power, although there is still more to be done.

As Orbán has candidly identified it, his approach to foreign policy and domestic politics can be compared with a “peacock dance,” because he seeks to blend such divergent methods as agreement, consensus, defiance, and opposition to confuse first and obtain what he wants next.¹⁹⁴

Relations with the United States and Europe

Partly because of the 1956 Hungarian revolt against the Soviet Union and communism and partly because of the large Hungarian-born immigrant population, Hungary has long enjoyed a good reputation in the United States. During the Communist era that followed the suppression of the 1956 revolt, notably after the economic reforms of the 1960s that produced “goulash communism,” Washington remained hopeful that the relatively tolerant, if still Communist, régime of János Kádár would find followers elsewhere in the Soviet bloc. When communism collapsed in 1989, Hungary seemed the best prepared of the former Soviet satellites to make a successful transition to Western-style democracy and the free market.

Even now, despite Orbán’s nationalist campaigns against the West, most Hungarians, especially those living in the cities, retain a favorable view of the United States. Medián, a major pollster, reported at the end of 2014 that, on a scale of 100 to 0, the public assigned a positive rating of 65 to the United States while Russia got 44. (Germany headed the list with a count of 80, while Britain got 74.) The pollster found that the opposition—both those who identified with the liberal and socialist parties and those who identified with Jobbik—blamed the Hungarian government for the poor state of U.S.-Hungarian relations; 80 percent of supporters of the liberal and socialist opposition and 59 percent of Jobbik supporters held Hungary responsible. Of course, Fidesz followers were more sharply divided: 37 percent blamed the United States; 40 percent faulted both countries; and 22 percent held their own government responsible.¹⁹⁵ These

¹⁹³ For Orbán's May 29, 2015, speech, evaluating his government's record of the previous five years, see “A Kormányzás Kulcsa Mostanól a Figyelem” [“The Key to Governance from Now on Is Consideration”], speech by Hungarian Prime Minister Viktor Orbán, May 30, 2015.

¹⁹⁴ In an unguarded moment in 2012, Orbán offered this description: “There is a dance routine in international diplomacy. This dance, this peacock dance . . . has to be performed if we wanted to be friendly. These are, let's say, exercises in the art of diplomacy. . . . So we accept two or three out of seven proposals, these two or three that we have followed already, except they [a probable reference to EU officials] didn't notice, and we reject the remaining two we didn't want, saying ‘C'mon, we have accepted the other ones.’ This is a complicated game. Unless you insist, I'd rather refrain from entertaining you with the beauty of the details.” See Kornai, 2015.

¹⁹⁵ For a summary of the results of the Medián poll, see “A Magyarok Többsége Amerikát Választaná és nem Oroszországot” [“The Majority of Hungarians Would Choose America and Not Russia”], 444.hu, January 7, 2015.

polls might explain why Orbán pulled back from his harsh anti-U.S. rhetoric in the early months of 2015, a change that may represent either a new trend or just a tactical, short-term pause.

Washington's concerns about Orbán initially emerged in September 2001, during his first premiership. One reason was the Hungarian government's preference for the Swedish-made Gripen aircraft as opposed to the F-16. On September 9, the U.S. Embassy in Budapest was informed that the Hungarians had decided to lease the F-16s. The next morning, however, newspapers reported that the government actually chose to lease 14 Gripens. While the Hungarian government argued that the Gripen was a cheaper alternative, the sudden shift caught many in the United States off guard.

The second high-level public controversy between the two countries surfaced in 2011 when, after a personal meeting with Orbán in Budapest in June, Secretary of State Hillary Clinton appealed to him in writing on December 23 to reconsider enactment of Hungary's controversial new constitution. Secretary Clinton repeated Washington's concerns about the "independence of the judiciary, freedom of the press, and transparency of government." She expressed regret that the Hungarian government had failed to take into account her suggestions regarding the constitution. On January 6, 2012, Orbán in no uncertain terms rejected Clinton's appeal. Alluding to Clinton's husband and his 1992 campaign slogan of "change," Orbán replied: "The word 'change' can win elections but the actual transformation of old systems is bound to hurt several interests."¹⁹⁶

The third publicly known dispute between the United States and Orbán occurred in late 2014. At the heart of the dispute this time was not the domestic order in Hungarian politics but the country's foreign policy, notably its attitude toward Russia's aggression against Ukraine. Without mentioning Hungary by name, officials such as U.S. Assistant Secretary of State Victoria Nuland raised concerns about Hungary and some of its neighbors' political trajectories.

Concurrently, the United States notified six Hungarians—all apparently working for or connected to the Hungarian government—that they would not be welcome in the United States, presumably because of their connections to Moscow. Not since the end of the Cold War had official relations between the two countries sank so low.

In December 2014 or early 2015, however, Orbán seems to have realized that he had gone too far, especially after coming under pressure for his anti-U.S. (and pro-Russia) stance from some of his own supporters and former supporters at home. 2015 was marked by a charm offensive with Washington aimed at quieting his pro-Western critics. He proceeded on the assumption that the United States was preoccupied with other parts of Europe and the Middle East, in particular, and therefore a few gestures would satisfy Washington's policymakers. He decided to support the U.S.-led coalition against ISIS. In May, undoubtedly with Orbán's

¹⁹⁶ "The Approaching Crisis: Viktor Orbán on a Collision Course," *Hungarian Spectrum*, December 30, 2011; "Prime Minister Viktor Orbán's Answer to Secretary of State Hillary Clinton's Letter," *Hungarian Spectrum*, February 25, 2012.

approval, President János Ádler joined other heads of state in NATO and the European Union in refusing to attend a grand celebration in Moscow of the 70th anniversary of the end of World War II. According to unconfirmed reports in mid-2015, Orbán was also ready to dismiss Ildikó Vida from her position as president of Hungary's Internal Revenue Service, a decision instigated by Washington's claim of her alleged corruption. How long this charm offensive would last depended partly on the evolution of Hungarian-Russian interactions and partly on domestic political conditions and circumstances, including Orbán's position and popularity within his own party.

Relations with Russia

Hungarian is not a Slavic language, and Hungary has not enjoyed good historical experiences with Russia or the Soviet Union. In 1848–1849, for example, the Russian czar famously dispatched the Russian Imperial Army to crush a nascent Hungarian revolt against Habsburg Austria. Russian Bolsheviks had backed the short-lived Hungarian Communist régime in 1919. In 1944–1945, Stalin's Soviet Union occupied Hungary, oppressed its people, and made it into a Soviet satellite. In 1956, Soviet military forces brutally suppressed the first major revolution in the Soviet camp, installing a puppet régime led by Kádár.

After the fall of communism and the end of the Cold War, Hungary's relationship with Russia remained poor throughout the 1990s. In this respect, there was little difference between the center-right government led by József Antall (and after Antall's death by Péter Boross) from 1990 to 1994 and the left-of-center government coalition of socialists and liberals led by Gyula Horn, an ex-Communist official, in power from 1994 to 1998. Both pursued a vigorous policy of distancing Hungary from Russia and other states of the former Soviet Union and looking West.

Official relations with Russia in the 1990s ranged from cordial to businesslike, trade being the only area of importance. The primitive barter deals of the Soviet era gradually gave way to normal financial transactions. Budapest bought energy, and Moscow bought Ikarus buses and some agricultural products. In 1998, however, the Russian financial crisis undermined Moscow's ability to pay for Hungarian goods, resulting in the eventual closing of Ikarus and a few other companies working for the Russian market.

Under Orbán's first premiership (1998–2002), relations with Russia actually worsened. His government's anti-Russian rhetoric aimed at clarifying the sharp break Fidesz sought with the Communist past at that time; more than anything else, it was a nationalist appeal aimed at domestic audiences. Beyond rhetoric, during the Kosovo crisis, the then–Orbán government did not allow a Russian convoy to enter Hungarian territory to deliver Russian goods to Serbia. Moscow was not amused, but all it could do was protest the Hungarian decision.

After Fidesz lost the elections of 2002, Medgyessy's new socialist-liberal coalition advocated closer ties with Russia. Once the Russian economy began to recover after the financial crisis at the end of the 20th century, Medgyessy saw the benefits of regaining Hungarian access to

Russia's vast market. Only a few months after his election, he visited Moscow, where he held extensive talks with President Putin. Whatever else transpired there, Putin obviously courted the Hungarian prime minister. At the end of the visit, Putin personally accompanied Medgyessy to Moscow's international airport.

Medgyessy's successor, Gyurcsány, often went beyond diplomatic niceties to praise the Russian president and stress the importance of Hungarian-Russian relations. He was critical, for example, of the Western-backed Nabucco oil pipeline, which would bypass Russia to bring Caspian oil directly to Europe. Gyurcsány told Putin that, "We're determined to build relations with Russia for the long term [even if it means that] we sometimes must wage a fight in our own country."¹⁹⁷ Gyurcsány maintained that he could not base his country's energy needs on a fanciful Western project (Nabucco) that he correctly expected never to get off the ground. Skeptics, however, note that while there was no hint of corruption on the prime minister's part, some of his associates did develop close contacts with Russian officials.

By contrast, the head of the nominally nonparty, "expert" government, Gordon Bajnai, left no doubt of the government's pro-Western allegiance. Speaking excellent English, comfortable in the company of Western economic and political leaders, Bajnai was a pro-Western progressive. As prime minister, he visited Brussels first, then Vienna, and after that the Czech Republic, Poland, and Israel. He signed an intergovernmental deal about the Nabucco pipeline in Ankara in the presence of leaders from Turkey, Romania, Bulgaria, and Austria, but not Russia. He met Germany's Angela Merkel, Slovakia's Robert Fico, and President Obama in Washington, visited London and Paris—all in 2009. In December 2009, he returned to Washington, where he pledged to send Hungarian troops in a nonfighting capacity to Afghanistan. In short, he sought to position Hungary firmly in the West.

Soon after Fidesz swept the elections in 2010, winning a majority of the popular vote and a supermajority in parliament, Prime Minister Orbán introduced a new direction for Hungarian foreign policy. While in opposition, Orbán had harshly criticized former Prime Minister Gyurcsány for warming up to Putin, but once in power, he quickly—on September 5, 2010—embraced a new "Eastern Wind" or "Eastern Opening" policy.¹⁹⁸ Actual implementation began in early 2011 as Hungary sought to increase trade not only with Russia but with China, South Korea, and Japan. By 2012 and 2013, the government assisted in the founding of so-called Trade Houses in Baku, Moscow, Beijing, Astana, and Abu Dhabi, to be followed by another ten countries in 2014–2015. In point of fact, however, Hungary's trade with Russia has not increased

¹⁹⁷ Vladimir Socor, "Putin-Gyurcsany Meeting Steers Hungary's Government on the 'Third Path'," *Eurasia Daily Monitor*, Vol. 3, No. 174, September 21, 2006.

¹⁹⁸ The key issue at the time—in 2008—was Russian aggression against Georgia. Orbán called it "the application of imperial mentality" that produced "raw power politics . . . unknown since the end of the Cold War." See "Orbán Hat éve Még Orosz Agressziónak Nevezte az Orosz Agresszlót" ["Six Years Ago Orbán Still Called Russian Aggression Russian Aggression"], 444.hu, September 4, 2014.

since the time of Bajnai's premiership. The share of Asian countries in Hungary's total volume of trade has not increased either.¹⁹⁹ Trade with such neighboring countries as Serbia has grown. On July 8, 2013, Mihály Varga, Orbán's economics minister, admitted that Hungary's exports to non-EU countries did not rise.²⁰⁰ Then, and since, Germany and Austria were by far Hungary's largest trading partners.

The new policy entailed extensive personnel changes in the Hungarian government, especially in the foreign ministry. The changes took place in two waves. Starting in 2010, loyalty to Fidesz became the criterion not only for the appointment of ambassadors—as happens in many other countries—but throughout the bureaucracy. The number of those dismissed has not been published, but hundreds of people reportedly lost their jobs. In addition to dismissals, dozens of high-level officials were demoted; in at least one case, a former ambassador became a desk officer, the lowest rank in the ministry. The second wave followed the elections of 2014. Orbán instructed the foreign ministry to dismiss those not considered particularly enthusiastic supporters of his new course. This group included such “Atlanticists” as Minister Janos Martonyi himself (who was ready to retire anyway) and his deputy, Zsolt Németh, a founding member of Fidesz who became chairman of the parliament's Foreign Affairs Committee.²⁰¹ The name of the ministry itself was changed to the Ministry of Foreign Affairs and Trade; the original Hungarian name for the ministry is *Külgazdasági és Külügyminisztérium*, with priority given to foreign economic (i.e., *külgazdasági*) issues. Addressing officials in the ministry, Orbán made it clear that the diplomats' primary task was to get more business for the country rather than play traditional diplomatic games while abroad.

In addition to the economic drivers of the policy, the opening to Russia stemmed, in part, from a renewed interest in the history of Hungarians. Contrary to the widely shared desire of most Hungarians in the 19th and 20th centuries to claim their European roots, another version that has resurfaced time and again has stressed the Hungarians' background in Western Asia, near the Urals. Such a revival of interest in the East, particularly in Russia, followed the writings of the so-called “populist writers” of the 1930s, such as László Németh, who advocated a Hungarian third-road policy between East and West. Their works were widely read, especially in Hungary's traditional countryside. Not incidentally, these populist writers opposed capitalism and warned against the excessive influence of Western culture. They also warned against the harm that certain freedoms, such as a free press, would signify. In short, the populist writers, known in Hungarian as *népi írók* or *falukutatók*, strongly opposed liberal values.

Orbán's endorsement of “illiberal democracy” in 2015 owed much to the populists' anti-Western orientation. Before his full embrace of illiberalism, Orbán had already hinted at his new

¹⁹⁹ Magyari, 2010.

²⁰⁰ “Eastern Opening,” *Orange Files*, updated June 10, 2016.

²⁰¹ Zoltan Simon, “Hungary Must Make Russian Policy Reversal Clear, Németh Tells HV,” Bloomberg, January 8, 2015. “HV” refers to the pro-government weekly *Heti Valasz*.

historical and cultural outlook in early 2014. “They have regularly mocked Hungary in Europe over the past one hundred years because it is Asian,” he said on February 12, 2014, in Beijing.²⁰² Orbán then explained that Hungary, because of its history, was well positioned because “the center of gravity of the world economy was moving from the West to the East.”

The second source of Orbán’s opening to Russia was his disappointment with the European Union. Ever since 2010, he has resented reminders by EU leaders and committees that parts of his Basic Law were contrary to EU regulations and rules; that new restrictions on the country’s checks and balances were excessive if not unacceptable; that parts of Hungary’s energy policy ran counter to EU directions and regulations, etc. The underlying issue was always the defense of Hungarian sovereignty. By traveling to Brussels many times over the years, Orbán “stood up” against foreign interference in Hungary’s internal affairs—a popular enough position to take in Hungary itself. He became a practicing Eurosceptic; he did not simply express his view in speeches and articles, but in deeds. He seems to have understood well that the European Union did not have the political will to halt its huge, yearly subsidies or suspend Hungary’s voting rights. Meanwhile, Orbán’s popularity at home kept growing—until 2014.

The third source of Orbán’s opening to Russia was his own psychological make-up and needs. He grew up in a small village, in a traditional family structure where the authority of the father was beyond dispute. In a self-revealing interview, he once related that even after he finished high school and moved to a university in Budapest, his father still disciplined him in the old-fashioned way: with his belt. Subsequently, defiance of authority became a standard feature of his political life. He formed Fidesz and the publishing house End of the Century (*Századvég*) in the late 1980s, both in opposition to Kádár’s Communist régime. His liberal party in the early 1990s, at least partly in defiance of the very urbane, Budapest-based Alliance of Free Democrats, began to move toward populist, nationalist positions that prompted several Fidesz leaders, including some of his closest friends, to quit the party. Increasingly, in the following two decades, he became the only dominant figure in Fidesz, the young father figure who would not tolerate any challenge to his authority—be it from at home or from abroad in the form of NATO and the European Union.

Despite these pro-Russian tendencies, Orbán ultimately failed to reorient Hungarian foreign policy dramatically. A combination of U.S. activism, the obvious failure of the “Eastern Wind” policy, and warnings by German Chancellor Merkel resulted in a reassessment that probably began in December 2014. By mid-February, the minister of foreign affairs and trade, himself the most enthusiastic supporter of the “Eastern Wind” until then, stated the government’s new foreign policy priorities (in this order) were solidifying relations with Germany, renewing friendlier ties with the United States, and maintaining a “pragmatic partnership” with Russia. He added, presumably keeping in mind continued Russian aggression against Ukraine, that the

²⁰² “A 12 Legmeglepőbb (és Legfontosabb) tény Orbán Kínai Útjáról” [“The 12 Most Surprising (and Most Important) Facts About Orbán’s Chinese Trip”], *Origo*, February 13, 2014.

partnership with Moscow must be based on mutual observance of international law.²⁰³ In what amounted to an awkward admission of failure, Orbán himself stated the next month that, “with regard to the Eastern Opening . . . I can say that it is a fact that it has been completed.”²⁰⁴

Defense Capabilities

In contrast to Viktor Orbán’s typically anti-Western and pro-Russian statements, Hungary’s official strategic documents remain largely pro-NATO and pro-European Union. In its most recent National Security Strategy, published in 2012, Hungary recommitted itself to NATO and the European Union, including a promise to fulfill its Article 5 obligations and participate in crisis response activities.²⁰⁵ In the National Military Strategy, also published in 2012, the MoD stated, “The security of the transatlantic area is indivisible. Stable transatlantic relations as well as European integration are the cornerstones of Hungary’s security and stability.”²⁰⁶ The strategy also prioritizes Hungary’s evolving military capabilities to maximize its participation in NATO and in the European Common Security and Defense Policy and commits Hungary to participating in a wide variety of NATO operations—from intelligence to rapid response units.²⁰⁷

Yet the question remains: How well can Hungary fulfill its commitments? Since the early 2000s, the country’s defense budget has been on a slow, steady slide. Facing a worsening fiscal crisis in 2010, Hungary cut defense spending sharply. Between 2010 and 2011, the MoD’s budget was cut by approximately 30 percent in constant prices. In 2012, in a more positive development, the government promised to stabilize the defense budget until at least 2015, and in 2015 it allocated an extra 20 billion forints (or about \$70 million), with an additional 47 billion forints (or about \$165 million) projected for 2016 (Figure 3.3).²⁰⁸ In addition, Hungary promised to increase its defense budget by 0.1 percent of GDP per year until it reaches 1.39 percent of GDP, no later than 2022.²⁰⁹ As in many other European countries, however, it is not clear how the Hungarian government plans to pay for these increases. Outside analyses cast doubt on whether these budget projections are realistic or sustainable.²¹⁰

²⁰³ Joób Sándor, “Szijjártó Péter: Ezek a Magyar Külpolitika Oszlopai” [“Peter Szijjártó: These Are the Pillars of Hungarian Foreign Policy”], Index.Hu, February 16, 2015.

²⁰⁴ “Viktor Orbán’s Speech at the Mission Leadership Workshop,” Budapest, Hungary, March 9, 2015.

²⁰⁵ Ministry of Foreign Affairs of Hungary, *Hungary’s National Security Strategy*, 2012, pp. 6–7.

²⁰⁶ Ministry of Foreign Affairs of Hungary, 2012, p. 4.

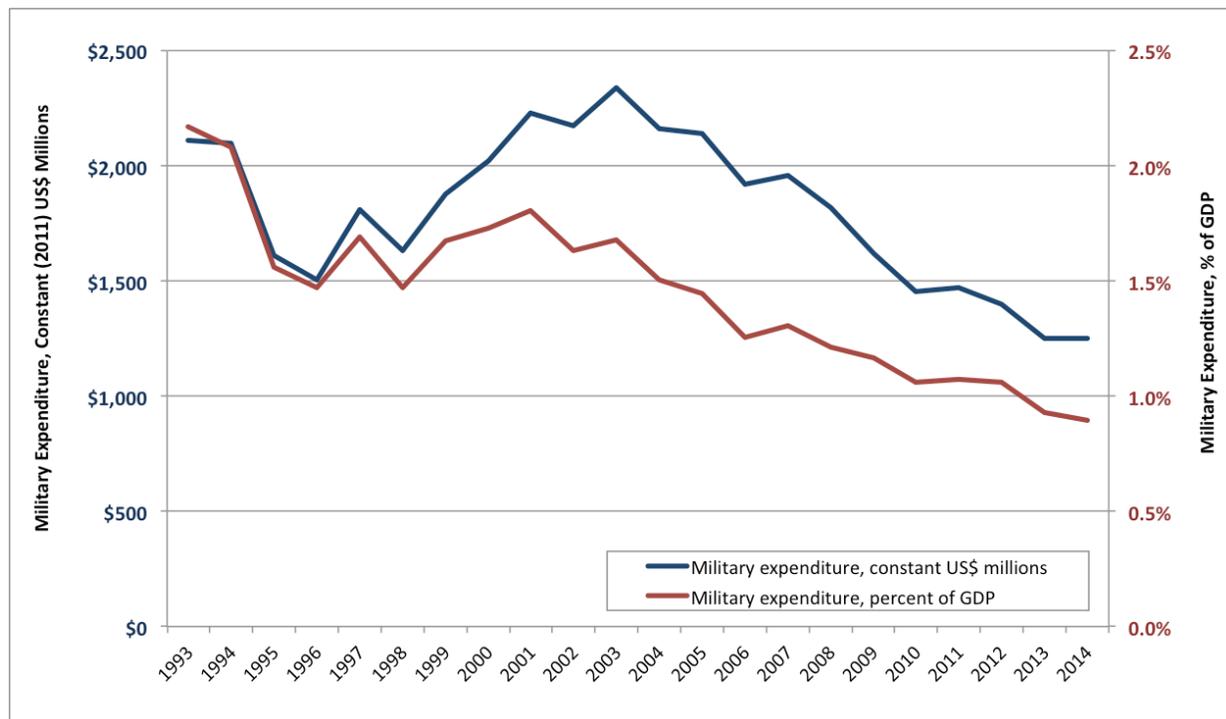
²⁰⁷ Ministry of Foreign Affairs of Hungary, 2012, pp. 6, 19, 21.

²⁰⁸ Interview with a senior Hungarian defense official in Budapest, May 13, 2015.

²⁰⁹ Ministry of Foreign Affairs of Hungary, 2012, p. 16.

²¹⁰ IHS Jane’s, “Hungary’s Defense Budget,” *Jane’s Sentinel Security Assessment*, March 2, 2015b, p. 3.

Figure 3.3. Hungarian Defense Expenditures in Constant US\$ and as a Percentage of GDP (1988–2014)



SOURCE: SIPRI, undated(b).

Moreover, as the Hungarian defense budget is largely consumed by personnel rather than procurement or operations and maintenance, additional outlays are needed to generate combat power. Much of the 20 billion forints in expenditures in 2015 was assigned to military salaries, as will be the case for about half of the projected 47 billion forints in 2016. According to the Hungarian MoD, the salary increases were necessary to help improve recruiting and retention because, during the financial crisis, billets were often left vacant. As a result, on paper, the Hungarian military has about 30,000 positions (including both active duty and civilian), but it expects to fill only about 24,500 of them. In particular, the Hungarian military has trouble retaining certain key specialties, like engineers.²¹¹

On paper, the Hungarian Air Force numbered 5,900 personnel in 2015, down from 7,500 in 2005.²¹² The Hungarians maintain one tactical fighter squadron (equipped with Gripens), one transport squadron (with An-26s), a transport helicopter squadron (Mi-8s/Mi-17s), a training squadron, and an attack helicopter squadron (Mi-24s). The Hungarian Air Force also includes a

²¹¹ Interview with a senior Hungarian defense official in Budapest, May 13, 2015; IHS Jane’s, “Executive Summary, Hungary,” *Jane’s Sentinel Security Assessment*, April 14, 2015d.

²¹² IISS, 2015.

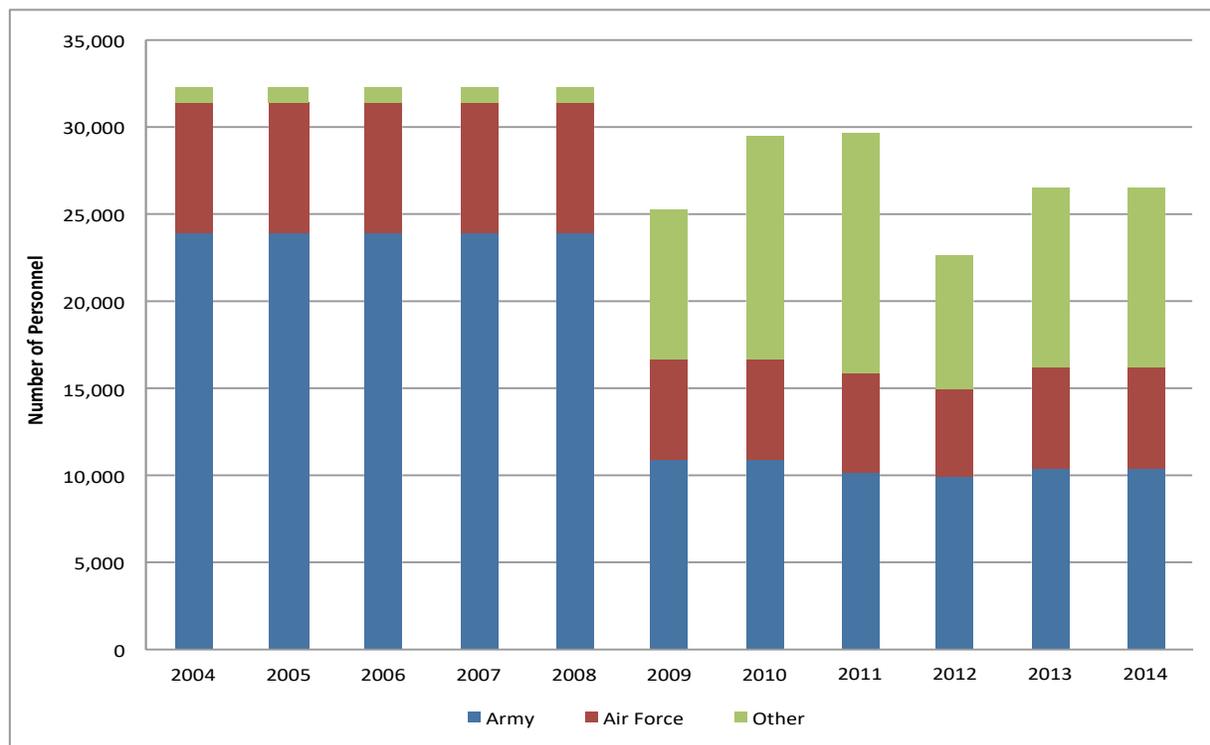
radar regiment and Air Defense Brigade (equipped with SA-6s, SA-18s, and Mistral missiles).²¹³ The locations of major Hungarian air bases are shown in Figure 3.4, and numbers of military personnel are shown in Figure 3.5.

Figure 3.4. Major Hungarian Air Bases in Operation (2014)



²¹³ IHS Jane's, "Hungary—Air Force," *World Air Forces* web page, March 7, 2016a.

Figure 3.5. Active Hungarian Military Personnel (excluding paramilitary) (2004–2014)



SOURCE: IISS, (2004–2014).

NOTE: “Other” consists of Joint Staff, which took over operational control of all land and air forces as part of a major reorganization.

Defense procurement is a special problem. Aside from leasing Swedish Gripens, Hungarian military procurement has come to a standstill over the last decade (Figure 3.6). Much of the equipment available to the military—from individual equipment (from uniforms to night vision devices) to vehicles—is dated and needs to be replaced.²¹⁴ On the aviation front, Hungary bought the close air support capability for the Gripens; as of now, the aircraft are leased until 2026.²¹⁵ The Air Force, however, will have to replace its aging An-26 transport aircraft (likely with either Airbus Military C-295 or the Alenia C-27J Spartan).²¹⁶ Like the other Visegrad Four partners, Hungary will also need new transport helicopters, such as UH-60 Blackhawk helicopters or a European equivalent, to replace their aging Mi-8 fleet.²¹⁷ With an estimated half- to one billion—

²¹⁴ Interview with senior Hungarian defense official in Budapest, May 13, 2015.

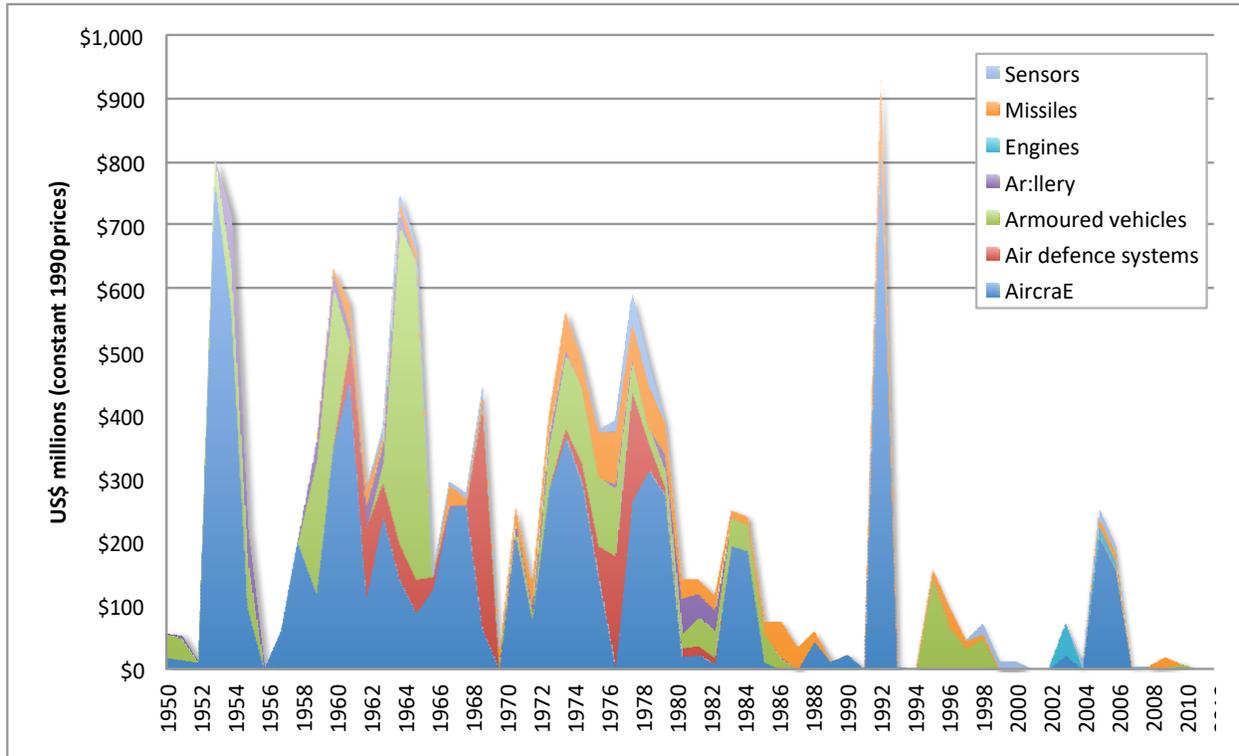
²¹⁵ IHS Jane’s, “Procurement, Hungary,” *Jane’s Sentinel Security Assessment*, January 2, 2015a, p. 2; IHS Jane’s, 2016a.

²¹⁶ IHS Jane’s, 2015a, p. 2; IHS Jane’s, 2016a.

²¹⁷ Discussion with senior Hungarian defense official in Budapest, May 13, 2015; IHS Jane’s, 2015a, p. 4.

dollar price tag, such a purchase would quickly consume the entire Hungarian defense budget.²¹⁸ As a result, funding would have to come in a special allocation from the central government rather than from the regular budget of the MoD.²¹⁹

Figure 3.6. Hungarian Arms Imports by Weapons Systems (annually 1950–2013) (US\$ millions, constant 1990 prices)



SOURCE: SIPRI, undated(a).

On the infrastructure side, Hungary is home to Pápa Air Base, which became part of Hungary’s commitment to the NATO Infrastructural Development Program in 2001 and has been the home of the multinational Heavy Airlift Wing since 2007 and one of the center points for American-Hungarian defense cooperation.²²⁰ Today, the base hosts three C-17s, along with Hungarian Search and Rescue Aircraft.²²¹ For its part, Hungary is expanding the runway and building additional facilities to enhance Pápa’s utility for NATO, allowing it to serve as an

²¹⁸ Discussion with senior Hungarian defense official in Budapest, May 13, 2015.

²¹⁹ In the Hungarian governmental system, large military equipment purchases are often made from the central government’s coffers rather than allocated to the MoD first and then used to purchase the equipment in question.

²²⁰ NATO Support and Procurement Agency, “Pápa Air Base—Main Operating Base,” web page, undated.

²²¹ NATO Support and Procurement Agency, undated.

emergency runway for Airborne Warning and Control System (AWACS) aircraft, among others.²²²

One of the proposed ways to compensate for Pápa's resource limitations is through greater cooperation with the other Visegrad countries, but many Hungarian officials are skeptical about this course of action. In theory, cooperation could take two forms—bulk procurement of major military systems to reduce unit costs (e.g., all four countries need a medium-transport helicopter at roughly the same time) and joint operational units (like the joint V4 Battlegroup). In practice, the former—joint procurement—was never seriously considered, because trying to coordinate four sovereign countries' acquisition processes so that they work in lockstep—let alone making domestic politics align, with each state's defense industries pushing their own interests—proved too difficult.²²³ As for the latter possibility, while Hungary is actively participating in the V4 European Battlegroup, officials in both the Ministry of Foreign Affairs and Ministry of Foreign Defense maintain that given the choice, Hungary prefers to participate in NATO's Very High Readiness Joint Task Force (VTJF), since NATO brings more capability than EU's flagged missions.²²⁴

To its credit, Hungary has regularly contributed to NATO and other international missions, usually by sending a relatively small number of nonfighting troops to contested areas. Indeed, Hungary ranks 12th among NATO countries (plus Finland and Sweden) for the number of troops it deployed abroad and above many other countries of comparative size and wealth (see Figure 3.7). Hungary has sent troops to Kosovo since 1999 and to Afghanistan since 2003, and it even sent troops to Iraq for a period of time.²²⁵ In April 2015, Hungary agreed to dispatch up to 150 troops for two years to Irbil in northern Iraq as part of the international campaign against the Islamic State.²²⁶ That said, whether Hungary could deploy larger units in the event of Article 5 contingency remains an open question.²²⁷

²²² Discussion with senior Hungarian defense official in Budapest, May 13, 2015.

²²³ Discussion with senior Hungarian defense official in Budapest, May 13, 2015.

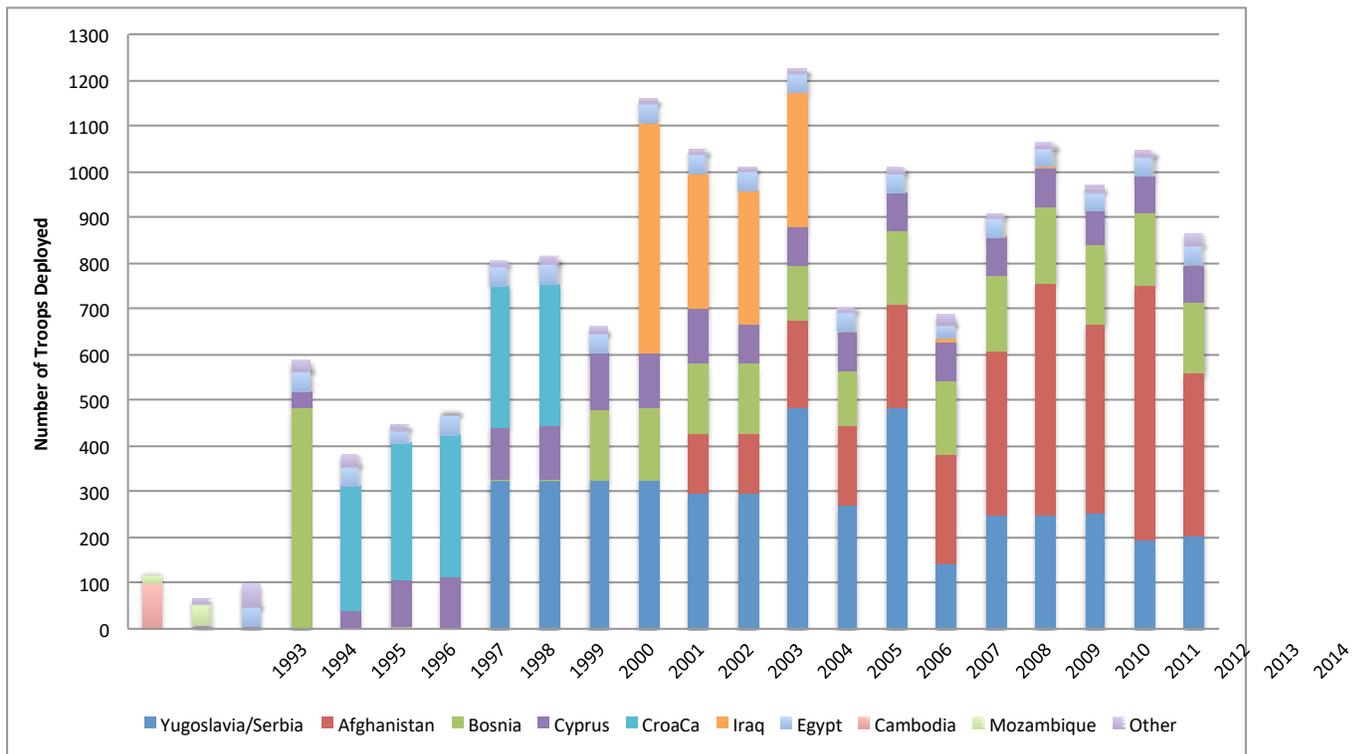
²²⁴ Discussion with senior Hungarian defense official and midlevel Hungarian foreign affairs and trade ministry official in Budapest, May 13, 2015.

²²⁵ Réka Szemerényi, "Hungary's Resolute Commitment to Peacekeeping and Antiterrorism," *The Hill*, May 15, 2015.

²²⁶ Margit Feher, "Hungary to Send Up to 150 Troops to Iraq," *Wall Street Journal*, April 14, 2015.

²²⁷ Discussion with an American official in Budapest, Hungary, on May 14, 2015.

Figure 3.7. Estimated Number of Hungarian Forces Deployed Abroad, by Country (1993–2014)



SOURCE: IISS, 1993–2014.

NOTE: This figure excludes minor deployments of fewer than 40 military personnel annually—typically serving in an observer capacity—in the following conflict areas during this period: Angola, Armenia/Azerbaijan, Central African Republic/Chad, Democratic Republic of the Congo, Georgia, India/Pakistan, Kuwait/Iraq, Lebanon, Mali, Tajikistan, Uganda/Rwanda, and Western Sahara.

The Hungarian Air Force has also participated in overseas missions. It recently assumed the Baltic Air Policing mission and, along with Italy, has participated in NATO’s air policing of Slovenia.²²⁸ Hungarian pilots have served as instructors at NATO Flying Training Center in Canada. The Hungarian Air Force also participated in many international exercises—including the Swedish-hosted “Lion Effort 2012” (for Gripen-flying countries), NATO “Tiger Meet” annual combined air exercises at various locations around Europe, and the NATO Joint Air Warfare Tactical Exercise in Germany in 2014.²²⁹ In addition, Hungary has hosted other international training exercises at Pápa Air Base.²³⁰

Finally, prospects for future defense cooperation with Hungary are difficult to assess. On the positive side, several Hungarian governments of different political orientation have demonstrated

²²⁸ NATO, “NATO Air Policing,” Mons, Belgium: Supreme Headquarters Allied Powers Europe, web page, undated.

²²⁹ IHS Jane’s, 2016a.

²³⁰ IHS Jane’s, 2016a.

over the years the will to participate in a variety of international missions. If the budget increases that are under consideration materialize and allocations are made to procurement, Hungarian military capacity will increase as well.

There are, however, at least two reasons for skepticism. First, the recent tranches of additional funds notwithstanding, Hungary's defense budget has been on the decline for the past decade, and it will require an almost 75-percent increase (as a share of GDP) to meet its budget targets. It is not clear how Hungary would find the additional resources needed to fulfill its stated objectives. Second, while even critics of the government acknowledge the presence of Atlanticist, pro-NATO, and pro-European Union-leaning officials in the foreign affairs and trade ministries as well as the MoD, they rightly question whether these officials' sentiments are shared by Prime Minister Orbán and his inner circle.²³¹ Without Orbán's approval, in particular, these officials, despite their apparent desire to do so, may not be able to improve defense cooperation with NATO or the United States.

Response to Crimea and the Ukraine Crisis

Hungary's response to Crimea and the Ukraine crisis has clashed not only with that of Washington, but also with that of key European allies, including Poland and Germany. The result has been a rift at the top levels and division within the V4.

After Orbán's July 2014 speech praising illiberal democracy, tensions flared. The speech solidified Western opposition to Orbán and his policies and made him look like a Putin apologist. Poland, a traditional ally that initially accepted Orbán's Hungary, gradually began to distance itself from his anti-Western (and pro-Russian) policies and rhetoric. He lost whatever respect he had in Romania. For their part, Ukrainians could not understand how a Hungarian leader known for his defense of his own country's independence could lean so strongly toward Russia after Putin's aggressive military action in Ukraine. In the United States, Senator John McCain—whose candidacy for president in 2008 Orbán had “endorsed”—stated that Hungary was “on the verge of ceding its sovereignty to a neo-fascist dictator going to bed with Vladimir Putin.”²³² The *New York Times* published an unusually hard-hitting editorial urging the European Union to follow up its many warnings with punitive action, such as the suspension of very substantial EU grants that have kept the Hungarian economy going.²³³

According to Polish sources, Hungary joined Austria and Greece as “critics” of the sanctions policy, while the list of “skeptics” includes the Czech Republic, Finland, France, Italy, Slovakia,

²³¹ Discussion with Hungarian foreign-affairs journalist in Budapest, May 14, 2015.

²³² “Senate Session, Part 1,” video, C-SPAN, National Cable Satellite Corp., December 2, 2014.

²³³ “A Test for the European Union,” *New York Times*, Aug. 1, 2014.

and Spain.²³⁴ Orbán regarded sanctions both as ineffective measures that would not compel Putin to change course and as damaging to Hungary’s trade with Russia. In his July 26, 2014, speech, he elaborated on his belief that the world is witnessing the decline of the West, particularly the United States. Reinforcing that perspective on a visit to Kazakhstan in April 2015, Orbán claimed to be more “at home” in the East than in Europe. After conferring with President Nursultan Nazarbayev, Kazakhstan’s dictator, he said: “When we go to Brussels, we have no relatives there. But when we come to you in Kazakhstan, we are at home.”²³⁵

On February 16, 2015, Russian President Putin visited with Prime Minister Orbán in Budapest. Less than a year after Russia’s aggression against Ukraine, Hungary became the first member of NATO and the European Union to receive the Russian leader. In a cordial atmosphere, Putin and Orbán signed five bilateral agreements, but it was the fact of the visit itself and its timing that mattered.²³⁶ In 2015, Hungary also wavered in its willingness to protect Ukraine against Russian coercion with reserve gas flows.

Behind the scenes, however, Hungary’s actions have been less overtly contentious. Despite Orbán’s public, strident, and repeated criticism of the European Union’s 2014 decision to apply sanctions against Russia, he still did not break with other EU members, ultimately voting in favor of the sanctions. Moreover, Hungary was one of the first European powers to send troops to the Baltics in the wake of the Ukraine crisis. In late October 2014, Hungary deployed a mechanized company—about 140 soldiers in all—from the 5th Bocskai István Infantry Brigade to Lithuania to join American and Lithuanian troops as part of NATO’s effort to reassure the Baltics in the wake of the Ukraine crisis.²³⁷ It was yet another display of Orbán’s ever complicated “peacock dance.”

Outlook

Ultimately, Orbán’s sympathies with Putin and criticisms of Ukraine did not prevent Hungary from deploying a small contingent of troops to the Baltics for reassurance. Hungary has not, in the end, broken from consensus with NATO or the European Union on sanctions, even if it has been a major thorn in the side of more forward-leaning states. For the near to medium term, the risks of a rift that damages existing defense cooperation seem relatively low.

²³⁴ Elżbieta Kaca and Héléne Galewicz, “The Fragile Unity of the Union: The Future of the EU’s Sanctions Policy Towards Russia,” Warsaw: The Polish Institute of International Affairs, bulletin No. 46 (778), April 30, 2015.

²³⁵ “Viktor Orbán Feels More at Home in Astana than in Brussels,” *Hungarian Spectrum*, April 3, 2015. The quote is taken from Kazinform, President Nazarbayev’s website, April 1, 2015. (*Hungarian Spectrum*, an informative daily blog published by Yale University’s Eva S. Balogh, discovered that the official Hungarian News Agency did not include this passage in its account of Orbán’s trip.)

²³⁶ See, for example, “Hungary and Russia: The Viktor and Vladimir Show,” *Economist*, February 14, 2015.

²³⁷ B. I. Loveszdandar, “NATO to Reinforce Measures on Land in Lithuania: Hungarian Military Company Is on the Way,” Republic of Lithuania, Ministry of National Defense, October 28, 2014.

And yet, there are limits to how far cooperation can go. Even bracketing Orbán's personality for a moment, Hungary still needs Russian natural gas. The treaty that provides for Russian deliveries formally expired in December 2015, although Hungary is assured Russian supplies for an additional three years. The agreement about rebuilding and expansion of the nuclear plant in Paks that was secretly concluded in 2014 to the benefit of Rosatom (and the dismay of many U.S. observers who saw Moscow's deep pockets at work again) may or may not be implemented; in any case it will not satisfy Hungary's demand for natural gas. Clearly, Hungary cannot be expected to play a leadership role in the region in deterring Russia, and its policies may continue to complicate Visegrad cooperation and generate friction within NATO.

Much of what happens in the next few years will depend on Orbán himself. Since the elections in 2014, both Orbán's and his party's popularity have steadily declined, in a way and to an extent that has stunned him and surprised observers everywhere. In a year, Fidesz has lost one-third of its supporters, and Orbán's own popularity has significantly dropped. In 2015, his closest friend and Fidesz's gray eminence and confidential financial guru, Lajos Simicska, broke ranks with Orbán. Still Hungary's face to the world, Orbán is increasingly seen at home as a once-charismatic leader who has been around for too long. In his favor is the undisputed fact that his left-of-center opponents have failed to and still cannot unite against Fidesz. Like other figures on the right in Europe, Orbán has also sought to benefit politically by taking a hardline nationalist stance on Europe's migrant crisis.

Given poor poll numbers for these opposition parties, where have some one million Fidesz voters gone? Mostly to the "undecided" column and, to a lesser extent, to Jobbik, which has begun to repaint itself as a more right-of-center, so-called people's party and seeks to replace Fidesz as the choice for all whose domestic orientation, foreign-policy preferences, and social and cultural values are to the right of the center. Jobbik's appeal falls on fertile soil less because its platform is appealing than because it has not been part of any of Hungary's post-Communist governments, and it can claim to be an outside force. As a result, Jobbik has become the second-largest political party, replacing the once-formidable socialists.

The rise of Jobbik is deeply troubling. While Jobbik is less openly anti-Semitic now than it used to be and less openly racist when it comes to the country's Roma population, it is still strongly pro-Russia, pro-Iran—two countries that reportedly finance some of Jobbik's operations—as well as vehemently anti-Israel, anti-America, and anti-European Union. In defense of Hungary's sovereignty, it is firmly against Hungarian membership in the European Union.

Even if Jobbik does not gain power, Jobbik's rise may push Orbán to pursue policies that would run contrary to American interests. He could develop programs that potential Jobbik voters would like, standing up against foreign "intervention" in the country's internal affairs; criticizing, even attacking, the European Union; moving toward neutrality in international affairs and flirting with Russia; abandoning code words in favor of using explicit language to intimidate the "lazy" Roma and "pro-Israel," "disloyal" Jews; stressing the primacy of the Catholic Church;

or modifying economic policies to benefit middle- or lower-class voters. In other words, Orbán could choose to prove that Fidesz can do just about everything better than Jobbik could.

As a result, the prospects for dramatically improved U.S.-Hungarian cooperation in the near term look bleak. The United States can and should continue its defense cooperation with Hungary—be it with the NATO strategic lift wing at Pápa Air Base, Baltic air policing, or the smaller deployments to Iraq, the Balkans, and now the Baltics. As in Slovakia and the Czech Republic, U.S. Air Force senior leaders should continue to encourage Hungary to increase its defense budget and to transition away from old Russian equipment—like their An-26 transport aircraft or their Mi-8, Mi-17, and Mi-24 helicopters—both to improve the Hungarians’ capability and to reduce their dependency on the Russian Federation.

That said, there likely is not the same opportunity for improving the U.S.–Hungarian alliance at this time as exists elsewhere in Europe. If Orbán falls from power or turns Fidesz into a genuinely conservative, essentially centrist party, however, similar to Germany’s Angela Merkel’s Christian Democratic Union or Poland’s Civic Platform, leaving his political opponents a chair at the table, this bleak outlook may change. It all depends on what next steps lie ahead in Orbán’s evolving “peacock dance.”

Chapter Four. Poland: A Growing Regional Role

Poland is Central Europe's largest and most capable military power, a regional economic success story, and a key U.S. ally. A target of multiple dismemberments ("partitions") among Russia, Prussia, and Austria-Hungary in the 18th century, Poland was subjugated to Russian rule for much of the 19th. In the 20th century, Poland was invaded twice by Germany, the second of these invasions marking the beginning of World War II in Europe. Like many countries in this survey, Poland emerged from foreign domination only at the end of the Cold War and remains deeply concerned with its sovereignty and security in the post-Cold War era. The Ukraine crisis, especially against the backdrop of divisions within the European Union and NATO, has only intensified Poland's sense of vulnerability and ingrained fears of abandonment by its larger protectors, including the United States. The refugee crisis, meanwhile, has exacerbated rifts between Poland and its Western European partners, especially Germany. Although Poland remains a European-style liberal democracy, concerns have been raised about its trajectory on some issues, above all the independence of the Constitutional Court.

Unlike many of its European neighbors, Poland is investing heavily in defense and seeks the strongest possible security relationship with the United States. Poland's interest in close defense cooperation with the United States was strong before the Ukraine crisis and has redoubled since. Polish-U.S. defense relations are among the best in Europe and include the U.S. aviation detachment (AVDET) at Lask Airbase, plans to deploy U.S. Aegis Ashore interceptors as part of the European Phased Adaptive Approach (Phase III), and the procurement of Patriot missile systems, among other things. Poland has been one of the most active members of NATO when measured in terms of support for and contributions to NATO operations, as well as investments in defense and defense reform (Table 4.1). It aspires to a leadership role within the Visegrad group, as well as the Baltic States, and is exploring closer cooperation with Sweden. It is and will remain America's key defense partner in Central Europe and a staunch advocate for a greater U.S. role in regional political and military matters. Nevertheless, the path toward realizing the full potential of deeper defense relations with Poland is not without obstacles. Polish expectations are often unrealistically high, and Polish insecurity can pose difficulties.

Table 4.1. Poland: Key Resource Base Statistics and Partner Ordinal Rankings

Concept	Unit Amount	NATO–Plus 2 Ordinal Ranking (Out of 29)
Total military expenditure, 2014 (current US\$ million) ^a	\$10,499	9th
Total military expenditure, 2014 (as percentage of GDP) ^b	1.9%	7th
Military personnel, active (excl. paramilitary), 2013 ^c	99,300	9th
Military personnel, active (incl. paramilitary), 2013 ^d	172,700	7th
Military personnel, deployed (incl. peacekeeping), 2013 ^e	1,477	9th
Gross domestic product, 2014 (current US\$ billion) ^f	\$546.6	11th
Gross domestic product, 2014 (per capita, current US\$) ^f	\$14,379	24th
Total estimated population, 2014 ^f	38.5 million	8th

NOTE: NATO–Plus 2 includes 27 NATO member states plus Sweden and Finland.

^a SIPRI, undated(b). Excludes some defense spending in other ministries, and additional domestic defense spending, such as the Armed Forces Modernization Fund and some additional defense research and development. Between 2004 and 2013, these additional sums varied between about 240 million and 640 million Polish zlotys (PLN).

^b SIPRI, undated(b). Excludes some defense spending in other ministries and additional domestic defense spending, such as the Armed Forces Modernization Fund and some additional defense research and development. Between 2004 and 2013, these additional sums varied between about PLN 240 million and PLN 640 million.

^c IISS, 2014, 2015. Reserve personnel, if any, are unspecified.

^d IISS, 2014, 2015. Paramilitary includes 14,300 personnel in the Border Guard and 59,100 personnel in the Prevention Units of the Anti-Terrorist Operations Bureau.

^e IISS, 2014, 2015.

^f IMF, 2015b.

Key Background

Politically, Poland has made great strides toward democratic consolidation of its mixed presidential-parliamentary–type government, and since the overthrow of the communist regime in 1989, the government has smoothly changed hands several times. Civilian control of the military—a problem during the early 1990s—has been strengthened, reducing the prospect of a repetition of the type of infighting and political interference that occurred during Lech Walesa’s presidency.²³⁸

²³⁸ During Walesa’s tenure as president, civil-military relations were characterized by bitter infighting and persistent efforts by Walesa to interfere in military matters and subordinate the General Staff to the president rather than the minister of defense. The most notorious example of this backstage maneuvering by Walesa was the so-called “Drawsko affair” in October 1994. For details, see F. Stephen Larrabee, *NATO’s Eastern Agenda in a New Strategic Era*, Santa Monica, Calif.: RAND Corporation, MR-1744-AF, 2003b, pp. 42–43.

Although there are many minor parties in Poland, Polish politics is now dominated by two major parties: the center-right Civic Platform (*Platforma Obywatelska*) and the conservative Law and Justice Party (*Prawo Sprawiedliwosc*). Civic Platform became the leading party in Poland after winning the 2007 general election and the Polish presidency in 2010. It pursued a reformist, pro-free market, pro-European agenda, and was a strong supporter of defense modernization and reform. The party draws its support from middle-class white-collar workers in Warsaw and elsewhere.

In 2014, however, Civic Platform's party leader, former Prime Minister Donald Tusk, was appointed head of the European Council in Brussels, leaving a vacuum in the party leadership that reduced the party's chances of winning its third consecutive term in the October 2015 parliamentary elections. Tusk's successor as prime minister, Ewa Kopacz, a former health minister and speaker of parliament, lacked Tusk's stature and international prominence. Civic Platform was credited for strong economic performance, but after seven years in power, the party was tiring. In a harbinger of potential troubles ahead, Civic Platform President Bronislaw Komorowski unexpectedly lost the presidency to opposing Law and Justice Party candidate Andrzej Duda in the May 2015 elections. In November, Law and Justice capped this success by gaining a majority in both houses and sole control of the Polish government, a first in Poland's post-Cold War history.

Law and Justice, which governed from 2005 to 2007, is suspicious of free-market reforms and favors a strong role for the state in the national economy, as well as in other areas, such as education and the media. It draws its greatest support from the rural regions and Poland's "rust belt"—areas hard hit by postcommunist economic reform measures. The party is also deeply marked by the loss of its leader, then-Polish President Lech Kaczynski, in a tragic plane crash in April 2010. President Kaczynski, the brother of the party's current leader, Jaroslaw Kaczynski, perished along with 90 other members of Poland's political elite in the crash. Suspicion within Law and Justice of a Russian role in the crash and continued blame of Civic Platform's leaders is likely to make for acrimony across multiple vectors.

Although Law and Justice favors closer defense and foreign relations with the United States, its nationalist, even xenophobic positions on other foreign policy issues can create friction in the bilateral relationship. In its previous time in power, for example, it frequently clashed with Germany and the European Union. Its more recent position in the face of Europe's refugee crisis has threatened to reopen some of these wounds.

Relations with the United States and Europe

Since the end of the Cold War, Poland has been a staunch American ally in Central Europe, backing the U.S. war in Iraq with the third-largest contingent of troops. After 9/11, unlike many other allies, Poland allowed the United States to use its territory for interrogations under the U.S. special rendition program. In contrast to Hungary and the Czech Republic, which opted for the

Gripen fighter to replace their aging Soviet-era fighter jets, Poland chose to buy the F-16. Though welcomed in Washington, the decision angered European leaders who wanted Poland to choose a European aircraft. The purchase thus reinforced Poland's image as Washington's "Trojan Horse" in Central Europe.

Despite its post-Cold War history of strong relations with the United States, there has been a visible decline in Polish Atlanticism in the last decade—as elsewhere in the region. Poland's entry into the European Union has led to a degree of "Europeanization" of Polish foreign policy. Polish membership in the European Union is unquestionably a positive development for regional security, but from an American perspective, it means that Poland must work to balance its close ties to Washington with a stronger integration into European institutions. This is not necessarily a bad thing from a strategic U.S. perspective, but it does add a new dimension to U.S.-Polish relations.

Despite Poland's ardent support for the Iraq War, the conflict eventually gave rise to some bilateral tensions. Poland hoped for more from the United States in return for its support than it got. Moreover, while the Iraq deployment gave the Polish military valuable lessons in working with U.S. and NATO troops, it was unpopular at home. Many Polish officials thus felt that Washington took Poland's support for granted and did not sufficiently appreciate the costs, both political and military, that Poland incurred by siding so closely with Washington. This impression was reinforced by the difficulties that many ordinary Poles had in obtaining visas to visit and/or study in the United States during the wartime years following the September 11 terrorist attacks.²³⁹

Generational change also contributed to the weakening of Poland's traditional Atlanticism. The first generation of Polish leaders after the collapse of communism were committed Atlanticists who saw the United States as an indispensable political and military counterweight to Russian power in Europe. However, this generation is now passing from the political stage. As memories of the communist era fade, the strong commitment to Atlanticism that characterized the first post-Communist generation of Polish leaders—influential members of the Solidarity movement such as Lech Walesa, Janusz Onyszkiewicz, and Bronislaw Gemerek—waned. As a result, the bonds that gave special meaning and direction to Polish-American relations gradually weakened and lost much of their once-powerful driving force.

In the decade after 9/11, differences also arose over U.S. missile defense plans. The George W. Bush administration planned to deploy ground-based interceptors in Poland as part of a "Third Site" missile defense system but initially viewed missile defense largely as a technological issue, paying little attention to its broader political-strategic implications for arms control and European security.²⁴⁰ As a result, the administration was unprepared for the

²³⁹ Discussions with Polish defense and security officials, September 2006.

²⁴⁰ For a detailed discussion, see F. Stephen Larrabee, "Whither Missile Defense," *International Spectator*, Vol. 43, No. 2, 2008.

contentious Polish public debate over missile defense that began as word leaked out that the United States was considering deployments on Polish soil.

The negotiations with the Polish leadership on missile defense were further complicated by the fact that Poland's interest in having parts of the missile defense architecture deployed on its soil was at variance with the publicly stated rationale for the deployment of the system. The United States saw the planned deployment of missile defense components in Poland as protecting Europe against a missile attack from Iran. Polish officials, however, viewed missile defense as an insurance policy against a resurgent Russia. This divergence made the effort to defuse Russian opposition to deployment all the more difficult for the United States.

When the Obama administration then changed course on missile defense in 2009, scrapping Bush's Third Site approach in favor of the European Phased-Adaptive Approach (EPAA), the Polish leadership felt betrayed. Long-standing Polish fears of abandonment by their allies resurfaced. The military rationale for scrapping the Bush system in favor of the EPAA was sound, but Polish leaders were informed of the decision to cancel the Bush plan only at the last second—almost as an afterthought—in a late-night call from President Obama to Prime Minister Tusk. To add insult to injury, the decision to cancel the Bush system was made public on the 70th anniversary of the Soviet invasion of Poland, an embarrassing oversight that demonstrated a lack of sensitivity to Polish national feelings. Poland was eventually promised Aegis Ashore interceptors as part of the U.S. plan, which helped to soothe bruised feelings in Warsaw and repair the damage in bilateral ties.

In the second Obama term, relations significantly improved. Warsaw's growing concerns about Russian aggression underscored the critical importance of close ties to Washington and keeping the United States committed to European security at a time when it was shifting its focus elsewhere in the world. Russia's annexation of Crimea and attempt to destabilize eastern Ukraine raised alarm bells in Washington and led to greater congruence between U.S. and Polish defense policy.

Post-Ukraine public opinion polls show increasing Polish support for closer relations with the United States. In a poll by the German Marshall Fund of the United States taken in the middle of 2014, 31 percent of the respondents expressed a desire for closer cooperation with the United States—an increase of 5 percentage points above 2013 results.²⁴¹ In addition, 61 percent said that U.S. leadership was desirable—an increase of 11 points over 2013. This support for closer ties to the United States helped to reduce differences over defense policy and resulted in closer coordination of U.S.-Polish defense collaboration.

While NATO remains the bedrock of Polish security and defense policy, Warsaw has also begun to play a more active role in the EU Common Security and Defense Policy with contributions to two EU battlegroups, which are intended to be rapidly deployable EU units of small-brigade size for crisis operations. In 2010, Poland agreed to join France and Germany as

²⁴¹ See German Marshall Fund of the United States, *Transatlantic Trends: Key Findings 2014*, September 2014a.

part of the European Union's Weimar Battlegroup formation and was designated the lead nation. Poland has also taken the lead in developing the Visegrad Battlegroup, composed of forces from Hungary, the Czech Republic, and Slovakia and expected to be deployable in 2016.

The closer ties with the European Union have been facilitated by a significant improvement in Poland's relations with Germany, which for centuries were marked by animosity and bloodshed—mostly Polish. After the Cold War, the two countries worked to heal their wounds, and while anti-German sentiment persists in some parts of Polish society, the most serious feelings of mistrust and suspicion have dissipated, and Poland and Germany have achieved a closeness and warmth few could have imagined a decade or two ago. Germany has become one of Poland's closest allies and strongest supporters of Poland's integration into Euro-Atlantic institutions. Foreign Minister Radek Sikorski's remark in November 2011 sums this up well: "I fear German power less than I am beginning to fear German inactivity."²⁴²

Under Law and Justice, relations with Germany were nevertheless strained due to the government's strong nationalist policies. After its election in 2007, however, Civic Platform was less suspicious, as well as politically and ideologically much closer to contemporary Germany in its political outlook. Under the leadership of Prime Minister Tusk, the party pursued a more balanced and more "pro-European" policy, reducing tensions with Germany and giving Polish-German relations an important new foundation.

One of the most important examples of this new spirit of cooperation in the military sphere is the creation of the German-Danish-Polish Corps, headquartered in Szczecin (Stettin), Poland. The Corps is composed of divisions from all three countries and is available for NATO Article 5 missions as well as non-Article 5 missions. The trilateral defense cooperation has contributed to integrating Poland more tightly into NATO, as well as enhancing defense cooperation in the Baltic region. In the interval since its establishment, the Corps has been transformed into Multinational Corps Northeast (MNCNE), composed of units from 14 NATO allies. Germany, Poland, and Denmark provide the framework nations of MNCNE.

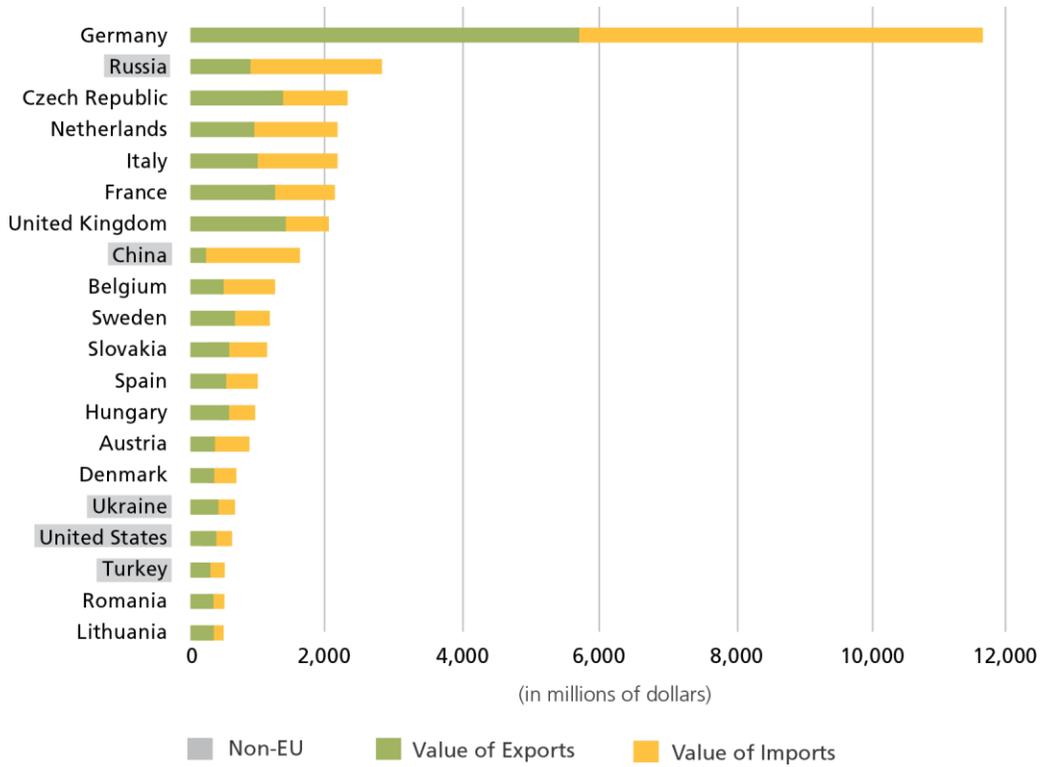
The "Weimar Triangle," composed of Poland, Germany, and France, is another forum through which Poland and Germany have drawn closer. This Franco-German-Polish forum has offered Poland a means of high-level engagement with Europe's two most important Continental powers. This, in turn, has further facilitated Polish integration into the European Union and helped to calm Polish fears of renewed German domination of Central Europe.

The European Union—especially Germany—is Poland's largest trading partner, far outstripping the United States (Figure 4.1). In 2013, the European Union was the destination of 78 percent of Polish exports (valued at \$154 billion) and the source of 72 percent of Polish imports (valued at \$143 billion). By comparison, the United States imported only \$3.5 billion in

²⁴² See Ezra Klein, "Wonkbook: 'I Fear German Power Less Than I Am Beginning to Fear German Inactivity,'" *Washington Post*, November 29, 2011. Sikorski referred to Germany as Europe's "indispensable nation."

Polish goods and exported only \$2.8 billion in goods to Poland.²⁴³ As discussed further on, Russia is one of Poland’s most important bilateral trade partners.

Figure 4.1. Poland’s Top 20 Trade Partners (2014)

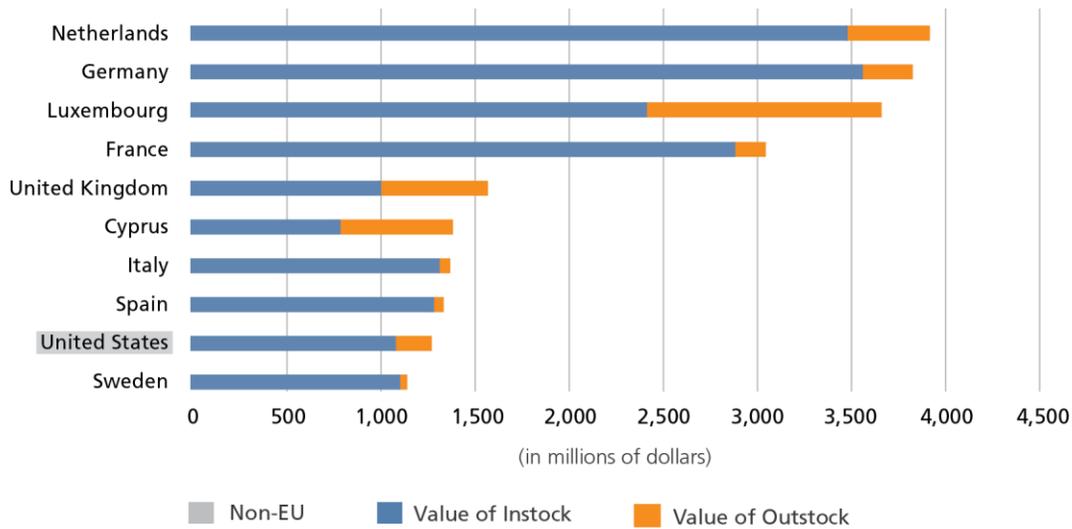


SOURCE: IMF, 2015a.

As an investing partner, however, the United States is relatively more important to the Polish economy. At the end of 2012, American FDI stocks in Poland totaled \$10.7 billion, making the United States the eighth-largest source of Polish FDI by instock. Again, however, U.S. investment in Poland paled in comparison to European investment, particularly from Germany, the Netherlands, France, Luxembourg, Italy, Spain, and Sweden (Figure 4.2).

²⁴³ IMF, 2015b.

Figure 4.2. Poland's Top 10 FDI Partners, by Instock and Outstock (2012)



SOURCE: UNCTAD FDI/TNC database, based on data from the National Bank of Poland.

Relations with Russia

Historically, Russia, along with Germany, was regarded by Poland as the major threat to Polish sovereignty. Poland was under Russian occupation for 123 years. It regained its independence after World War I only to lose it again after Nazi Germany invaded in 1939. In 1944, as the Soviet Red Army advanced through Poland, the Polish people rose up against their Nazi occupiers in a violent insurgency known as the Warsaw Uprising, in which thousands died. The result was the decimation of the Polish resistance, followed by the imposition of Communism on the Polish people.

At the end of the Cold War, however, relations improved somewhat. Poland signed a Declaration of Friendship with the Russian Federation, which stressed each side's acceptance of the other's sovereignty and territorial integrity and intent not to interfere in the other's internal affairs.²⁴⁴ This laid the foundation for gradual improvement of relations with Russia. The May 1992 Treaty of Friendship and Good Neighborliness, meanwhile, ended the last vestiges of Soviet domination in Polish security affairs and provided a comprehensive framework for relations between the two countries.²⁴⁵ Approximately 40,000 Russian troops still stationed in Poland were withdrawn.

²⁴⁴ For background, see Anna Sabbat-Swidlicka, "Friendship Declarations Signed with Russia and the Ukraine," *RFE/RL, Report on Eastern Europe*, November 2, 1990, pp. 25–27.

²⁴⁵ For details, see Jan B. deWeydenthal, "Poland and Russia Open New Chapter in Their Relations," *RFE/RL Research Report*, No. 25, June 19, 1992, pp. 47–48.

After 1993, Polish security and relations with Russia became increasingly interlinked with the issue of NATO enlargement. Initially, Poland was the most cautious of the three Visegrad countries regarding NATO membership, as Warsaw sought to avoid derailing Russian troop withdrawals with a move toward NATO.²⁴⁶ By the end of 1993, however, the possibility that Poland would join NATO had become a major point of contention in Polish-Russian relations. Russian military forces north of Poland in Kaliningrad were (and remain) a serious concern for Warsaw, which campaigned to revise the Conventional Forces in Europe treaty to include Kaliningrad and the Russian forces stationed there. They were especially concerned that Russia might deploy short-range missiles in Kaliningrad and thereby threaten Poland with a rapid strike. This concern has intensified in recent years as a result of leaks and other reports that Moscow has deployed or intends to deploy Iskander ballistic missiles to Kaliningrad, which could put them within range of Warsaw.²⁴⁷

Through much of the 2000s, relations between Poland and Russia were strained. Poland was often a thorn in Russia's side and an obstacle to U.S. and European efforts to improve relations with Russia. Then, in 2010, Polish President Lech Kaczynski, his wife, and more than 90 senior Polish officials died in a plane crash in Smolensk, Russia. The tragedy brought about a visceral improvement in Polish-Russian relations, as leaders from the two countries came together in mourning. Unfortunately, this warming proved short-lived. The hardening of Russia's internal policies under Putin, especially the crackdown on dissent and the retreat from political reform, together with a more aggressive Russian policy toward the Baltic States, made further efforts to improve bilateral relations difficult.

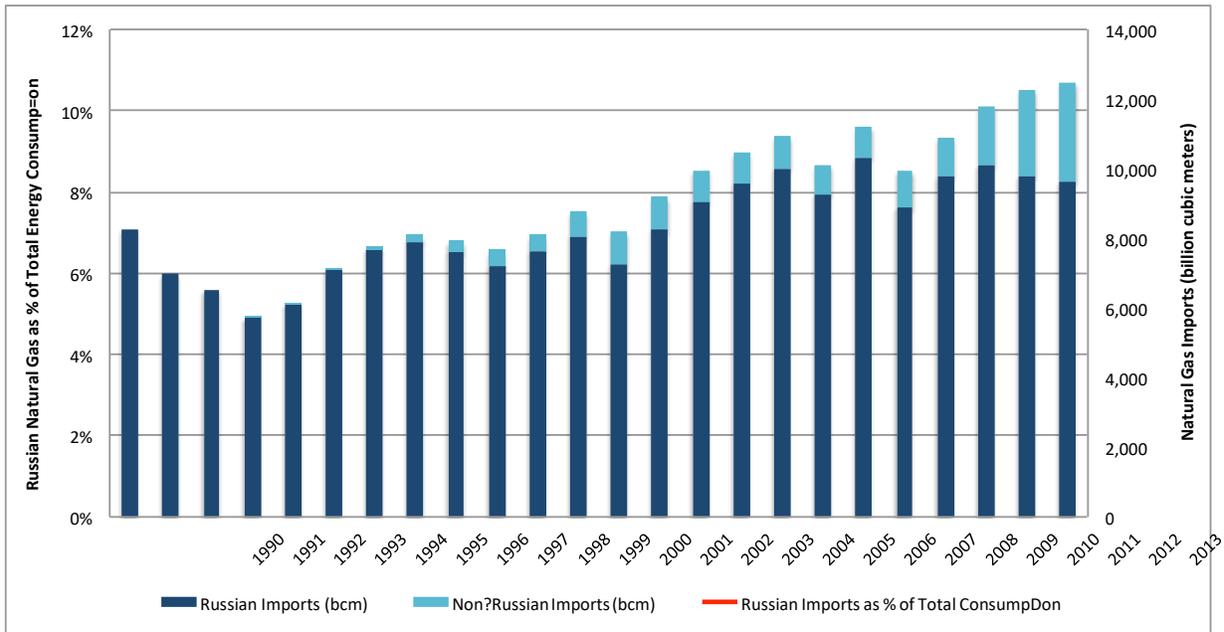
Russia nevertheless remains an important trading partner for Poland (Figure 4.1), and Russia's countersanctions against European agriculture in 2014 did create some pain for Polish farmers. In 2013, Poland imported about \$21 billion worth of goods from Russia; only Germany ranked above Russia as a source of imports. Most of these imports from Russia were petroleum products and natural gas. As shown in Figure 4.3, the Polish economy is heavily dependent on Russian supplies of natural gas, although Warsaw has sought to diversify its sources of energy imports, particularly natural gas, in recent years. In 2013, about 82 percent of Polish imports of natural gas (10.5 billion cubic meters, bcm) came from Russia, representing about 9 percent of Poland's total annual energy consumption; Poland imported an additional 2.3 bcm from Germany and produced approximately 4.6 bcm domestically.²⁴⁸ Altogether, natural gas made up about 14 percent of Poland's total energy consumption in 2013.

²⁴⁶ See Asmus, 2004, pp.15–25.

²⁴⁷ See Ingmar Oldberg, "Kaliningrad's Difficult Plight Between Moscow and Europe," Swedish Institute of International Affairs, *UIPaper*, No. 2, 2015.

²⁴⁸ Eurostat, "Energy Production and Imports," web page, European Commission, undated.

Figure 4.3. Polish Gas Consumption and Dependence on Russian Gas Imports (1990–2013)



SOURCES: Eurostat, undated; RAND calculations.

NOTES: Russian imports include gas from Ukraine, Kazakhstan, Turkmenistan, and Uzbekistan carried through Russian pipelines. Other imports include gas from Belgium, the Czech Republic, Germany, and Norway.

At the same time, Russia is the fifth-largest market for Polish exports (Figure 4.1). In 2013, Poland exported \$10.2 billion worth of goods to Russia—nearly three times as much as it exported to the United States.²⁴⁹ According to the UN’s Comtrade database, about 11 percent of these exports (valued at \$1.2 billion) were agricultural, livestock, and fishery products currently embargoed under Russia’s countersanctions regime.²⁵⁰ In particular, the Russian economy was an important destination for Polish apples and pears (\$361 million), dairy products (\$186 million), pork (\$131 million), and beef (\$39 million). Exports of other fruits and vegetables, prepared foods, and poultry totaled about \$320 million, \$92 million, and \$11 million, respectively. As a result, Polish farmers were adversely affected by the countersanctions Russia imposed on European agriculture in response to EU Ukraine-related sanctions.

Defense Capabilities

Of the nine countries in this report, Poland’s defense budget (\$10.5 billion in 2014) is far and away the largest. Within all of NATO, Poland ranks tenth in defense expenditures, roughly on

²⁴⁹ IMF, Direction of Trade Statistics Yearbook, 2014.

²⁵⁰ United Nations, “Comtrade Database,” database, undated.

par with the Netherlands.²⁵¹ It is one of the few NATO members that comes close to devoting 2 percent of GDP to defense, although it should arguably strive to do much more, given the level of threat it believes it faces. This spending has allowed Poland to carrying out a broad modernization and restructuring of its armed forces. The raft of new Polish capabilities initiatives ranges from missile defense systems to unmanned aerial vehicles (UAVs) to antisubmarine warfare to attack helicopters. Poland has even shown some interest in acquiring the F-35.²⁵² At a time when other members are cutting back on defense, Polish efforts to invest in new capabilities are welcome. These measures should strengthen Poland's capacity to defend its home territory and carry out Article 5 missions. The speed and enthusiasm with which Poland is now seeking new capabilities, however, should raise concern as to whether these capabilities will be effectively integrated, both within Poland and in a broader alliance defense construct.

The main lines and priorities of Poland's security and defense strategy are outlined in a series of documents published since 2009.²⁵³ The *National Security Strategy of the Republic of Poland*, published in 2014, emphasizes collective defense on page 19 as NATO's "core mission." Two pages later, it notes the importance of "preserving the U.S. significant and lasting commitment to European security." This reflects the importance that Poland attaches to keeping the United States deeply engaged and committed to European security.

The *White Book on National Security of the Republic of Poland*, published in 2013, states that the major challenge for NATO in the post-Afghan period will be to define NATO's role. It makes clear that Poland strongly favors consolidation around NATO's core function of ensuring direct security to its members. Poland was never very happy with what it regarded as the "globalization" of NATO—a code word for the U.S. emphasis on the need for the alliance to acquire the capability to project and sustain power in areas beyond Europe's border. Poland saw this as distracting NATO's attention from what Poland believes should be NATO's top priority: deterring a resurgent Russia. From the outset, Poland was a reluctant "global warrior." It grudgingly fell in line and contributed more than any of the new members to NATO's missions in Iraq and Afghanistan, but it did so reluctantly and largely out of a desire to show solidarity with the United States, not because it felt Poland's core interests were threatened by these crises.

Buoyed by a strong economic growth rate of more than 3 percent per year over the past decade, Poland has made modernizing its armed forces a top priority (Figure 4.4). Poland is committed to increasing its defense budget from 1.95 percent of GDP to 2 percent of GDP by

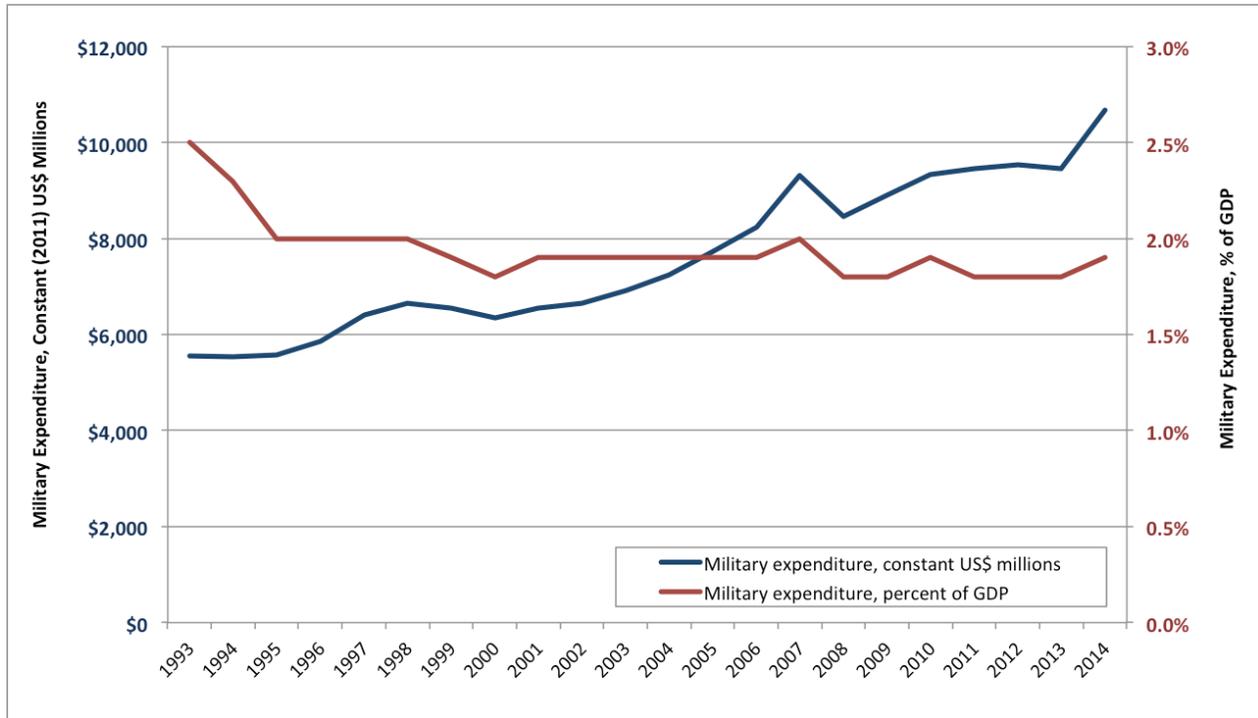
²⁵¹ IISS, 2015.

²⁵² Interviews with U.S. and Polish officials, Warsaw, May 2015.

²⁵³ *National Security Strategy of the Republic of Poland*, Warsaw: National Security Bureau, 2014; *Strategy of Development of the National Security System of the Republic of Poland 2022*, Warsaw, Poland, April 9, 2013; Polish National Security Bureau, *White Book on National Security of the Republic of Poland*, November 15, 2013; and Polish Ministry of National Defence, *Defense Strategy of the Republic of Poland*, Warsaw, 2009.

2016.²⁵⁴ The additional spending will go toward the Polish Armed Forces Modernization Fund, with the increase from 1.95 percent to 2 percent expected to be worth 200–215 million euros. This will raise defense spending by 2.9 percent over the next decade. In 2015, Poland expects to order new weapon systems and equipment worth 7.2 billion euros (\$8.2 billion). As described later, included in these equipment buys are (likely) Patriot missiles, multiple new helicopters, modern armored personnel and transport vehicles, and a fleet of UAVs.²⁵⁵

Figure 4.4. Polish Defense Expenditures in Constant US\$ and as Percentage of GDP (1988–2014)



SOURCE: SIPRI, undated(b).

Over the past decade, Poland has significantly downsized its armed forces (Figure 4.5), shifting to an all-professional military force in 2008. At the end of the Cold War, the Polish Armed Forces had about 350,000 active personnel. In 2012, it had approximately 173,000 active personnel, including paramilitary forces. Of these, the army has the largest force (48,200), followed by the air force (16,600) and navy (7,700). Additionally, approximately 26,800 personnel serve in the special forces and in the joint staff. Polish paramilitary forces, which include border guards and prevention units, number about 73,400.

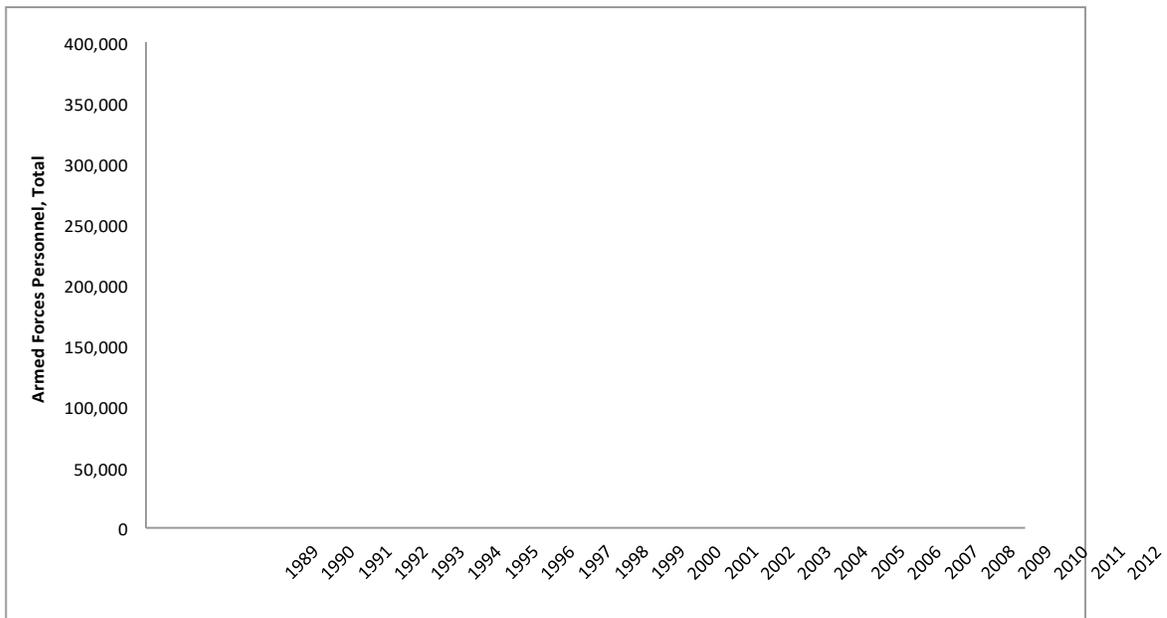
Despite Poland’s drastic reductions in armed forces personnel over the last quarter-century, it still maintains the largest active armed forces in all of Central and Northern Europe. Indeed,

²⁵⁴ Remigiusz Wilk, “Poland to Raise Defence Budget,” *IHS Jane’s Defence Weekly*, January 7, 2016.

²⁵⁵ Wilk, 2016.

including paramilitary personnel, Poland’s forces are greater than those of the other eight countries in this research combined. Europe-wide, only Germany, France, Italy, Spain, the United Kingdom, and Turkey possess larger fighting forces as measured by total active personnel.

Figure 4.5. Polish Armed Forces Personnel, Total (1989–2012)



SOURCE: World Bank, 2014.

As part of the modernization process, Poland established two new high-level military commands on January 1, 2014. One will be a joint operational command to replace the existing service commands, to be converted into departments. The second will be the transformation of the existing general staff into a strategic planning and advisory command.²⁵⁶

Poland possesses modest tactical airlift, but no native strategic airlift or aerial refueling. Its strength is in its seven tactical aviation squadrons (including two flying Su-22s, two flying MiG-29s, and three flying F-16 C/Ds).²⁵⁷ The Polish Air Force is also equipped with five medium-transport, C-130E aircraft, 16 light-transport C-295M aircraft, and 23 light-transport M-28 Bryza fixed-wing aircraft, organized into three squadrons. The Navy retains an additional four light-transport An-28 Bryza aircraft (similar to the M-28, but older).²⁵⁸ Additionally, the Air Force is equipped with 32 medium-transport and 40 light-transport helicopters. The Army and

²⁵⁶ Andrew A. Michta, “Polish Hard Power: Investing in the Military as Europe Cuts Back,” American Enterprise Institute, December 19, 2013.

²⁵⁷ IHS Jane’s, “Poland—Air Force,” *World Air Forces* web page, May 13, 2016c.

²⁵⁸ IISS, 2014; IHS Jane’s, 2016c.

Navy possess a combined 16 medium-transport helicopters and 32 light-transport helicopters. The medium-transport fleet consists of 23 Mi-8 Hip helicopters and 25 W-3 Sokol helicopters. The light-transport fleet consists of 46 Mi-2 Hoplite helicopters, 24 SW-4 Puszczczyk helicopters, and two W-3 Sokol helicopters.²⁵⁹ Sealift and replenishment capacities are also limited. They include one Project MS-3600 transport craft, two oil tankers, three Deba amphibious landing craft, and five Lublin amphibious landing ships.²⁶⁰

Poland is considering procurement of strategic airlift and tankers, but no schedules have been set. In the meantime, as a member of NATO's Strategic Airlift Capability (SAC) program, Poland has annual access to 150 hours of flight time on the Boeing C-17A Globemaster strategic transport aircraft that operate out of Hungary.²⁶¹ Additionally, the Polish Air Force also includes an air defense brigade, mostly equipped with S-125 and S-200 surface-to-air missiles, a radio technical brigade, and a special operations squadron.²⁶² The locations of major Polish air bases are shown in Figure 4.6.

²⁵⁹ IISS, 2014; IHS Jane's, 2016c.

²⁶⁰ IISS, 2014; IHS Jane's, 2016c.

²⁶¹ IHS Jane's, 2016c, p. 16.

²⁶² IHS Jane's, 2016c.

Figure 4.6. Major Polish Air Bases in Operation (2014)



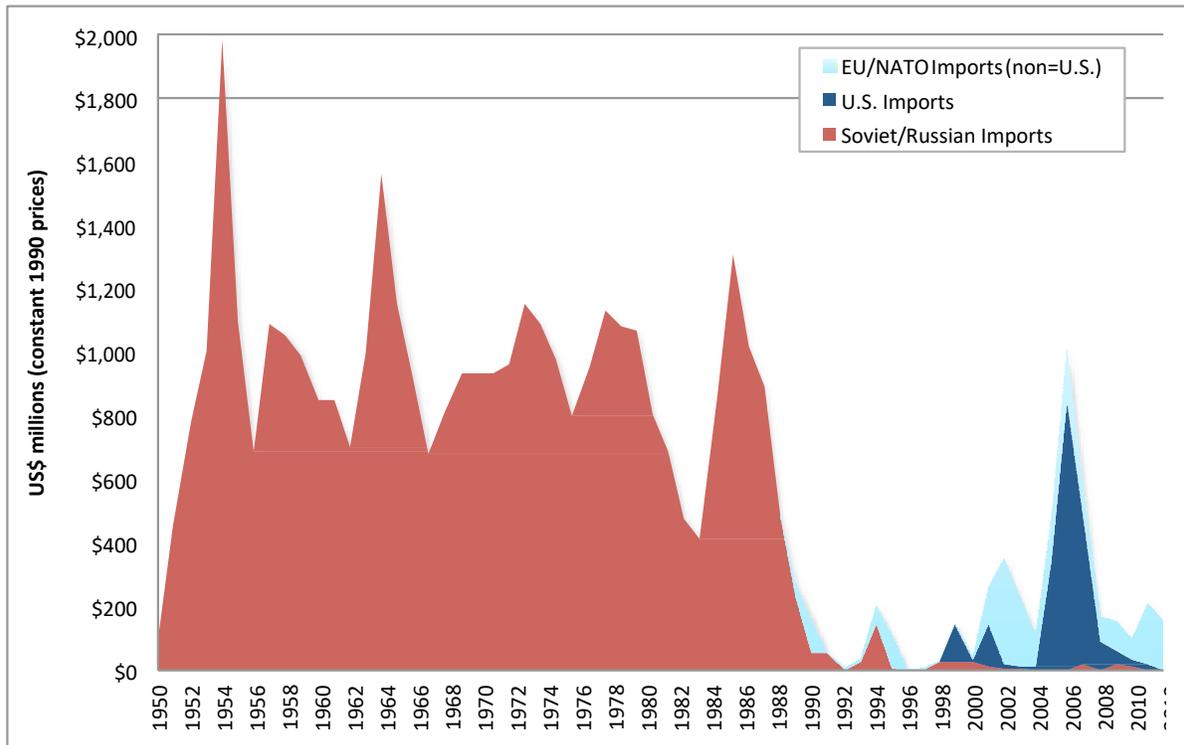
Poland's domestic aeronautics industry has produced much of the Polish Armed Forces' current fixed-wing and rotary-wing fleet, but Soviet-era equipment remains important, including 32 MiG-29s and 26 Su-22s. Poland also has 75 Soviet-made helicopters (Mi-24s or Mi-2s) of a total fleet of 151, as well as 80 Soviet noncombat helicopters. Russian equipment also makes up the majority of Poland's armored vehicle fleet. A large proportion of Poland's main battle tanks are Soviet-era T-72s. Approximately two-thirds of the Army's armored infantry fighting vehicles, APCs, armored recovery vehicles, and combat reconnaissance patrol vehicles are Soviet-era platforms.²⁶³

Although Poland was once a major arms importer from the Soviet Union, since 1990, only about 13 percent of its major arms transfers have come from Russia (as measured in constant 1990 dollars)—compared with about 44 percent from the United States and 43 percent from

²⁶³ IISS, 2014; IHS Jane's, 2016c.

NATO/EU nations (primarily Germany, followed distantly by Finland, Italy, Spain, and Sweden) (Figure 4.7).

Figure 4.7. Polish Arms Imports from Soviet Union/Russia and United States (annually 1950–2013) (US\$ millions, constant 1990 prices)



SOURCE: SIPRI, undated(a).

Poland’s most notable acquisition since the end of the Cold War is F-16 fighter aircraft purchased from the United States. In 2003, Poland purchased 48 F-16s. This purchase, which came with a \$3.5 billion price tag, was financed largely through foreign military financing (FMF).²⁶⁴ The F-16s are a significant improvement over Poland’s Mig-29 and Su-22s, but several years after taking delivery, Poland has yet to deploy the F-16s in a combat role—largely due to bottlenecks in pilot training.

The defense ministry’s \$40 billion modernization plan for 2013 through 2022 includes a wide variety of major procurements designed to boost combat capacity, primarily aimed at strike capacity and mobility. For example, to make the land forces more mobile, the Polish Army intends to purchase 886 medium-load, high-mobility vehicles from 2014 to 2018.²⁶⁵ By 2018, the

²⁶⁴ John Tagliabue, “Lockheed Wins Huge Sale to Poland with Complex Deal,” *New York Times*, April 19, 2003.

²⁶⁵ Jaroslaw Adamowski, “Poland Brings Defense Focus Back Home,” *Defense News*, October 18, 2013a.

ministry will also acquire 307 Rosomak armored modular vehicles, produced by local defense company Wojskowe Zakłady Mechaniczne Siemianowice.

There have been persistent reports that Poland might acquire a small share in the European Aeronautic Defense and Space Company (EADS).²⁶⁶ This would link Poland's defense more deeply with its European partners and foster competitiveness in Poland's own defense industry. EADS has much to gain because Poland is looking to buy 70 military helicopters. The tender for the 70 new helicopters is estimated to be worth about PLN 8 billion and is one of the largest procurements under Poland's modernization plan. Poland's Land Forces will receive 48 transport helicopters, the Air Force and Navy will acquire ten and six search and rescue helicopters, respectively, and the Navy will receive six anti-submarine helicopters.²⁶⁷

In recent years, multiple modernization programs have been performed on the MiG-29 fighters and Su-22 attack aircraft to extend their service life, including improvements to avionics, communication equipment, and navigational aids. However, the air force has expressed interest in acquiring 64 new fifth-generation multirole combat aircraft beginning in 2021 to replace their existing Russian fighters.²⁶⁸ Acquisition of the F-35 would enable a technological leap for the Polish military by replacing its Soviet-designed aircraft with high-end fighters and cementing a long-term relationship with the U.S. Air Force. But Poland might also end up purchasing older model Eurofighter Typhoons, older F-18s, or new Tranche B Typhoons, especially if there is a significant cost differential. A purchase from within Europe would also help Poland's efforts to integrate its own defense industry with its European counterparts and could thus be favorable for political economic reasons.

A top priority for the Polish Air Force is the acquisition of 70 new helicopters to replace its Mi-8s and Mi-17s. This procurement program will be one of the largest in Polish military history, on par with its purchase of its F-16s.

The conflict in Ukraine and the growing threat from Russian medium-range ballistic missiles has intensified Poland's desire to deploy its own air and missile defense system (AMD), particularly through the purchase of Raytheon's Patriot Missile System. Polish officials fear that Russia will significantly expand its military capability targeted against Poland and its neighborhood by deploying Iskander M/SS-26 nuclear-capable systems in Kaliningrad. The Polish missile defense system would target short- and medium-range missiles from areas near Poland, while EPAA would be capable of shooting down long-range ballistic missiles originating from rogue states such as Iran.²⁶⁹

²⁶⁶ Jaroslaw Adamowski, "Poland Eyes Stake in EADS as Helo Buy Unfolds," *Defense News*, December 9, 2013b.

²⁶⁷ Adamowski, 2013b.

²⁶⁸ IHS Jane's, 2016c.

²⁶⁹ Michal Baranowski, "Polish Missile Defense Plan Puts Poland First," German Marshall Fund of the United States blog, August 11, 2012.

The linchpin of the Polish system (“Polish Shield”) is a family of mobile radars and surface-to-air missiles that Poland will purchase from foreign suppliers, with the aim of giving much of the production work to local contractors.²⁷⁰ According to Polish MoD plans, a system called Wisla is to be constructed that would provide protection against aircraft, cruise missiles, and UAVs with a range up to 100 kilometers, as well as short-range ballistic missiles in their terminal phase. After several rounds of discussions devoted to refining Poland’s needs, in April 2015 the Polish MoD recommended buying Patriot missiles for Wisla and authorized the minister of defense to conclude an agreement with U.S. authorities on behalf of the Polish government. The final agreements are expected to be signed in 2016.²⁷¹ The acquisition of Patriot is seen by Poland as strengthening the bilateral strategic cooperation and partnership with the United States. The Patriot system also was seen as having the advantage of allowing full integration with other U.S. systems, such as Terminal High-Altitude Air Defense and EPAA. The two systems are seen as being complementary, not competitive rivals. The Polish interest in developing its own AMD is yet another reflection of the Polish government’s growing focus on the primacy of territorial defense over expeditionary capabilities.

Poland’s AMD is a top priority and the biggest investment item within the MoD’s modernization plans for the Polish Armed Forces in the period 2013–2022. Financing will come from the savings from the winding down of the Afghanistan mission and from the expected growth of the military budget in the next decade. The amount allocated for the AMD will not be lower than 20 percent of the entire army modernization budget. The first phase of the AMD construction is expected to be completed in 2018.²⁷² Special attention will be paid to interoperability with NATO, as well as cooperation with Polish defense industry.

Despite somewhat limited capabilities, Poland has been an important troop provider for the NATO missions in Kosovo, Iraq, and Afghanistan. In Iraq, Poland assumed leadership of one of two multinational divisions and had responsibility for a region covering five provinces. The core of the Polish-led divisions consisted of three brigades—Polish, Ukrainian, and Spanish—with military contingents from 24 countries. At its peak, Poland contributed about 3,200 troops to operations in Iraq (Figure 4.8)—one of the largest contributions from a NATO member and far more than any other country in this report.

Poland also contributed close to 2,600 troops to the International Security Assistance Force (ISAF) in Afghanistan. At one point, Poland had responsibility for the entire Afghan province of Ghazni. The Afghan deployment was considerably more dangerous and complex than the Iraqi

²⁷⁰ Loren Thompson, “Ukraine Crisis: Poland’s Air Defenses Become a Pressing Concern for Washington,” *Forbes*, March 17, 2014.

²⁷¹ Marcin Andrzej Piotrowski, “Crossing the Vistula River: The Importance of the Air and Missile Defence of Poland,” *PISM [Polish Institute for International Affairs] Bulletin*, No. 44 (776), April 28, 2015.

²⁷² Aleksandra Przygoda, “Interoperability: The Basis of Modern Air and Missile Defense in Poland?” German Marshall Fund of the United States blog, April 19, 2013.

mission and provided Poland valuable firsthand experience working with NATO forces. The Polish Air Force deployed to Afghanistan, sending a detachment of Mi-24W attack helicopters and Mi-17-1V transport helicopters, as well as, at one point, some of its C-295M transport aircraft.²⁷³

Both missions, however, were domestically unpopular.²⁷⁴ Poland participated in the missions in Iraq and Afghanistan largely out of a desire to show solidarity with the United States and prove its value as a reliable ally rather than because it felt a strong threat to its core national security interests. Law and Justice signed up for the Iraq War out of reflexive pro-Americanism. But it also expected that Polish companies would profit from lucrative contracts. These expectations never materialized. The Civic Platform was more skeptical about the Iraq War and called for Polish withdrawal when it was in the opposition (although when it assumed power after the 2007 election, it did not actually withdraw Polish forces).

When the call came for participation in NATO's 2011 Libya intervention, Poland opted out. Polish leaders did not see the Libyan crisis as vital to Poland's core security interests. The decision irked many in Washington, however, who had hoped that Warsaw might have made a greater effort to use its F-16s, which, after all, the United States had financed.²⁷⁵ Nevertheless, Poland's decision not to participate in the Libya operation reflected a profound weariness and dissatisfaction with crisis management operations, which had little to do with perceived threats to core Polish national security interests. Poland is focused on NATO missions closer to home, such as Baltic Air Policing.²⁷⁶ In the future, Poland is unlikely to participate in large expeditionary deployments beyond Europe's borders. This has created a significant tension with European allies more focused on the crisis created by chaos along Europe's southern borders.

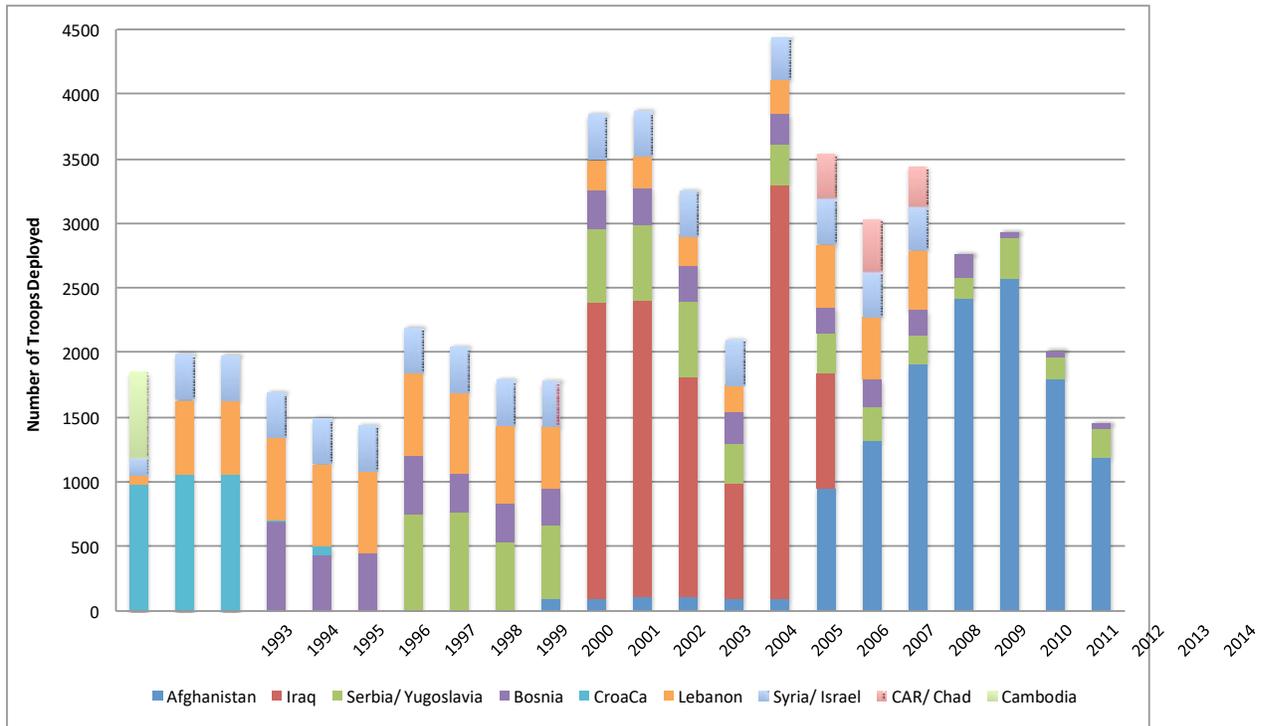
²⁷³ IHS Jane's, 2016c.

²⁷⁴ According to a poll conducted by Public Opinion Research Center (CBOS) in January 2006, 72 percent of the interviewees opposed the presence of Polish troops in Iraq. See "Prolonging the Presence of Polish Troops in Iraq," Polish Public Opinion, Public Opinion Research Center (CBOS), Warsaw, February 2006. A similar poll taken by CBOS in October 2009 showed that 77 percent of those polled favored the withdrawal of Polish troops from Afghanistan. See "Public Opinion About NATO Operation in Afghanistan," *Polish Public Opinion*, Polish version, Public Opinion Research Center (CBOS), Warsaw, September 2009.

²⁷⁵ See Christopher S. Chivvis, *Toppling Qaddafi: Libya and the Limits of Liberal Intervention*, New York: Cambridge University Press, 2013, p. 111.

²⁷⁶ IHS Jane's, 2016c.

Figure 4.8. Major Polish Troop Deployments (1993–2014)



SOURCE: IISS, 1993–2014.

NOTES: This figure excludes minor deployments of 25 or fewer military personnel—typically serving in an observer capacity—in the following conflict areas during this period: Albania, Angola, Armenia/Azerbaijan, Cote D'Ivoire, Democratic Republic of Congo, Ethiopia/Eritrea, Kuwait/Iraq, Liberia, Macedonia, Mali, Moldova, the North Sea, Rwanda, Sudan, South Sudan, Tajikistan, and Western Sahara. CAR = Central African Republic.

As the United States reconsiders its defense posture and policy in Europe in the face of the Ukraine crisis, U.S. and Polish relations should become more congruent, particularly between the two countries' air forces. In December 2010, Polish President Komorowski and President Obama agreed to pursue closer military-to-military cooperation by creating a platform for joint work between the two air forces. One of the most important results of the expanded cooperation was establishment of the U.S. Air Force detachment at Lask Air Base in Poland. While Lask is not a full-blown U.S. base, the decision represents a small but significant strategic investment in Poland. The arrangement will accelerate the training process and increasing interoperability between the two air forces. It can be expanded to allow Poland to serve as a regional hub for multinational exercises and training of other regional air forces.

Poland's Patriot missile acquisition underscores the growing degree of defense cooperation between Warsaw and Washington. The number of joint exercises has also visibly increased. According to Pentagon sources, the United States and Poland conducted Patriot missile exercises in May, involving a U.S. Patriot missile battery and Poland's 3rd Warsaw Air Missile Defense

Brigade. The exercise involved 100 U.S. soldiers and 30 vehicles on a site on Polish territory.²⁷⁷ This is one of a series of exercises since April 2014 under the rubric of Operation Atlantic Resolve. The exercises have been led by Army Europe and have involved enhanced land force multinational training and security cooperation activities across Estonia, Latvia, Lithuania, and Poland to ensure multinational interoperability, strengthen relationships among allied militaries, contribute to regional stability, and demonstrate U.S. commitment to NATO.

Poland has been a major beneficiary of foreign military sales (FMS), FMF, and U.S. training assistance programs. Between 1996 and 2013, Warsaw received \$4.8 billion in FMS deliveries and \$567 million in FMF (Table 4.2). In addition, from 1991 to 2013, 2,286 Polish officers were trained under the IMET program and the Combatting Terrorism Fellowship Program (CTFP), and since 1993, Poland has partnered with Illinois guardsmen under the National Guard State Partnership program. These low-cost, small-footprint cooperation programs engender personal, professional, and institutional relationships while building capacity and capabilities.

²⁷⁷ Nick Simeone, "U.S., Poland to Conduct Patriot Missile Exercise," *DoD News*, March 13, 2015.

Table 4.2. U.S. Support for Polish Armed Forces Under Major Programs (1991–2013)

Year	FMS Agreements (thousand US\$)	FMF (thousand US\$)	Number of Students Trained Under IMET and CTFP
1991	-	-	16
1992	-	-	47
1993	-	-	72
1994	-	-	29
1995	-	\$1,000	39
1996	\$5,607	\$16,475	51
1997	\$4,181	\$12,587	57
1998	\$9,767	\$124,700	69
1999	\$23,315	\$6,600	248
2000	\$18,976	\$8,000	182
2001	\$27,349	\$12,274	64
2002	\$64,450	\$12,000	76
2003	\$3,810,254	\$27,900	192
2004	\$143,937	\$33,000	61
2005	\$6,050	\$76,470	114
2006	\$72,640	\$29,700	136
2007	\$15,644	\$28,478	91
2008	\$76,277	\$26,980	155
2009	\$88,720	\$26,999	203
2010	\$47,397	\$47,000	133
2011	\$64,676	\$33,932	107
2012	\$42,291	\$24,165	87
2013	\$218,024	\$18,989	57
TOTAL	\$4,739,556	\$567,249	2,286

SOURCE: Defense Security Cooperation Agency (DSCA), *Foreign Military Sales, Foreign Military Construction Sales and Other Security Cooperation Historical Facts*, September 30, 2013.

On an Air Force–specific front, Poland has played an increasingly active role in a variety of training exercises. In 2012, eight Polish F-16s flew in Red Flag Alaska, the first time Poland participated in this exercise. Its F-16s also participated in the Steadfast Noon exercise, in 2013 and 2014, a NATO nuclear exercise. And as previously mentioned, Polish forces have conducted

a series of air defense exercises with the U.S. Army, as well joint training with the U.S. Air Force detachment at Lask.

Response to Crimea and the Ukraine Crisis

Poland has clearly been one of the most outspoken countries calling for a robust and assertive NATO policy toward Russia as a result of the Ukraine crisis, advocating for more EU and NATO support to Ukraine, and calling for a stronger NATO presence in Poland and the sub-region. The crisis in Ukraine has intensified long-standing Polish anxieties about Russia and accelerated Poland's efforts to strengthen its own territorial defenses—including at the expense of crisis management and expeditionary capabilities. Poland is engaging not only the United States and NATO, but increasingly looking to develop closer direct ties with its Baltic allies, and, to a lesser degree, its Nordic partners. It remains fearful not just of Russia's actions in Ukraine, but also of a potential Russian military buildup on its border in Kaliningrad, especially in light of Russia's apparent willingness to violate the Intermediate-Range Nuclear Forces treaty.

Poland has sought closer ties with Ukraine since the end of the Cold War to ensure a healthy buffer from Russia. In October 1990, Poland and Ukraine signed a Declaration of Friendship, which defined “a community of interests” between the two countries and contained an important provision guaranteeing respect for minority rights.²⁷⁸ At Polish President Lech Walesa's suggestion, the two presidents set up a special Consulting Committee of Presidents.²⁷⁹ In May 1997, the two countries signed a Declaration of Accord and Unity aimed at eradicating past historical grievances over border issues and the treatment of minorities, deepening the process of reconciliation. Both sides hoped that the declaration would contribute to a far-reaching process of rapprochement similar to that between France and Germany after World War II.

Poland has strongly supported Ukraine's democratization, and Warsaw strongly supported Ukraine's 2004 prodemocracy Orange Revolution. Poland and Ukraine also established a joint peacekeeping battalion, located in Przemysl, Poland, near the Polish-Ukrainian border. Drawn from a Ukrainian mechanized division in the Carpathian military district and a Polish tank brigade, the joint battalion is intended to participate in international peacekeeping operations under a NATO and UN aegis and has been deployed in Kosovo as part of KFOR.

As noted above, Poland and Sweden were the driving forces behind the initiation of the European Union's Eastern Partnership in 2009, which is designed to foster closer EU cooperation with Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine. Poland's leading role in the Eastern Partnership is particularly important with regard to the 2014 Ukraine crisis because that crisis was initially sparked by Ukrainian President Victor Yanukovich's

²⁷⁸ Sabbat-Swidlicka, 1990, pp. 25–27.

²⁷⁹ F. Stephen Larrabee, *East European Security After the Cold War*, Santa Monica, Calif.: RAND Corporation, MR-254-USDP, 1993, p.18.

backtracking on Ukraine's EU partnership agreement. After the Ukraine crisis, Poland provided \$100 million in credit to Ukraine, as well as direct assistance of many forms, including nonlethal aid.

After the Ukraine crisis, the Polish government welcomed U.S. regional reassurance measures but sought much more. The United States deployed 12 F-15s and F-16s to Poland to assist in air operations there and augmented the U.S. naval presence in the Baltic Sea. U.S. forces visited and exercised regularly in Poland as part of Operation Atlantic Resolve, and Poland received \$30 million in European Reassurance Initiative funds. The Poles wanted a much stronger response and pushed for the deployment of two heavy brigades—about 10,000 soldiers—on Polish soil.²⁸⁰ In the run-up to the NATO summit in Wales in September 2014, Poland, together with the Baltic States, pressed the case for the permanent stationing of NATO troops on the soil of eastern members of the alliance. Polish officials argued that the annexation of Crimea and the attempt by Russia to destabilize eastern Ukraine had fundamentally altered the security environment in Europe, and that NATO should no longer be bound by the commitments contained in the Founding Act, particularly the commitment not to station substantial NATO combat troops on the territory of the new members in Eastern Europe.²⁸¹

The tough-minded Polish position has strong public support.²⁸² There is a broad consensus across Poland's political spectrum that Russia poses a serious threat to Polish security. The Ukrainian crisis has had a significant impact on Poland's internal political debate. Normally, domestic issues tend to dominate Polish elections. A March 2015 survey, however, found that 82 percent of the respondents felt that events in Ukraine were very significant for Poland (compared with 59 percent in February), and that they affected Polish security (compared with 30 percent in February).

Poland's defense budget increased significantly in 2015. In 2014, the defense budget was PLN 32 billion. According to the Polish Ministry of National Defence, the 2015 budget is PLN 38.4 billion, which includes a base budget of PLN 33 billion—equal to 1.95 percent of Poland's 2014 GDP, as required by Polish law—plus an additional PLN 5.4 billion for Poland's

²⁸⁰ Neil Buckley, James Fontanella-Khan, and Jan Cienski, "Poland Calls for NATO Troop Deployment," *Financial Times*, April 1, 2014.

²⁸¹ For a detailed discussion, see Mark Kramer, "The New Russian Chill in the Baltic," *Current History*, Vol. 114, No. 770, March 2015.

²⁸² A poll taken in April 2014 by CBOS indicated that 80 percent of Polish adults viewed Russia as "a threat to Polish security." When asked whether NATO should increase its military presence in Poland, the same CBOS poll showed overwhelming support (64 percent) for an increase—21 percent favored a permanent increase, while 43 percent supported a temporary increase ("Polacy o Bezpieczeństwie Narodowym I NATO," Centrum Badania Opinii Społecznej, Warsaw, 2014).

multirole aircraft F-16 program.²⁸³ Taken together, Poland's defense spending in 2015 was more than 2 percent of GDP. In the fall of 2014, the minister of defense also announced plans to increase the base budget from 1.95 percent to 2 percent of GDP by 2016.²⁸⁴

Outlook

Poland has long been concerned about the possibility of a hostile, resurgent Russia, and this concern has only intensified in the face of increased Russian aggressiveness in the region. Polish interest in engaging with the United States across a range of defense areas is accordingly very strong. The Ukrainian crisis has had the effect of bringing Polish and U.S. strategic perspectives and priorities into closer harmony and reducing areas where they had begun to diverge. Poland will continue to press hard for a robust permanent U.S. troop presence on Polish soil as a deterrent against Russian military action or threat thereof. Future tensions are liable to arise from Poland's high expectations for deeper cooperation.

Warsaw's top priority will be to strengthen the armed forces' capacity to defend the homeland rather than focusing on expeditionary operations in distant lands far from Poland's borders. Polish defense reforms will give priority to strengthening the armed forces' capacity to conduct territorial defense and Article 5 contingencies. Poland is unlikely to engage in expeditionary operations beyond Europe's borders unless there is a clear and close linkage with Polish national security interests.

Poland's capability to contribute resources to regional defense is significant, and the United States should continue to invest in making Poland a bastion of regional security. Poland is well positioned to play a key role in building a stronger regional defense network, through both NATO and the European Union. It is the largest and most populous country in Central Europe. It also has the largest and most-modern armed forces in the region, and it is one of the few members of NATO seriously committed to devoting 2 percent of its GDP to defense.

In light of the growing regional challenge, the United States should seek to ensure that Poland is able to provide secure logistics and staging points for forward-based U.S./NATO operations in the region by denying airspace and defending against short-, medium-, and long-range missile attacks. Poland should also be encouraged to strengthen its capabilities for air-to-air and air-to-ground/surface operations over the Baltic States, Baltic Sea, or Belarus.

The United States should consider continued increases in the size and resourcing of the AVDET at Lask airbase. The establishment of the aviation detachment there has had an important, beneficial impact in this context, because it offers an all-but-permanent U.S. presence.

²⁸³ Polish Ministry of National Defence Budgetary Department, "Basic Information on the MoND Budget for 2015," Warsaw: Poland, Ministry of National Defence, January 2015.

²⁸⁴ Jaroslaw Adamowski, "New Polish PM Unveils Plans to Hike Defense Spending," *Defense News*, October 1, 2014; Jakub Palowski, "How to Spend 2% of GDP on the Polish Defence?" *Defence24*, December 30, 2014.

While the U.S. contingent at Lask is small (approximately 250 uniformed personnel and civilian contractors), the enhanced U.S. Air Force presence is an important symbol of U.S. commitment to Poland's security and (unlike Aegis Ashore systems) offers the opportunity for significant interaction between Polish and U.S. military officers. It thus strengthens interoperability between the two air forces and provides a critical building block that can and should be enlarged, as needs arise. Activities at Lask should focus on training the Polish F-16 crews to allow Poland to deploy their F-16s in an operational setting as soon as possible. Increases in bilateral F-16 exercises at Lask are also desirable to demonstrate capability, continued commitment, and persistent presence in Poland and the region, as is the rotational presence of F-22s.

Missile defense should also remain a focus of cooperation, not least because it is a top Polish priority. The Polish government's decision to buy the Patriot missile is an important signal of Poland's intention to pursue a robust multilayered missile defense system. According to media reports, Poland aims to receive two Patriot batteries within three years from the date of the signing of a contract with Raytheon and an additional five by 2025.²⁸⁵

The United States should encourage Poland's ability to provide intratheater fixed- and rotary-wing lift, while encouraging the eventual development of a refueling and even strategic lift capability. At the same time, there is reason to encourage Poland to expand its intelligence, surveillance, and reconnaissance (ISR) capabilities, particularly its nascent UAV fleet, across the spectrum of operations—short, medium, and long range—so as to better contribute to the Polish ability to aid in air-to-ground/surface operations over the Baltic States, Baltic Sea, or Belarus. To do so, the United States could offer training, assistance, combined exercises, and capability development.

Finally, the United States should continue to encourage public-private partnerships in Poland to strengthen Poland's ability to defend against cyberattacks, as well as its expertise on space issues, by offering joint training, or small-scale cyber-response exercises aimed at damage mitigation, or by supporting public-private cyber and space workshops in Poland.

In senior leader and operator engagements with Poland, the focus should be on continuing to emphasize common core interests in regional stability while fostering understanding within the Polish military of the complexity of the U.S. perspective on Russia and escalation concerns. Engagement should encourage Poland to contribute to NATO's southern flank problems to build alliance solidarity.

Ideally, deployments of U.S. forces on Polish soil would be augmented by contributions from other NATO countries, especially Germany. Given the close ties between Moscow and Berlin, the inclusion of German troops would be very important symbolically. This would make it clear that the deployment was not an isolated U.S. initiative but rather had the support of the Alliance as a whole—and particularly the support of the German government, which in the past has opposed such action.

²⁸⁵ "Poland Selects Patriot Missile System for WISLA Programme," Airforce-technology.com, April 23, 2015.

As the United States supports Polish efforts to strengthen its ability to project security regionally, the global picture should not be overlooked. Even if Poland's primary focus will be on its immediate region, the United States does not need an ally that is insular and lacking in broader strategic vision. For this reason, it is essential that U.S. leaders engaging Poland not limit their conversations to regional issues alone. Poland worries that cooperation with Russia over ISIS and Syria could undermine NATO's toughness against Russia in its own region but has not done much to counter Russia's Syria policy with support of its own. The importance of ISIS and the South will remain crucial and can divide the alliance and undermine Poland's own defense and tone in policy objectives if left untreated. It is in Poland's own interest that Europe's Eastern and Southern challenges be integrated into a consistent European and allied strategy.

Chapter Five. Slovakia: Moving West While Hedging East

The press conferences of the government of Slovakia rarely make international headlines, but on Wednesday June 4, 2014, one did just that. When asked about a potential NATO troop deployment to Slovakia in response to the ongoing Ukraine crisis, Slovak Prime Minister Robert Fico said, “I cannot imagine that there would be foreign soldiers on our territory in the form of some bases. Slovakia has its historical experience with participation of foreign troops. Let us remember the 1968 invasion. Therefore this topic is extraordinarily sensitive to us.”²⁸⁶ These remarks, which came on the heels of President Obama’s announcement of the European Reassurance Initiative, suggested the horizons for defense cooperation with Slovakia were more limited than the White House had once hoped.²⁸⁷

Yet, 11 days later, on June 15, Slovakia inaugurated a new president—Andrej Kiska. A successful entrepreneur, Kiska worked in the United States in the 1990s, and, although a newcomer to foreign affairs, he used his inauguration speech to argue against Fico’s stance and highlight his pro-American, Atlanticist roots. He called on Slovakia to play a larger role in European security. “Slovakia cannot rely on its security being guaranteed by others, otherwise we fail to fulfill our obligations,” he said.²⁸⁸

The differences between Fico and Kiska reflect a long-standing tension in Slovakia’s foreign policy. Slovakia has often sought to bridge East and West, seeking to develop closer ties with the United States, NATO, and the European Union on the one hand, while avoiding affronts to Russia on the other. This tension, combined with Slovakia’s relatively limited military capabilities, will likely continue to hamper efforts to deepen this country’s defense relationship with the United States, despite the crisis in Ukraine.

Key Background

Nestled in the heart of Central Europe, Slovakia is a small, landlocked country surrounded by larger, more populous, and more prominent countries. By most economic and military measures, it ranks in Europe’s bottom third (see Table 5.1). Three of its immediate neighbors—Austria, Hungary, and the Czech Republic—have each dominated Slovakia at various points in its history. Beyond this immediate ring lie Germany and Russia—historically much greater powers. Although Slovakia’s economy is most closely intertwined with the Czech and Austrian ones, it

²⁸⁶ Robert Muller, “UPDATE 2-EU Moves to Help Ukraine with Slovak Gas Link,” Reuters, September 2, 2014.

²⁸⁷ Muller, 2014. Also see Roberta Rampton and Marcin Goettig, “Obama Offers Military Help to Eastern Europe Allies Worried by Russia,” Reuters, June 3, 2014; White House, “Readout of Vice President Biden’s Meeting with Prime Minister Robert Fico of Slovakia,” Washington, D.C.: Office of the Press Secretary, November 21, 2013.

²⁸⁸ B. C., “Slovakia: A New President,” *Economist*, *Eastern Approaches* blog, June 19, 2014.

has important economic interests in Germany and Russia. These interests shape today's Slovak foreign policy.

Table 5.1. Slovakia: Key Resource Base Statistics and Partner Ordinal Rankings

Concept	Unit Amount	NATO–Plus 2 Ordinal Ranking (Out of 29)
Total military expenditure, 2014 (current US\$ million) ^a	\$988	21st
Total military expenditure, 2014 (as percentage of GDP) ^b	1.0%	21st
Military personnel, active (excl. paramilitary), 2013 ^c	15,850	22nd
Military personnel, active (incl. paramilitary), 2013 ^d	15,850	25th
Military personnel, deployed (incl. peacekeeping), 2013 ^e	395	18th
Gross domestic product, 2014 (current US\$ billion) ^f	\$100.0	21st
Gross domestic product, 2014 (per capita, current US\$) ^f	\$18,454	21st
Total estimated population, 2014 ^f	5,417,000	21st

NOTE: NATO–Plus 2 includes 27 NATO member states plus Sweden and Finland.

^{a, b} SIPRI, undated(b). Excludes military pensions.

^c IISS, 2014. Reserve personnel, if any, are unspecified.

^d IISS, 2014. Paramilitary personnel, if any, are unspecified.

^e IISS, 2014.

^f IMF, 2015a.

At the First World War's conclusion, Czechoslovakia emerged from the ashes of the vast, heterogeneous Austro-Hungarian Empire in the Treaty of St. Germain.²⁸⁹ Despite its name, Czechoslovakia's founding father, Tomáš Masaryk, regarded the Slovaks as a junior partner to Bohemia and Moravia, which constitute today's Czech Republic.²⁹⁰ As a pan-Slav, Masaryk saw Czechoslovakia as historically, culturally, and economically rooted in the East. It would remain largely so-oriented for much of the next 70 years, despite being a client state of Nazi Germany during World War II.²⁹¹

In 1993, the Cold War now over, Czechoslovakia was split apart over political, economic, and, to a lesser degree, ethnic differences.²⁹² The Czech Republic could aspire to become a

²⁸⁹ Encyclopedia Britannica, 2013.

²⁹⁰ Josette Baer, "Imagining Membership: The Conception of Europe in the Political Thought of T. G. Masaryk and Václav Havel," *Studies in East European Thought*, Vol. 52, 2000, p. 207; Martin Bútora and Zora Bútorová, "Slovakia After the Split," *Journal of Democracy*, April 1993, Vol. 4, No. 3, p. 74.

²⁹¹ Masaryk, 1922, pp. 2–8.

²⁹² Thomas S. Szayna and James B. Steinberg, *Civil-Military Relations and National Security Thinking in Czechoslovakia: A Conference Report*, Santa Monica, Calif.: RAND Corporation, R-4195-OSD/A/AF, 1992, p. 21.

middleweight European power, but Slovakia had less international political clout.²⁹³ Slovakia's government thus felt the country would benefit from security guarantees, even though its former Soviet masters were no more and a newly reunified Germany posed no imminent threat.²⁹⁴

The newly independent Slovakia was unsure about its ability and desire to integrate with the West and maintained close ties with Russia. By the mid-1990s, the prospect of deeper integration into NATO and the European Union was beginning to emerge as a possibility. On the other hand, Slovak cultural affinity for Russia—ethnic Slovaks constitute 86 percent of Slovakia's population and share linguistic and other cultural similarities—made pan-Slavism a useful domestic political hobbyhorse for Slovakia's two leading parties, People's Party–Movement for a Democratic Slovakia and Slovak National Party (SNS).²⁹⁵ Deeper integration with a turbulent Russia was not on offer at the time, so Slovakia faced a choice between either operating as a bridge between the West and the East, or eschewing its Slavic orientation and moving toward EU and NATO membership.²⁹⁶

Slovakia's first prime minister, Vladimír Mečiar, mostly opted for the balancing approach, in keeping with his communist background. During a 1996 visit to Moscow, he argued, “The Slovak Republic is aware of its geopolitical value. Indeed, we do want to integrate with Europe; this doesn't mean, however, that we have to agree with the West in everything. In international politics we strive for a balance between the East and West.”²⁹⁷ Mečiar's authoritarian style, however, led to tension with other European countries.²⁹⁸ The European Parliament criticized his administration for “policies which show no respect for democracy, human and minority rights and the rule of law.”²⁹⁹ Needless to say, Slovakia was not part of NATO's first round of post–Cold War enlargement in 1999, which included only its neighbors, the Czech Republic, Hungary, and Poland.

Relative isolation from Europe, however, had helped the more pro-Western Mikuláš Dzurinda win the 1998 elections. Dzurinda changed course from the Mečiar period and prioritized gaining membership in both the European Union and NATO.³⁰⁰ Dzurinda purged the

²⁹³ Maroš Šefčovič, “Twenty Years of Slovakia,” *International Issues & Slovak Foreign Policy Affairs*, Vol. 22, No. 1/2, 2013, p. 4.

²⁹⁴ Szayna and Steinberg, 1992, p. 27.

²⁹⁵ Juraj Marušiak, “Slovakia's Eastern Policy—From the Trojan Horse of Russia to ‘Eastern Multivectorism’,” *International Issues & Slovak Foreign Policy Affairs*, Vol. 22, No. 1/2, 2013, pp. 43–44; Štefan Sarvaš, “The NATO Enlargement Debate in the Media and Civil Military Relations in the Czech Republic and Slovakia,” *European Security*, Vol. 9, No. 1, Spring 2000, p. 118; European Union, “Slovakia,” 2014.

²⁹⁶ Darina Malová, “Slovakia,” *European Journal of Political Research*, Vol. 26, No. 3–4, 1994, p. 420.

²⁹⁷ Marušiak, 2013, p. 46.

²⁹⁸ Marušiak, 2013, p. 42.

²⁹⁹ Stephen Kinzer, “West Says Slovakia Falls Short of Democracy,” *New York Times*, December 26, 1995.

³⁰⁰ Ulrich, 2002, p. 413; also see Tim Haughton and Darina Malová, “Open for Business: Slovakia As a New Member State,” *International Issues & Slovak Foreign Policy Affairs*, Vol. 16, No. 2, 2007, p. 7.

Slovak military of many holdovers from the Warsaw Pact era, appointing a new chief of the general staff, General Milan Cerovsky, and Western-trained officers to key posts.³⁰¹ With U.S. assistance, he overhauled Slovakia's military to conform to NATO standards.³⁰² Dzurinda also found an ally in famed dissident, philosopher, and Czech President Havel, who lobbied hard for Slovakia's entry into the European Union and NATO.³⁰³ Thanks to Dzurinda's reforms and Havel's advocacy, Slovakia officially joined NATO on March 29, 2004, and the European Union in May that same year.³⁰⁴

Dzurinda's turn Westward reflected Slovakia's changing strategic calculus. After the 1999 round of NATO expansion, Slovakia's 2001 *Military Strategy* noted, "more than 90 percent of Slovakia is surrounded by NATO or European Union Countries."³⁰⁵ Consequently, Slovakia viewed NATO and the European Union as the "decisive factors of guaranteeing the security, stability and prosperity in Europe."³⁰⁶ Slovakia's principal security interests—as articulated in its formal strategic documents—mirrored overall NATO and EU concerns. Slovakia's 2001 *Defense Strategy* focused on regional conflict stemming from the Balkans, while the 2005 *Security Strategy* cited terrorism, weapons of mass destruction, and failed states as Slovakia's top security concerns.³⁰⁷

When the left-wing Direction–Social Democracy (Smer) took power in 2006, however, the pendulum swung back away from NATO. As the Iraq War became increasingly unpopular with the Slovak public, Smer's leader Fico criticized Dzurinda's support for the Iraq War as "reckless" and "un-European" and "called for the EU to counter 'U.S. hegemony'."³⁰⁸ A lawyer by trade and a Russian speaker, Fico already had deep personal ties to the European Union before becoming prime minister. He represented Slovakia both at the European Commission of Human Rights (1994–2000) and in the Council of Europe (1994–2005).³⁰⁹ As prime minister, he

³⁰¹ Ulrich, 2002, p. 415.

³⁰² Šefčovič, 2013, p. 5; Ulrich, 2002, p. 419.

³⁰³ Šefčovič, 2013, p. 4.

³⁰⁴ NATO, "Seven New Members Join NATO," March 29, 2004; EU, 2014.

³⁰⁵ *Military Strategy of the Slovak Republic*, Bratislava, Slovakia: Ministry of Defence Publications, 2001, p. 1.

³⁰⁶ Slovakian Ministry of Defence, *Security Strategy of the Slovak Republic*, Bratislava, Slovakia: Ministry of Defence Publications, 2001, p. 6.

³⁰⁷ *Defense Strategy of the Slovak Republic*, Bratislava, Slovakia: Ministry of Defence Publications, 2001, p. 4; Slovakian Ministry of Defence, *Security Strategy of the Slovak Republic 2005*, Bratislava, Slovakia: Ministry of Defence Publications, 2005, pp. 4–5.

³⁰⁸ Tomáš Valášek, "New EU Members in Europe's Security Policy," *Cambridge Review of International Affairs*, Vol. 18, No. 2, July 2005, p. 221. Between 2002 and 2007, the percentage of Slovaks who viewed the United States favorably declined from 60 percent to 41 percent, while the percentage supporting the Global War on Terrorism declined from 66 percent to 42 percent. Sixty-six percent of Slovaks also favored a complete withdrawal from Iraq in 2007. Pew Global Attitudes Project, *Global Unease with Major World Powers*, June 27, 2007, pp. 13, 22, 24.

³⁰⁹ Government of the Republic of Slovakia, "Robert Fico," 2012.

also advocated strengthening ties with Russia, and the *Manifesto of the Slovak Government*, published in August 2006, proclaimed that Slovakia “shall activate its relations with the Russian Federation—an important factor in the security and prosperity of the EU.”³¹⁰ To that end, he withdrew Slovak troops from Iraq—although they remained in Afghanistan—which, according to Slovak political scientist and foreign policy commentator Juraj Marušiak, was seen as “a pro-Russian step.”³¹¹

To be fair, while Fico drew back from total support for the United States, he was still more focused on Europe than Mečiar had been. The 2006 *Manifesto*’s foreign policy section mostly focused on aligning Slovakia with the European Union, perhaps because it saw the European Union as the principal means for promoting Slovakia’s economic development and strengthening its welfare state.³¹² During his tenure, Fico oversaw Slovakia’s admission to the Schengen area in 2007 and the adoption of the euro in 2009.³¹³ The *Manifesto* also affirmed that “the Government considers NATO to be the main guarantor of the Euro-Atlantic security.”³¹⁴

Fico’s first period as prime minister (2006–2010) also saw tensions with Hungary. In 2009, in an effort to reinforce its identity, the Slovak parliament imposed up to a 5,000-euro fine for using “incorrect” Slovak, alienating the Hungarian ethnic minority (8.5 percent of the population) and prompting a deterioration of Slovak-Hungarian relations.³¹⁵ That same year, tension also increased when Slovakia blocked the Hungarian president from attending an unveiling of a monument dedicated to the 10th century King Stephen I of Hungary in Komarno County—inflaming an ethnically Hungarian part of Slovakia that has sought autonomy.³¹⁶ The move also spurred U.S. and EU criticism of the Fico administration. While the State Department expressed general “concern” but declined to take an official stand, others took a more strident approach. Former New York Governor George Pataki, for example, traveled to Slovakia and denounced the law as “intolerable” and a violation of human rights.³¹⁷ Similarly, one German European Parliament member quipped that Fico had not yet “mentally or politically arrived in Europe.”³¹⁸

³¹⁰ Haughton and Malová, 2007, p. 6.

³¹¹ *Manifesto of the Government of the Slovak Republic*, Bratislava, Slovakia, August 2006, p. 58; Marušiak, 2013, p. 50.

³¹² *Manifesto of the Government of the Slovak Republic*, 2006, pp. 1–2, 57–59.

³¹³ EU, 2014.

³¹⁴ *Manifesto of the Government of the Slovak Republic*, 2006, p. 57.

³¹⁵ IHS Jane’s, “Demography, Slovakia,” *Jane’s Sentinel Security Assessment*, August 25, 2014i.

³¹⁶ Associated Press, “Court Ruling Favors Slovakia in Dispute with Hungary and Reminds of Centuries-Old Feuds,” Fox News.com, October 17, 2012.

³¹⁷ Michaela Terenzani-Stanková, “US Politician Weighs in on Slovak Language Law,” *Slovak Spectator*, October 19, 2009.

³¹⁸ EURACTIV, “German MEP Slams Slovak Language Law,” July 10, 2009.

After being briefly unseated in the 2010 elections, Fico and Smer returned to power in 2012.³¹⁹ Although local elections in November 2014 saw a dramatic growth of independent candidates, they still reaffirmed Smer's position as the dominant party, with 29 percent of mayors and almost 25 percent of local councilors.³²⁰ Fico's personal position in Smer remains secure: while Minister of the Interior Robert Kalinák or government spokesman Pavol Paska are sometimes mentioned as possible successors, for the moment, they do not threaten his leadership of the party.³²¹ For the most part, Fico retains what some have labeled a "multivectoral" foreign policy—deepening its EU integration on one hand, while maintaining friendly ties with Russia on the other.³²²

Slovakia held parliamentary elections in March 2016. As predicted by political observers, however, while Smer may represent only a minority of the Slovak population, the center-right parties were too divided and mired in scandals to pull off a victory.³²³ As a result, Smer won the election—albeit with a dramatically smaller vote share (from 44.4 percent to 28.3 percent).³²⁴ The election results, however, are not necessarily good news for future U.S.-Slovakia relations. A number of smaller, far-right-wing parties also expanded their shares of the vote running on anti-immigrant platforms. These parties are not always favorably disposed to NATO or the United States. For example, in 2013, Marian Kotleba, now the chairman of ultranationalist Slovak National Party (which earned over 8 percent of the vote), made a name for himself displaying a banner from his office window that read "Yankees, go home," and "Stop NATO," while he was chairman of the regional government.³²⁵

Relations with the United States and Europe

One of the key questions for enhancing the U.S. partnership with Slovakia is gauging its interest in such policy. Fico has at times publicly questioned Slovakia's relationship with the United States and NATO at large. However, Slovakia has been open to Western military cooperation, particularly through the European Union.

³¹⁹ IHS Jane's, "Executive Summary, Slovakia," *Jane's Sentinel Security Assessment*, August 14, 2014c, p. 2.

³²⁰ TASR Newswire, "Local Elections Confirm Erosion of Political Parties in Slovakia, Analyst Says," *Slovak Spectator*, November 17, 2014.

³²¹ IHS Jane's, "Internal Affairs, Slovakia," *Jane's Sentinel Security Assessment*, October 29, 2014o, p. 4.

³²² Marušiak 2013, p. 69. Indeed, the 2012 *Manifesto of the Government of the Slovak Republic's* foreign policy section is even tellingly titled, "Strengthening the Position of the Slovak Republic in the European Union and the World." *Manifesto of the Government of the Slovak Republic*, 2012, p. 2.

³²³ Interview with a Slovak public policy analyst, Bratislava, Slovakia, May 11, 2015.

³²⁴ Tim Haughton, Darina Malová, and Kevin Deegan-Krause, "Slovakia's Newly Elected Parliament is Dramatically Different and Pretty Much the Same. Here's How," *Washington Post*, March 9, 2016.

³²⁵ Associated Press, "Ruling Party Wins Slovakia's Election, Neo-Nazis Gain Seats," *Daily Mail*, March 6, 2016.

The United States has had an uneven relationship with Slovakia over the past two decades. Under the Dzurinda administration, Slovakia exemplified Rumsfeldian “New Europe” and participated in the “Coalition of the Willing” that supported the Iraq War.³²⁶ In February 2005, at the height of the Iraq War, President Bush traveled to Slovakia to praise its contributions to Iraq and Afghanistan, laud its democratic transition, and highlight how “a small nation, built on a big idea, can spread liberty throughout the world.”³²⁷

But after Fico won the general elections in 2006, thanks partially to his opposition to the Iraq War and “American hegemony,” Slovakia’s relationship with the United States grew more complex—if not, at times, overtly hostile. A 2013 German Marshall Fund poll found that 52 percent of Slovaks thought that American leadership was either “somewhat” or “very” undesirable, making it second only to Spain when it came to negative views of the United States in the 12 European countries surveyed.³²⁸ Disaffection with the United States, importantly, did not end with the end of the Bush era, and Slovaks also posted the highest disapproval ratings of Obama (31 percent) of the 12 European countries.³²⁹

Two caveats, however, should be noted. Anti-Americanism is not universal in Slovakia. Several current senior Slovak politicians once lived in the United States. In addition to President Kiska, Justice Minister Tomáš Borec was senior Slovak Counsel at a law firm in Ohio before becoming head of Citibank Slovakia’s legal division.³³⁰ Moreover, some Slovak leaders have blamed the United States for the deterioration in the relationship. In a July 22, 2009, open letter to President Obama, the former President of Slovakia and two former Slovak ambassadors to the United States joined 18 other Central and Eastern European leaders to express their “nervousness” over the “reset” of U.S.-Russian relations and the Obama administration’s plan to abandon the missile defense site in Eastern Europe, jeopardizing the “credibility of the United States across the whole region.”³³¹

The United States also has fewer economic cards to play with Slovakia. On July 1, 2013, Ambassador Theodore Sedgwick stated, “Slovakia is a strong and reliable partner of the United States in NATO, cultural ties are dynamic and trade between our countries has increased by nearly 60 percent in the two years from 2010 and 2012.”³³² Despite these increases, Slovak-U.S. trade still pales in comparison with Slovakia’s trade with the European Union (or even with

³²⁶ IHS Jane’s, “External Affairs, Slovakia,” *Jane’s Sentinel Security Assessment*, August 14, 2014e, p. 1.

³²⁷ George W. Bush, “President Addresses and Thanks Citizens of Slovakia,” Hviezdoslavovo Square, Bratislava, Slovakia, February 24, 2005.

³²⁸ German Marshall Fund of the United States, *Transatlantic Trends: Key Findings 2013*, September 2013, p. 9.

³²⁹ German Marshall Fund of the United States, 2013, p. 14.

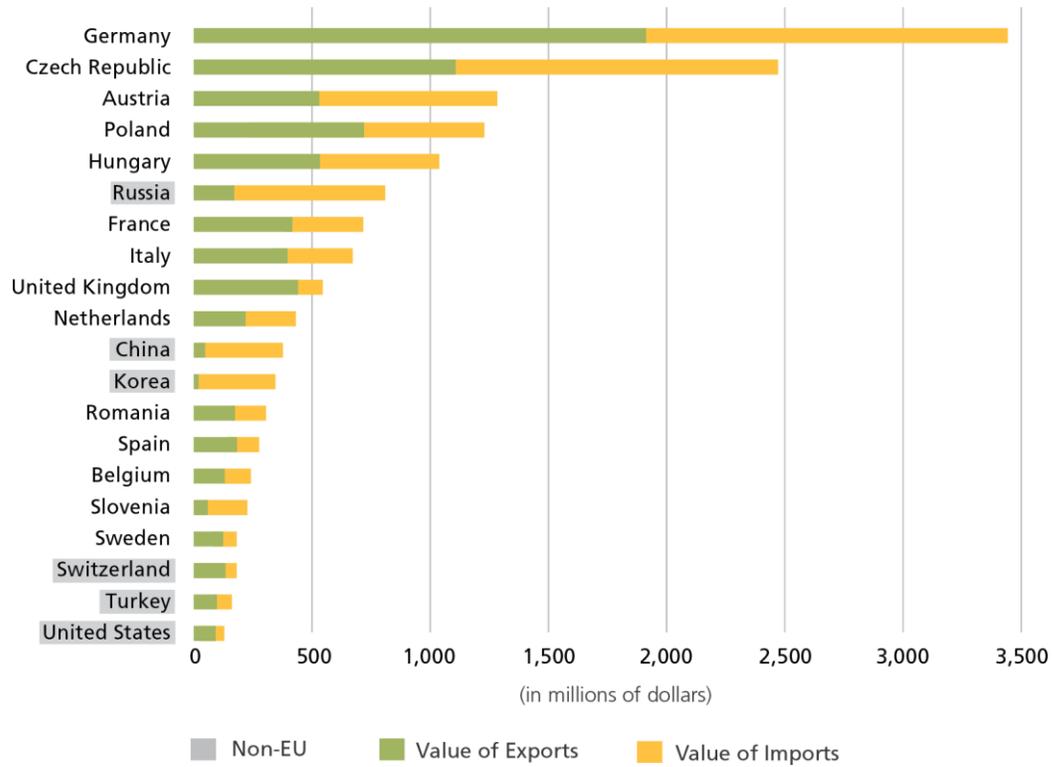
³³⁰ IHS Jane’s, “Political Leadership, Slovakia,” *Jane’s Sentinel Security Assessment*, October 29, 2014p.

³³¹ Adamkus et al., 2009.

³³² Theodore Sedgwick, “Remarks on the Occasion of the Celebration of American Independence,” United States Embassy, Slovakia, July 1, 2013.

Germany) or Russia (Figure 5.1; also see Figure 5.2). U.S. economic influence remains highly concentrated. For example, U.S. Steel is one of the largest employers in Kosice, Slovakia’s second-largest city.³³³

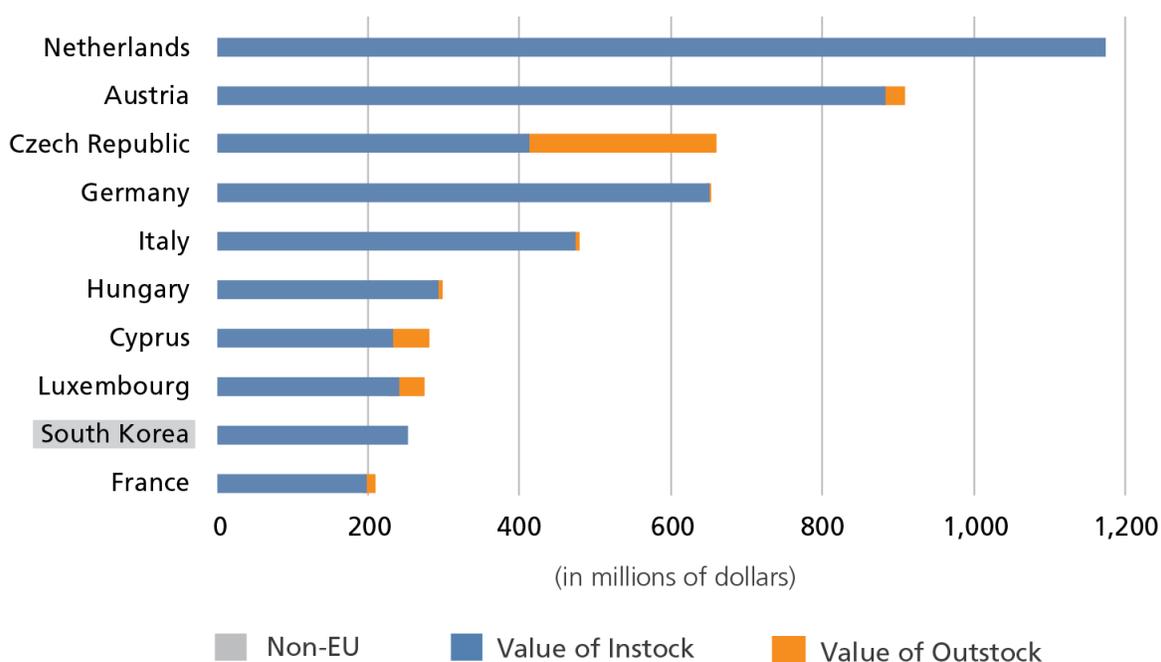
Figure 5.1. Top 20 Slovak Trade Partners (2014)



SOURCE: IMF, 2015b.

³³³ IHS Jane’s, “Economy, Slovakia,” *Jane’s Sentinel Security Assessment*, October 29, 2014n, p. 1; IHS Jane’s, 2014e, p. 1.

Figure 5.2. Slovakia’s Top 10 FDI Partners, by Instock and Outstock (2012) (US\$ millions)



SOURCE: UNCTAD FDI/TNC database, based on data from the National Bank of Slovakia and Eurostat, undated.

Slovakia’s support for NATO has also been uneven. At the outset of the NATO enlargement process in the 1990s, the Slovak public proved more sympathetic to Russian concerns than other Central European nations.³³⁴ Poland and others, in fact, pushed for Slovakia’s accession to NATO in part because they feared Slovakia might choose neutrality over NATO membership.³³⁵ Since the late 1990s, polls showed support for joining NATO hovering around 50 percent, with about a third in outright opposition.³³⁶ Support for NATO accession, however, declined precipitously whenever NATO actually fought wars. Sixty-five percent of Slovaks opposed NATO’s bombardment of Serbia during the Kosovo War, and support for joining NATO dropped to roughly 40 percent at the start of the Iraq War—the very year before Slovakia was

³³⁴ Sarvaš, 2000, p 122.

³³⁵ Marušiak, 2013, p. 48.

³³⁶ Two polls from 1998 showed 51 percent and 58 percent of Slovaks favored accession, with 35 percent and 31 percent opposed (Peter Javurek, “Public Grows Enthusiastic on NATO, Government Doesn’t,” *Slovak Spectator*, June 4, 1998). Similarly, a poll from July 2001 showed 53 percent favored joining the alliance (Ulrich, 2002, p. 418). Also, see Steven Woehrel, Julie Kim, and Carl Ek, *NATO Applicant States: A Status Report*, Congressional Research Service, RL30168, April 23, 2003, p. 33. More recently, the 2013 German Marshall Fund survey found 54 percent of Slovaks believed that NATO was “essential” to the state’s security (German Marshall Fund of the United States, 2013, p. 28).

actually brought in.³³⁷ More recently, in a 2012 poll, only 30 percent of Slovaks supported NATO's 2011 intervention in Libya, with only 14 percent supporting possibly sending ground troops—making it one of the least supportive countries in the alliance.³³⁸ In 2013, only 40 percent of Slovaks supported remaining in Afghanistan to train Afghan forces (54 percent disapproved)—ranking Slovakia's support for the Afghanistan mission the third-lowest and its disapproval rating the highest of the 12 NATO countries surveyed.³³⁹

Elite support for the alliance, however, has proven more constant. Perhaps the high point came under the Dzurinda administration in its 2005 *Defense Strategy*. There, Slovakia pledged to adhere to NATO's 2 percent of GDP defense spending benchmark and support up to two simultaneous NATO operations with up to a brigade-equivalent size force, if called upon.³⁴⁰ Fico later backed off from these ambitious goals, however. While the 2012 *Manifesto* commits Slovakia to participating in allied missions and maintaining a strong national defense, it noticeably keeps both promises vague, devoid of concrete numbers or metrics.³⁴¹

The European Union is Slovakia's most important treaty commitment by far. Popular support for the EU membership hovered in the 80-percent range in the early 2000s. On May 17, 2003, Slovakia voted overwhelmingly (92.46 percent) to join the European Union in a referendum.³⁴² The vast share of Slovakia's trade is with other EU member states. Slovakia is one of the fastest-growing economies in Eurozone.³⁴³ Thanks to its proximity to the European market, Slovakia boasts four major automotive plants—for Volkswagen, PSA Peugeot, Citroën, and Kia.³⁴⁴ Germany has been Slovakia's top trading partner since at least 2000.³⁴⁵ While many Slovaks chafe at contributing to the European Central Bank's stabilization fund (claiming the policy is “transferring money from the “poor and responsible” to “the rich and irresponsible”),³⁴⁶ Slovakia remains a net recipient of EU aid.³⁴⁷

³³⁷ “Election Could Affect Slovakia's Emergence from Isolation,” *New York Times*, May 13, 1999; Woehrel, Kim, and Ek, 2003, p. 33.

³³⁸ Zsolt Nyiri and Joshua Raisher, “Transatlantic Trends: Public Opinion and NATO,” German Marshall Fund, May 16, 2012.

³³⁹ German Marshall Fund of the United States, 2013, p. 34.

³⁴⁰ *The Defense Strategy of the Slovak Republic*, 2005, pp. 7–8, 11.

³⁴¹ *Manifesto of the Government of the Slovak Republic*, 2012, pp. 41–42.

³⁴² Woehrel, Kim, and Ek, 2003, p. 33; IHS Jane's, 2014e, p. 3.

³⁴³ Jakub Groszkowski, “European Polices of the Visegrad Countries,” *International Issues & Slovak Foreign Policy Affairs*, Vol. 22, No. 1/2, 2013, p. 86; IHS Jane's, 2014n, p. 1.

³⁴⁴ IHS Jane's, 2014n, p. 1.

³⁴⁵ IHS Jane's, 2014n, p. 3–4; also see Groszkowski, 2013, p. 73.

³⁴⁶ Groszkowski, 2013, p. 81.

³⁴⁷ Haughton and Malová, 2007, pp. 14–15.

Slovakia is increasingly politically and militarily integrated with Europe. It is one of the largest contributors to the European Union's Eastern Partnership, working to economically and culturally integrate Ukraine and Moldova into Europe.³⁴⁸ On the military side, consistent with Fico's pro-EU policy, in March 2013, Slovakia pledged to join its fellow Visegrad countries (Poland, Hungary, Czech Republic) to stand up a 3,000-man European Union battlegroup by 2016.³⁴⁹

On balance, the European Union has more sway than the United States over Slovakia. The European Union remains Slovakia's principal economic partner, and most Slovaks realize they are vested in its success.³⁵⁰ At least under the Fico administration, the European Union is a more important political force as well. Consequently, Slovakia may be more receptive to overtures from the European Union, rather than the United States or NATO.

Relations with Russia

On the other side of the equation, Russia still has significant influence in Slovakia today. Russian influence is certainly less than that of the European Union but may in some ways be greater than American influence. A 2013 German Marshall Fund poll found that 58 percent of Slovaks viewed Russia favorably and 39 percent viewed Russian leadership as desirable, the highest percentages of the 12 European countries surveyed.³⁵¹ Slovakia's current foreign minister, Miroslav Lajčák, speaks Russian fluently and studied at Moscow State Institute of International Relations (MGIMO).³⁵² Slovakia sent its first man in space aboard Russia's *Mir* station in 1999.³⁵³ More recently, Slovakia worked with Russia on a series of large-scale infrastructure projects, including a broad-gauge rail network to a new research center—the "Cyclotron Center."³⁵⁴

Moreover, Russia maintains significant economic links with Slovakia. Slovakia's economy, historically, was intertwined with Russia's, although it is less so since the collapse of the Council

³⁴⁸ Simon Gruber, "Slovakia as Seen from an Austrian Perspective: On the Way Toward a Level Playing Field," *International Issues & Slovak Foreign Policy Affairs*, Vol. 22, No. 1/2, 2013, p. 15; Marušiak, 2013, p. 64; Lubmorír Čaňo and Attila Szép, "Bratislava's View of Eastern Partnership," *International Issues & Slovak Foreign Policy Affairs*, Vol. 19, No. 4, 2010, pp. 75–76.

³⁴⁹ IHS Jane's, "Security, Slovakia," *Jane's Sentinel Security Assessment*, October 13, 2014m, p. 1; Gruber, 2013, p. 15.

³⁵⁰ Interview with a Slovak public policy think tank analyst, Bratislava, May 11, 2015; interview with a foreign policy think tank analyst, Bratislava, May 11, 2015.

³⁵¹ German Marshall Fund of the United States, 2013, p. 12.

³⁵² Jan Lopatka and Martin Santa, "Slovakia Nurtures Special Ties to Russia, Despite EU Sanctions," Reuters, May 22, 2014.

³⁵³ IHS Jane's, 2014e, p. 3.

³⁵⁴ Marušiak, 2013, p. 54.

for Mutual Economic Assistance at the end of the Cold War. Before 1990, between 30 and 40 percent of Slovakia's industrial capacity was estimated to be oriented toward the Soviet Union.³⁵⁵ By 2000, Russian goods made up 17 percent of Slovakia's imports, falling to 10 percent in 2013. Slovakia's exports to Russia grew during the same time frame.³⁵⁶ Even the 2005 *Security Strategy*—the last one produced under Dzurinda—recognized “the principle of mutually beneficial economic cooperation” with Russia.³⁵⁷

Slovakia runs a large trade imbalance with Russia, largely thanks to its dependence on Russian gas. In 2010, Slovakia imported 98.3 percent of all its gas, 83.5 percent of which came from Russia.³⁵⁸ Slovakia purchases other forms of energy from Russia, as well. In 2008, Slovakia's Slovenské Elektrárne (SE) signed a 500-million-euro deal with Russia's TVEL Fuel Company to provide enriched uranium for Slovakia's nuclear reactors, although Slovak media reported that SE might be actively looking for alternative Western suppliers for 2015.³⁵⁹ Gas dependence on Russia fosters bonds of common interest between Russian and Slovak elites that may increase overall Russian influence.

Slovakia's energy trade with Russia also produces international second-order effects. Approximately 40 percent of the gas that Europe imports from Russia flows through Slovakia, giving much of Europe an indirect stake in the Russian-Slovak relationship.³⁶⁰ After all, if Russia shuts Slovakia off from its gas supplies, then other downstream European countries would also be affected. Similarly, Slovakia's oil and gas pipelines bind it to Ukraine's future, because the pipelines run from Russia through Ukraine to Slovakia.³⁶¹ In sum, the pipelines bind Slovakia to Russia, Ukraine, and the rest of the European Union—and, in a very concrete sense, magnify Slovakia's importance as a transit hub for Russian gas.

During the 2008 Russia-Georgia war, Slovakia's president, Ivan Gašparovič, blamed the conflict on Georgia, earning the praise of the Russian government, even though Slovakia joined other EU states in condemning Russia's recognition of the separatist regions of Abkhazia and South Ossetia.³⁶² More recently, in April 2013, on an official visit to Tbilisi, Slovakia's Foreign Minister Lajčák declared his support for Georgia's territorial integrity.³⁶³ And on June 25, 2014,

³⁵⁵ Marušiak, 2013, p. 45.

³⁵⁶ IHS Jane's, 2014n, pp. 3–4.

³⁵⁷ Slovakian Ministry of Defence, 2005, p. 16.

³⁵⁸ IHS Jane's, “Natural Resources, Slovakia,” *Jane's Sentinel Security Assessment*, August 14, 2014f, p. 2; Katy Barnato, “Ukraine Crisis ‘Highest Risk’ for Slovakia: Deputy PM,” CNBC, July 7, 2014.

³⁵⁹ vEnergetike.sk, SITA, Hospodárske noviny, “SE Signs Contract with New Supplier of Nuclear Fuel,” November 13, 2014.

³⁶⁰ Christian Lowe, “Slovakia Nurtures Special Ties to Russia, Despite EU Sanctions,” Reuters, May 22, 2014.

³⁶¹ Hirman, 2006, p. 60.

³⁶² Marušiak, 2013, pp. 51, 56–67.

³⁶³ Marušiak, 2013, p. 67.

Tomáš Valášek, Slovak permanent representative to NATO, called for “a new NATO arrangement with Georgia” as part of the alliance’s “response to a revanchist Russia.”³⁶⁴

Defense Capabilities

Despite its pledges to do better, Slovak defense capabilities are limited. Since the 2008 financial crisis, Slovakia’s defense budget declined by 28.6 percent in real terms, from nearly \$1.4 billion in 2008 to \$988 million in 2014 and from 1.71 percent of GDP in 2008 to 0.99 percent of GDP in 2014—less than half of NATO’s 2-percent benchmark for member states.³⁶⁵ Slovakia ranks in the bottom third of NATO allies for defense spending—21st for defense in absolute terms and in terms of GDP (see Table 5.1). To date, this spending mostly pays for personnel—not procurement or other investments that generate combat power.³⁶⁶ According to one estimate, only 10 percent of its 2014 defense budget went to procurement, with the rest going to personnel, operations, and maintenance.³⁶⁷ According to another, approximately 70 percent of Slovakia’s 2014 defense budget went to personnel costs. Moreover, these costs were trending higher—rising by more than 20 percent from 2007 to 2011.³⁶⁸

In 2013, 48 percent of Slovaks favored more defense cuts.³⁶⁹ While Slovakia recommitted itself to the 2 percent of GDP benchmark at the Wales summit, this has yet to translate into action.³⁷⁰ In December 2014, Fico told a press conference in Bratislava, “Geopolitically [increasing Slovakia’s defense budget] would mean nothing; only the armament firms would be happy.”³⁷¹ Instead, Slovakia has a more modest goal of increasing its defense budget to 1.6 percent of GDP by 2020—with most of the additional resources going to modernize the air force and its special forces.³⁷²

³⁶⁴ Tomáš Valášek and Damon Wilson, “Why Expanding NATO Would Deter Russia, Stabilize Europe,” CNN.com, June 25, 2014.

³⁶⁵ IHS Jane’s, “Defence Budget Overview, Slovakia,” *Jane’s Sentinel Security Assessment*, March 21, 2014a, p. 1. Importantly, according to SIPRI data, Slovakia’s defense budget—as a share of GDP—has declining steadily almost since the mid-1990s.

³⁶⁶ In 2011, only 14 percent of the defense budget covered research and development, foreign deployment, and other nonmandatory spending (IHS Jane’s, “Slovakia—Air Force,” web page, June 4, 2016f).

³⁶⁷ Konrad Muzyka, “Slovakia Prepares for Major Defence Acquisitions,” *IHS Jane’s 360*, May 19, 2014.

³⁶⁸ IISS, 2014, pp. 64–65.

³⁶⁹ German Marshall Fund of the United States, 2013, p. 23.

³⁷⁰ NATO, “Wales Summit Declaration: Issued by the Heads of State and Government Participating in the Meeting of the North Atlantic Council in Wales,” September 5, 2014c.

³⁷¹ SITA, “Fico Warns Against Large Military Conflict in Ukraine,” *Slovak Spectator*, December 2, 2014.

³⁷² Interviews with midlevel ministry of foreign affairs and MoD officials, Bratislava, Slovakia, May 12, 2015.

Slovakia’s military is tiny—with 13,500 active-duty personnel and 20,000 reservists spread between both the army and the air force (since it is landlocked, it has no navy).³⁷³ To put this number in perspective, the entire active-duty Slovak military is smaller than a single active-duty American Army division.³⁷⁴ In theory, the Slovaks can field two brigades and one special forces regiment, although in practice some defense analysts argue that only the latter is truly combat ready.³⁷⁵ Even if the Slovak military planned expansion under “Model 2024” of the active-duty force and full-time civilian personnel to 20,400 by 2024, it would still remain very small.³⁷⁶

The Slovak Air Force shrank over the years from about 5,160 personnel in 2005 to 3,950 in 2015.³⁷⁷ On paper, this includes force structure for one fighter squadron (currently equipped with MiG-29s), two transport squadrons, a training squadron (L-39s), two transport helicopter squadrons (mostly Mi-17s), and an air defense brigade (armed with SA-6, SA-18, and S-300 missiles).³⁷⁸ In practice, the readiness of these units varies widely.³⁷⁹ The locations of major Slovak air bases are shown in Figure 5.3.

Figure 5.3. Major Slovak Air Bases in Operation (2014)



³⁷³ IHS Jane’s, “Armed Forces, Slovakia,” *Jane’s Sentinel Security Assessment*, September 30, 2014l, p. 1.

³⁷⁴ U.S. Coast Guard, “About Us,” 2014.

³⁷⁵ Interview with a former senior Slovak MoD official, Bratislava, May 11, 2015.

³⁷⁶ Ministry of Defence of the Slovak Republic, *White Paper on Defence of the Slovak Republic*, 2013, p. 84; IHS Jane’s, 2014c, p. 4.

³⁷⁷ IISS, 2015.

³⁷⁸ IISS, 2015; IHS Jane’s, 2016f.

³⁷⁹ IHS Jane’s, 2016f.

The Slovak services continue to suffer from Soviet-era legacies, even 25 years after the breakup of the Warsaw Pact.³⁸⁰ English fluency remains a problem, despite the Indiana National Guard's partnership with the Slovak military and some 200 joint events over the past two decades. Only about 55 percent of the force met NATO's interoperability standards in 2013.³⁸¹ Indeed, the Slovak military's 2013 white paper paints a grim picture. While lauding the reductions in force structure and increasing professionalization of the force over the past two decades, it notes that "military career growth has stalled, the aging of military personnel is progressing, units are undermanned," producing a loss of capability that is "irreversible in some cases."³⁸²

Small countries can still offer real benefit, however, if they are focused in high-demand niche areas. The Slovak military has thus recently focused on developing niche enablers—namely, chemical and biological warfare defense, field hospitals, logistics, engineering, and their 5th Special Forces Regiment—at the expense of other units.³⁸³ This, in turn, allowed Slovakia to contribute to international missions in select areas. Slovak forces in ISAF, for example, aided in the Czech-run hospital, performed explosive ordnance disposal missions, trained special units of the Afghan national police, provided force protection, and performed other specialized tasks.³⁸⁴

The declining defense budget inflicted an even greater toll on Slovakia's military equipment. According to *Jane's*, "70 percent of [Slovakia's] military hardware is either reaching or will soon reach the end of its service life," and most of its major weapons systems—from planes to tanks to vehicles—"urgently require replacement or upgrade."³⁸⁵ By some estimates, up to 90 percent of Slovakia's ammunition storage facilities are also out of date.³⁸⁶

Most Slovak weapons are Russian, and Slovakia depends on Russian parts to keep many of its aircraft and other systems operable. Between 1992 and 2010, Russia exchanged Soviet-era debt for discounts on weaponry in "arms for debt swaps." Slovakia's MiG-29 fighter jets and anti-aircraft systems require Russian spare parts.³⁸⁷ While the Slovak MoD recently defended this policy as preserving its strategic "flexibility," it undermines Slovakia's role in NATO.³⁸⁸ In May 2014, only two of the 12 upgraded MiG-29s in the Slovak Air Force were operational.³⁸⁹

³⁸⁰ Ulrich, 2002, p. 417; IHS Jane's, 2014e, p. 4.

³⁸¹ Catalina Carrasco, "Hoosiers, Slovaks Celebrate 20-year Partnership," *Indiana Guardsman*, May 22, 2014; IHS Jane's, 2014l, p. 2.

³⁸² Ministry of Defence of the Slovak Republic, 2013, p. 16.

³⁸³ IHS Jane's, 2014l, p. 3–4.

³⁸⁴ International Security Assistance Force, "Slovak Republic: An ISAF Legacy," NATO, 2014a.

³⁸⁵ IHS Jane's, 2014l, p. 1–2.

³⁸⁶ Marian Majer, "Wake-Up Call for Slovak Armed Forces," Central European Policy Institute, May 6, 2014.

³⁸⁷ Lowe, 2014; IHS Jane's, 2014a, p. 1.

³⁸⁸ IHS Jane's, "Procurement, Slovakia," *Jane's Sentinel Security Assessment*, September 15, 2014j, p. 5.

³⁸⁹ IHS Jane's, 2016f.

Additionally, Slovakia's Russian-made Mi-17 helicopters, radio-locators and the S-300 anti-aircraft defence system all require Russian parts for their regular maintenance.³⁹⁰ As a result, in May 2014, while the European Union debated its response to Ukraine, Slovak Foreign Minister Lajčák flew to Moscow to talk with Russian Deputy Prime Minister Dmitry Rogozin, partly because Slovakia depends on Russian arms.³⁹¹

Slovakia has started to look beyond Russia for military equipment. It retains its own defense industrial base, although it remains concentrated in a few areas, such as ammunition, artillery, T72 tanks, and armored vehicles.³⁹² In 2010, the European Defense Agency lauded Slovakia's military research and development capacity.³⁹³ Slovakia also contracted with the Czech firm Praga Export for the Italian Light Multirole Vehicle, debated about buying small arms from Czech company Ceska Zbrojovka Uhersky Brod, and is developing a new military surveillance radar system with the Czechs to replace Soviet-era legacy P-37 (1RL139) "Bar Lock" 2-D systems.³⁹⁴ It recently signed a letter of agreement to buy nine UH-60M Blackhawk helicopters.³⁹⁵ Like the Czech Republic and Hungary, Slovakia investigated leasing Sweden's Saab Gripen fighter aircraft.³⁹⁶

Slovakia's ability to diversify its equipment, however, will face serious constraints. First, it is uncertain whether Slovakia could fulfill these plans with its current budget. Slovakia's most recent defense white paper argued that, thanks to budget cuts, "in recent years modernization has basically stopped," and replacing major weapons systems would require "additional resources beyond the limits of the MoD SR (Ministry of Defense of the Slovak Republic) budget."³⁹⁷ Second, some worry that even if Slovakia does acquire the Blackhawks and Gripens as planned, it will still not have sufficient personnel numbers to train pilots and deploy these aircraft effectively, nor the budget to maintain them.³⁹⁸

Slovakia's equipment problems limit its ability to project force. Until recently, Slovakia's airlift capacity consisted of a single, aging Russian An-26 light transport aircraft, expected to

³⁹⁰ Beata Balogová, "Slovakia to Feel Sanctions," *Slovak Spectator*, August 7, 2014a.

³⁹¹ Georgi Gotev, "EU Communication versus Russian Propaganda," Euractiv.com, November 18, 2014.

³⁹² IHS Jane's, "Defence Production and R&D, Slovakia," *Jane's Sentinel Security Assessment*, August 25, 2014h, p. 6.

³⁹³ IHS Jane's, 2014h, p. 2.

³⁹⁴ IHS Jane's, 2014j, pp. 2–3, 5; IHS Jane's, 2016f.

³⁹⁵ DSCA, "Slovakia—UH-60M Black Hawk Helicopters," news release, February 19, 2015.

³⁹⁶ IHS Jane's, 2014j, p. 4.

³⁹⁷ Muzyka, 2014; Ministry of Defence of the Slovak Republic, 2013, pp. 16, 111.

³⁹⁸ According to one Slovak defense think tank analyst, once one assumes maintenance, air defense, and training missions, Slovakia needs 12 Gripens (not the eight or so under discussion) and 16 to 18 Blackhawks (not the nine planned) (interview with a Slovak defense think tank analyst, Bratislava, May 11, 2015).

reach the end of its lifespan in 2016.³⁹⁹ In one of its largest military investments in two decades, Slovakia announced in November 2014 that it will purchase two C-27J Spartan military cargo aircraft for the combined price tag of 94 million euros (including training and services).⁴⁰⁰ Slovakia also tried sharing Airbus A400 and Lockheed C-130 transport aircraft with other European countries as part of the European Air Transport Fleet and forming a HIP Helicopter Task Force in February 2009, to share a transport helicopter fleet, but pulled out in 2014.⁴⁰¹

Despite these serious limitations on its defense sector, Slovakia contributed to multiple NATO, EU, and UN missions over the years. Slovakia prides itself that “Slovak citizens from the very beginning were among the soldiers wearing UN helmets and the observers from European political structures.”⁴⁰² In September 2014, Slovak soldiers were deployed to ISAF, the UN’s mission in Cyprus, and the EU’s mission in Bosnia Herzegovina, as well as to Chad, Israel, Georgia, and elsewhere. These missions were mostly token contributions—with the largest deployment (Afghanistan) amounting to just over 200 personnel and the smallest numbering a single soldier.⁴⁰³ Even in Afghanistan, Slovak soldiers took on a combat role only in 2011.⁴⁰⁴ Slovakia, however, has committed—at least on paper—to doing more, albeit under an EU (rather than a NATO) flag. The most important initiative is the proposed European Visegrad battlegroup noted previously.⁴⁰⁵ This initiative, however, partially “stems from the need to cut costs, with the ministers’ joint statement saying that the ongoing global economic crisis is having a ‘negative effect on defense spending.’”⁴⁰⁶

In terms of Air Force participation in particular, Slovakia’s presence in international missions has been limited. Apart from ferrying personnel to and from the Balkans and Cyprus for peacekeeping operations, the Slovak Air Force has almost no combat experience.⁴⁰⁷ Unlike the Czech Republic and Hungary, it so far has not participated in the Baltic Air Policing mission. It has played a more active role in some exercises, however, joining the Czech Republic for the Ramstein Rover exercises in 2012 and 2013 and hosting the Mace XVI in 2014, a NATO exercise focused on overcoming air defenses.⁴⁰⁸

³⁹⁹ IHS Jane’s, 2014l, p. 3; Balogová, 2014a.

⁴⁰⁰ Beata Balogová, “Slovakia Buys Two Spartan Planes,” *Slovak Spectator*, November 3, 2014c.

⁴⁰¹ IHS Jane’s, 2016f.

⁴⁰² Július Lőrincz, “Slovakia in the Western Balkans: Experiences and Challenges,” *International Issues & Slovak Foreign Policy Affairs*, Vol. 22, No. 1/2, 2013, p. 29.

⁴⁰³ IHS Jane’s, “Security and Foreign Forces, Slovakia,” *Jane’s Sentinel Security Assessment*, September 19, 2014k, p. 3.

⁴⁰⁴ IHS Jane’s, 2014k, p. 2.

⁴⁰⁵ Gruber, 2013, p. 15; IHS Jane’s, 2014k, p. 2.

⁴⁰⁶ IHS Jane’s, 2014e, p. 4.

⁴⁰⁷ IHS Janes, 2016f.

⁴⁰⁸ IHS Jane’s, 2016f.

In sum, Slovakia is not currently in a position to bring much more to the alliance, given its limited military capabilities and declining defense resources.

Response to Crimea and the Ukraine Crisis

Slovakia's response to the Ukraine crisis reflects its conflicting aims at avoiding damage to its ties with Russia or its neighbor, Ukraine. In 1995, then–Minister of Finance and former Deputy Prime Minister Serej Kozlík even described Ukraine as a “gate to the Russian market” and the Mečiar government relegated it to secondary importance.⁴⁰⁹ By contrast, the Dzurinda government declared Ukraine “an object of its permanent attention.”⁴¹⁰ After the 2004 Orange Revolution, Dzurinda supported Ukraine's bid to join NATO and the European Union, offering Slovakia as a possible model for transformation and EU integration.⁴¹¹ The Fico administration, however, blamed Ukraine when Russia shut off Ukraine's gas supply in 2009, causing Slovakia to lose 10 percent of its electricity and temporarily closing Slovak factories and businesses.⁴¹² Even under Fico, however, the Slovak embassy in Ukraine still worked to manage Ukraine's relationship with NATO.⁴¹³

Russia's annexation of Crimea initially drew a muted response from Bratislava. While Dzurinda, now an opposition parliament member, called Russia's actions in Crimea “aggression with dangerous implications for the whole world,” Fico argued that although Russia violated international law, Slovakia must consider its own interests—including its dependence on Russian energy—before responding.⁴¹⁴ After Crimea voted to join Russia, then–Slovak President Gašparovič proclaimed, perhaps reflecting on his country's own disputes with the Hungarian minority over autonomy, “Slovakia condemns all actions that disrupt the preservation of the territorial integrity, independence and sovereignty of Ukraine.”⁴¹⁵ Other Slovak politicians, however, were less sure. The second-ranking Smer Party European Parliament member, Monika Flašíková-Beňová, reasoned that since 85 percent of Crimeans voted to join Russia, the West should not stand in their way: “I do respect democracy, even when the result is not positive for me.”⁴¹⁶

⁴⁰⁹ Marušiak, 2013, p. 47; Alexander Duleba, *Slovak-Ukrainian Relations*, Research Center of the Slovak Foreign Policy Association, Bratislava, December 2002, p. 4.

⁴¹⁰ Marušiak, 2013, p. 58.

⁴¹¹ Marušiak, 2013, pp. 59–60.

⁴¹² IHS Jane's, 2014f, p. 3; IHS Jane's, 2014m, p. 3; Marušiak, 2013, p. 53.

⁴¹³ Marušiak, 2013, p. 59; interviews with midlevel ministry of foreign affairs and MoD officials, Bratislava, May 12, 2015.

⁴¹⁴ Czech News Agency, 2014e.

⁴¹⁵ “Slovakia Rejects Crimea Referendum,” *Slovak Spectator*, March 24, 2014; Czech News Agency, 2014a.

⁴¹⁶ “Slovakia Rejects Crimea Referendum,” 2014.

These mixed feelings translated into inconsistent government policy. Slovakia opted out of the initial EU sanctions, angering many other EU states.⁴¹⁷ Even after the shoot-down of Malaysian Airlines Flight 17 by Russian armed rebels over Eastern Ukraine, Fico remained adamantly opposed to sanctions, claiming in August, “if there is a conflict, it should be addressed by other methods rather than senseless three-sided sanctions, which harm the economies of everyone.”⁴¹⁸ In September, he warned that Slovakia stood to lose between 7,000 and 10,000 jobs in the automotive industry alone, if Russia retaliated, and asked rhetorically, “And why is that? Because they are fighting over influence in Ukraine, be it Russia, the United States or the West.”⁴¹⁹ Elsewhere, he called further sanctions “senseless,” producing only “more firm response measures from Russia.”⁴²⁰ Only in November 2014 did President Kiska announce Slovakia’s support for EU sanctions, while Fico and some of his top ministers demurred.⁴²¹

Slovakia has responded in other ways. The Visegrad countries, including Slovakia, collectively condemned Russia’s actions as “not only in violation of international law,” but also as serving to “create a dangerous new reality in Europe,” reminiscent of the 1956, 1968, and 1981 Soviet military interventions in Eastern Europe.⁴²² Slovakia joined the Organization for Security Cooperation in Europe’s (OSCE’s) Ukraine monitoring mission, and one of the OSCE team’s Slovak members was in fact briefly taken hostage near Donetsk.⁴²³ Slovakia also agreed to send combat engineers to train the Ukrainian military to clear landmines.⁴²⁴

Finally, but most significantly, Slovakia agreed to pump natural gas from Western Europe back through transit pipelines to supply Ukraine after the Russian cutoff. A recent European Commission analysis cited Slovakia’s centrality in supplying Ukraine with natural gas in the 2014 Ukraine gas crisis and in modeling future potential scenarios.⁴²⁵ Slovakia’s decision to allow reverse flows of natural gas evolved over time. On April 27, 2014, Slovakia reinstated a disused pipeline to supply Ukraine with up to 3 bcm of gas a year.⁴²⁶ As the crisis worsened, in September 2014, Slovakia opened a pipeline that could provide Ukraine with up to 20 percent of

⁴¹⁷ Lowe, 2014.

⁴¹⁸ Beata Balogová, “PM Fico Calls Sanctions Senseless,” *Slovak Spectator*, August 18, 2014b.

⁴¹⁹ vEnergetike.sk, SITA, Hospodárske noviny, 2014.

⁴²⁰ “Slovak Prime Minister Warns Ukraine of ‘Ultimate Disintegration’,” *Ria Novosti*, September 13, 2014.

⁴²¹ Henry Foy, Peter Spiegel, and Andrew Byrne, “Russian Aggression Revives Sanctions Support in Eastern Europe,” *Financial Times*, November 13, 2014.

⁴²² Visegrad Group, 2014.

⁴²³ Czech News Agency, 2014d.

⁴²⁴ Jiri Kominek, “Slovakia to Train Ukraine Troops in Mine Clearance,” *IHS Jane’s Defense Weekly*, September 28, 2014b.

⁴²⁵ European Commission, “Communication from the Commission to the European Parliament and the Council on the Short-Term Resilience of the European Gas System,” Brussels, October 16, 2014c.

⁴²⁶ “Slovakia and Ukraine Agree a Gas Supply Deal,” BBC News, April 27, 2014.

its natural gas.⁴²⁷ According to Russian media, Slovakia provided Ukraine with 806 million cubic meters, or \$280 million worth, of natural gas in October 2014 alone.⁴²⁸

This policy came with risks. As Finance Minister and Deputy Prime Minister Peter Kažimír explained in a July 7, 2014, interview with CNBC, the Ukraine crisis constituted the “highest risk” for Slovakia, given its own dependence on Russian energy.⁴²⁹ “We have to be very cautious about the needs of our economy. So, we are preparing for winter—that will be very interesting.”⁴³⁰ Kažimír’s fears were not unfounded. In September, the Ukraine crisis, in part, led Slovakia to cut its growth forecast from 3 percent to 2.6 percent for 2014.⁴³¹ When Russia shut off the tap to Ukraine in October, Slovakia lost almost half of its natural gas in one day.⁴³² Even Fico blamed Russia for the standoff: “The Russian side talks about technical problems, about the necessity of filling up storage for the winter season. I have used this expression and I will use it again: Gas has become a tool in a political fight.”⁴³³

By the end of October, Ukraine and Russia reached a tentative deal over gas prices and averted a prolonged natural gas supply crisis.⁴³⁴ Like the rest of Europe, Slovakia rejected separatist elections in Ukraine’s Donetsk and Luhansk regions.⁴³⁵

Russia also is trying subtler forms of influence. According to German Marshall Fund Senior Fellow and Slovak foreign policy expert Pavol Demeš, “Russian propaganda is highly effective [at influencing public opinion], more so than U.S. public diplomacy, I’m sorry to say.”⁴³⁶ Some cite a concerted Russian effort to promote opposition to the EU sanctions and target Slovak religious conservatives worried about “the decline of Western values.”⁴³⁷ Others note Russian attempts play up pan-Slavism, remind Slovaks of Russia’s role in the Second World War, and

⁴²⁷ Muller, 2014.

⁴²⁸ “Ukraine Imports \$280 Million Worth of Gas from Slovakia in October,” TASS Russian News Agency, November 6, 2014.

⁴²⁹ Barnato, 2014.

⁴³⁰ Barnato, 2014.

⁴³¹ Radoslav Tomek, “Slovakia Cuts 2015 GDP-Growth Forecast on Ukraine Crisis,” Bloomberg, September 18, 2014.

⁴³² Carney, 2014; Associated Press, “Latvia Joins Lithuania in Banning Russian State TV Broadcasts,” *Al Arabiya*, April 8, 2014.

⁴³³ Associated Press, 2014.

⁴³⁴ Geoffrey Smith, “Russia, Ukraine End Gas Dispute, Averting E.U. Supply Crisis,” *Fortune*, October 31, 2014.

⁴³⁵ TASR Newswire, 2014.

⁴³⁶ Pavol Demeš, “Slovakia’s Road to Freedom and Democracy,” lecture, Woodrow Wilson Center, Washington, D.C., November 14, 2014.

⁴³⁷ Gotev, 2014; Vladka Vojtiskova, “Russian Ties and Lies in Central Europe,” Wilfried Martens Centre for European Studies, November 6, 2014.

fan distrust of NATO via everything from websites to the recent renovation of the old Soviet World War II cemetery overlooking Bratislava.⁴³⁸

Outlook

In September 2014, Russian media quoted Fico as saying he “would rather quit politics than agree to a military NATO base on the territory of the Slovak Republic.”⁴³⁹ Political dramaturgy like this, however, exaggerates the extent to which Slovakia’s recent defense and security policy trajectory is a problem for NATO. Slovakia has long aimed for a cordial relationship with Russia, but even under Fico, Slovakia still sent troops to Afghanistan and elsewhere, and has participated in the U.S. Army National Guard’s state sponsorship program.

Nevertheless, horizons for a deeper U.S.-Slovak defense relationship—especially one focused on deterrence and reassurance along NATO’s Eastern flank—are limited for the medium term. To begin with, as discussed earlier, Slovakia has economic reasons not to antagonize Russia. As Slovakia’s economy grows more oriented toward the European Union than Russia, however, that reality could shift. Similarly, Slovakia’s energy dependency may—over time—be replaced by alternative sources. Also, until its Warsaw Pact-era equipment is phased out, Slovakia will continue to need Russian parts. Pan-Slavism is, furthermore, likely to continue to encourage Slovak politicians to take a more lenient view of any Russian machinations in the region.

More important than Slovakia’s relationship with Russia, however, is the simple fact that Slovakia places low priority on defense and has limited resources to offer in the first place. Its small size and comparatively poor population relegate its military to less than its larger, wealthier European neighbors—even were it to live up to its NATO commitment.

Under the current government, barring a major escalation by the Russian Federation that directly jeopardizes Slovak economic or security interests, the tendency to look to the European Union on foreign policy issues and find more-accommodating ways to address the problem of Russian revanchism will remain the norm. Even if Dzurinda’s more pro-American party were to return to power, limited resources would continue to hamper allied efforts to build Slovak defense capabilities. While Slovakia will likely remain able to field niche capabilities such as special operations, medical, and engineering units as it did in Afghanistan, its ability to maintain expensive, high-end equipment—like fighter aircraft—and deploy larger general-purpose forces will almost certainly decline. The core of the defense relationship will therefore remain existing partnership programs, such as the National Guard, IMET, and other exchanges.

⁴³⁸ Discussion with a Slovak foreign policy think tank analyst and a democracy promotion NGO employee, Bratislava, May 11, 2015.

⁴³⁹ “Slovak Prime Minister Warns Ukraine of ‘Ultimate Disintegration,’” 2014.

At the political level, Slovak support for NATO measures designed to deter Russia is liable to be tepid. Alone, however, Slovakia is unlikely to pose a major obstacle to consensus within the alliance. Public support for NATO operations elsewhere appears to be lacking and there is no reason to believe this will change. The salience of this lack of support, however, remains uncertain.

The challenge for the United States and NATO will be to look long term in Slovakia, by building a base of trust within the Slovak military, continuing to work to strengthen its defense institutions while supporting further Slovak integration into the European Union. With the right baseline in place, possibilities to replicate results achieved with niche capabilities in the Czech Republic, for example, may emerge—even if on a smaller scale. Nothing dramatic—one way or the other—seems likely in the near future. Slovakia will remain both less of a problem than it seems—and perhaps also less of an opportunity—for a while to come.

As a result, the U.S. Air Force should continue to maintain its defense cooperation relationship with Slovakia and to build on some of its recent positive trends, such as its purchase of UH-60s. Air Force leadership should also encourage Slovakia to wean itself off of Russian equipment (such as its MiG-29s and its radar system), partly because it will improve Slovakia's independence, but also because it will reduce Slovakia's dependence on the Russian Federation for maintenance and spare parts. At the end of the day, however, Slovakia—for political and force structure reasons—lacks the ability to serve as a significant force provider in the air domain. The U.S. Air Force needs to recognize these limitations and, consequently, scale its investments in time and resources accordingly.

Part II. The Baltic States

Of all America's allies, the three Baltic States—Estonia, Latvia, and Lithuania—are the most strategically vulnerable to Russian revanchism. Geography, Russian and NATO force posture, and the very limited military capabilities of these states expose them to potential Russian aggression. The likelihood of Russian aggression against any NATO member, including the Baltic States, remains very low—and U.S. and NATO changes in regional force posture announced over the course of the past few years have further decreased it. Nevertheless, these countries remain exposed and will continue to deserve close attention.

The Baltic States rely primarily on NATO—and especially the United States—for their security. They have historically operated on the assumption that they are simply too small to deter aggression on their own—or even collectively. As a result, they rely very heavily on security guarantees from NATO—and especially their close ties with the United States. While the Baltic States have some institutions that allow them to cooperate with each other, such as the Baltic Council of Ministers (BCM) and the Baltic Battalion (BALTBAT), the energy with which they have pursued such cooperation has unfortunately often been too limited.

Notably, defense spending in these countries is also remarkably low for states in their precarious strategic position. Only Estonia spends 2 percent of GDP on defense, and even this is lower than what it should spend, given its vulnerabilities. Israel, another small state that views itself as being on the front lines, typically spends between 5 and 6 percent of GDP on defense. To protect themselves, the Baltic States will similarly need to find ways to punch well above their weight.

All three Baltic States are eager for closer defense cooperation with America, and the United States has reciprocated this interest. These are the most likely countries in which the United States and its allies would have to deploy and operate in the event of a regional crisis. In addition, building a stronger Baltic capability can help to strengthen the deterrent capabilities of these states themselves—for example, through stronger air and missile defenses. The United States and NATO have already taken notable steps to expand defense cooperation in the region since 2014. NATO's Baltic Air Policing mission has been expanded, regional exercises such as Steadfast Javelin I and II have increased in size, and NATO has enhanced its forward presence, with battalion-sized forces in each country. The leaders of these countries want more, however, and have publicly requested the permanent stationing of U.S. forces on their soil. These efforts should continue. The long-term objective should nevertheless be to enhance and enable, rather than replace, these allies' own defense capabilities.

The following chapters on the Baltics are designed to be individually comprehensive for the country under study. (Given their common challenges, some degree of repetition across these chapters is unavoidable.)

Chapter Six. Estonia: Committed Partner with Limited Capabilities

Estonia reacted with alarm, although not surprise, to events in Ukraine in 2014. For years, Estonia had argued, Cassandra-like, that Russian policy toward its neighbors was revisionist and posed a risk to their security. Estonian leaders now see the events of 2014 as validation of their warnings.

Estonia has consistently spent more robustly than other Baltic states on defense, yet its very small size means its capabilities will remain modest at best (see Table 6.1). Like the other Baltic States, Estonia is in no position to defend itself against its much stronger Russian neighbor. It is also vulnerable to unconventional hybrid warfare, although Estonians view the conventional threat as more serious. Its security is thus heavily dependent on NATO and the United States. The vast majority of Estonian thinking with regard to its security strategy is correspondingly framed by the imperative of maintaining, strengthening, and demonstrating a close relationship with the West.

Table 6.1. Estonia: Key Resource Base Statistics and Partner Ordinal Rankings

Concept	Amount	NATO–Plus 2 Ordinal Ranking (Out of 29)
Total military expenditure, 2014 (current US\$ million) ^a	\$509	24th
Total military expenditure, 2014 (as percentage of GDP) ^b	2.0%	6th
Military personnel, active (excl. paramilitary), 2013 ^c	5,750	27th
Military personnel, active (incl. paramilitary), 2013 ^d	17,750	22nd
Military personnel, deployed (incl. peacekeeping), 2013 ^e	176	25th
Gross domestic product, 2014 (current US\$ billion) ^f	\$26.0	28th
Gross domestic product, 2014 (per capita, current US\$) ^f	\$19,671	19th
Total estimated population, 2014 ^f	1,333,000	28th

NOTE: NATO–Plus 2 includes 27 NATO member states plus Sweden and Finland.

^{a, b} SIPRI, undated(b). Estonia merged its Border Guard Service with the National Police in 2010, and they are no longer classed as a paramilitary force by SIPRI. Accordingly, Estonian military spending declined in 2010.

^c IISS, 2014. Estonian data exclude 30,000 reserve personnel.

^d Estonian paramilitary includes 12,000 personnel in the Defence League.

^e IISS, 2014.

^f IMF, 2015a.

Estonia has pushed the alliance to react strongly to events in Ukraine through greater engagement in the region. Unsurprisingly, demand for closer defense relations with the United States and NATO remains very strong in Tallinn, where future steps to further cement a robust security partnership—from continued efforts to promote interoperability, to prepositioning of military equipment, to a permanent U.S. presence—are met with open arms. Estonia is particularly focused on leveraging its air base at Ämari to deepen its relationship with the United States and other countries in the region. Occasionally, its focus on the bilateral relationship comes at the expense of closer cooperation with its regional partners, an unfortunate tendency that U.S. leaders should consider when engaging the Estonians.

Key Background

Estonia's geography and history strongly inform its desire for close relations with the United States and NATO. For centuries, the Baltics oscillated between Russia and Europe. Many cities in Estonia, including Tallinn and Tartu, were members of the Hanseatic League long before their incorporation into the Swedish Empire in the 1500s.⁴⁴⁰ Present-day Estonia was then conquered by the Russian Empire between 1710 and 1721.⁴⁴¹ Russian efforts to closely integrate Estonia with the rest of the Empire were halting and only moderately effective, as they also were in the other Baltic States, and Estonia retained a strong local identity.⁴⁴²

Estonia, along with the other Baltic States, declared its independence from Russia in the chaotic period that followed the 1917 Bolshevik revolution and the First World War.⁴⁴³ The country joined the League of Nations and attempted to protect its independence by remaining neutral in the increasingly tense international environment of the 1930s.⁴⁴⁴ This policy failed when the 1939 Nazi-Soviet Pact gave Estonia to the Soviets, paving the way for the reconquest of the country.⁴⁴⁵ Soviet troops invaded and absorbed Estonia into the Soviet Union.⁴⁴⁶ This experience of independence won and then lost to Russia has a deep impact on Estonia's strategic identity and outlook today.

⁴⁴⁰ Patricia Dillon and Frank C. Wykoff, *Creating Capitalism: Transitions and Growth in Post-Soviet Europe*, Northampton, Mass.: Edward Elgar Publishing, 2002, p. 157.

⁴⁴¹ Edward C. Thaden, *Russia's Western Borderlands, 1710–1870*, Princeton, N.J.: Princeton University Press, 1985, pp. 5–8, 32–35.

⁴⁴² Romuald J. Misiunas and Rein Taagepera, *The Baltic States: Years of Dependence, 1940–1990*, Berkeley, Calif.: University of California Press, 1993, pp. 5–7.

⁴⁴³ Misiunas and Taagepera, 1993, pp. 8–10.

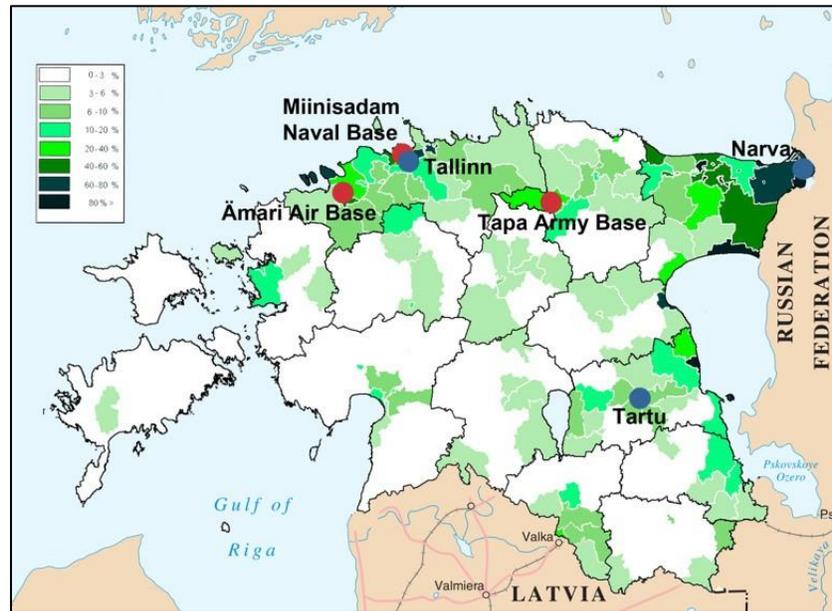
⁴⁴⁴ Toivo U. Raun, *Estonia and the Estonians*, Stanford, Calif.: Hoover Institution Press, Stanford University, 2001, pp. 124–125.

⁴⁴⁵ Misiunas and Taagepera, 1993, pp. 14–15.

⁴⁴⁶ Estonia was briefly occupied by German troops following the Nazi invasion during World War II, but Soviet control was reasserted by 1945. Misiunas and Taagepera, 1993, pp. 15–20, 25–28.

The decades of Russian and Soviet rule saw large numbers of Russian speakers relocate to Estonia, particularly in urban areas, as Moscow encouraged such movement for economic reasons, as well as to dilute feelings of Estonian nationalism (Figure 6.1).⁴⁴⁷ The Russian immigrants received preferential treatment from Soviet authorities, generating tensions with native Estonians that helped to reinforce feelings of resentment against Soviet rule.⁴⁴⁸

Figure 6.1. Population Density of Russian Speakers in Estonia, with Major Cities and Military Installations



SOURCES: RAND illustration, based on “Distribution of the Russian Language in Estonia According to Data from the 2000 Estonian Census,” credited to DVoit at ru.wikipedia (public domain), Wikimedia Commons, undated, and United Nations map of Estonia.

Nationalism generated momentum toward Estonian independence at the end of the Cold War.⁴⁴⁹ After independence, Estonia sought to outdo other countries in the region with its enthusiasm for Western free-market and democratic reform. It instituted a radical economic and political reform program, including rapid privatization and tax reform, breaking sharply from its Soviet past with the goal of putting the country irrevocably on a path toward membership in the

⁴⁴⁷ Misiunas and Taagepera, 1993, pp. 108–113, 194.

⁴⁴⁸ Misiunas and Taagepera, 1993, pp. 195–196.

⁴⁴⁹ The Baltic States were the first republics to break away from the Soviet Union, declaring their independence in 1990, although they were not recognized by Moscow until the following year. Soviet troops lingered on military bases in the Baltics for years, not being fully withdrawn until 1994. See Carl Bildt, “The Baltic Litmus Test: Revealing Russia’s True Colors,” *Foreign Affairs*, Vol. 73, September/October 1994.

European Union and NATO.⁴⁵⁰ Estonian political institutions have been consistently democratic and stable since shortly after independence, despite the economic turmoil that initially accompanied the country's economic reforms.⁴⁵¹

These reforms paid off with rapid economic growth and membership in the European Union and NATO—both in 2004.⁴⁵² Although hit hard by the 2008 financial crisis, Estonia successfully implemented difficult austerity measures, and modest growth returned.⁴⁵³ Throughout the post–Cold War era, the political system of Estonia has been remarkably stable, and the consensus on major policy questions has been an important source of strength for the country.

Estonia is a parliamentary democracy with elections to the legislature—the 101-member *Riigikogu*—held every four years.⁴⁵⁴ The president has a mostly ceremonial role in foreign and security policy. The prime minister and his cabinet have the policymaking power.⁴⁵⁵

Political parties in Estonia are divided along both economic and ethnic lines.⁴⁵⁶ The most prominent party in recent elections has been the center-right Reform party, led by current Prime Minister Taavi Rõivas, which favors liberal, open economic policies and an anti-Moscow stance in foreign policy. By contrast, the second-largest party has typically been the Centre party, led by Edgar Savisaar, which has its base of support among the ethnic Russian population and cooperates openly with Vladimir Putin's United Russia party.⁴⁵⁷ The Centre party generally adopts center-left economic policy positions, but it has never been in government, as all other

⁴⁵⁰ Helmut Hubel, "The Baltic Sea Subregion After Dual Enlargement," *Cooperation and Conflict*, Vol. 39, No. 3, 2004, pp. 283–298; Frederik Erixon, *Baltic Economic Reforms: A Crisis Review of Baltic Economic Policy*, Brussels, Belgium: European Centre for International Political Economy working paper, No. 04/2010, 2010, pp. 48–49.

⁴⁵¹ Erixon, 2010.

⁴⁵² Kurt Hübner, "Baltic Tigers: The Limits of Unfettered Liberalization," *Journal of Baltic Studies* Vol. 42, No. 1, 2011.

⁴⁵³ Hübner, 2011, pp. 87–88; Organisation for Economic Co-operation and Development, "Estonia—Economic Forecast Summary," November 2014.

⁴⁵⁴ Elections may be held earlier if the sitting parties are unable to form a government. See Baltic Voices, "The Estonian Electoral System," Glasgow, Scotland: University of Strathclyde, Centre for the Study of Public Policy blog post, December 14, 2011.

⁴⁵⁵ Tõnis Saarts, "Constitutions and Institutional Design in the Baltic States," lecture slides, Tallinn, Estonia: Tallinna Ülikool [Tallinn University], 2009.

⁴⁵⁶ Corinne Deloy provides a helpful summary of the major Estonian political parties and their policy platforms: Corinne Deloy, "General Elections in Estonia: A More Uncertain Election Than Forecast," Paris, France: Robert Schuman Foundation, European Elections Monitor, February 3, 2015a.

⁴⁵⁷ Agnia Grigas, "Legacies, Coercion and Soft Power: Russian Influence in the Baltic States," Chatham House: The Royal Institute of International Affairs, briefing paper, August 1, 2012, p. 5; Aleksei Gunter, "Center Party Signs Cooperation Protocol with Kremlin-Controlled United Russia," *Baltic Times*, December 15, 2004.

major Estonian parties refuse to cooperate with it due to its positive stance toward Russia—as in Latvia, where non-Russian parties refuse to cooperate with the Harmony party.⁴⁵⁸

Two additional parties, the Social Democratic Party (SDP)—led by Sven Misker—and the Pro Patria Res Publica Party—led by Urmas Reinsalu—also favor more center-left economic policies, such as a higher minimum wage and progressive income taxes, and have each recently served as coalition partners in government with the Reform party.

The March 2015 elections followed a familiar pattern in Estonian politics, with the Reform party emerging ahead of the others, with 30 of the 101 seats in parliament, and the pro-Russian Centre party second with 27.⁴⁵⁹ The new governing coalition is led by the Reform Party and includes the Social Democrats and the Pro Patria-Res Publica party.⁴⁶⁰ While the election largely represents a continuation of the status quo, for the first time a far-right political party, the Conservative People’s Party, gained enough votes to enter the *Riigikogu*.⁴⁶¹ Some officials expressed concern that this virulently nationalist, anti-immigrant party, although highly unlikely to become part of the government, could be a boon to Russian propaganda efforts that aim to paint Estonia as fascist.⁴⁶²

Estonia’s ethnic Russian minority makes up approximately 24 percent of its population,⁴⁶³ and the legal and political rights of many in this minority are limited.⁴⁶⁴ At independence, Estonia granted citizenship automatically only to those whose relatives were citizens during the previous period of Estonian independence before 1940, thereby excluding those who had immigrated under the Soviet regime.⁴⁶⁵ This meant that many Russians who had moved to

⁴⁵⁸ “KAPO Declassifies Savisaar Files,” Estonian Public Broadcasting, December 22, 2010; Stratfor, “A Political Scandal in Estonia and Russian Influence in the Baltics,” December 27, 2010; “Savisaar in Moscow: Legitimacy of Crimean Referendum Is Not Important,” *Baltic Course*, March 19, 2014; Richard Milne, “Party with Ties to Putin Pushes Ahead in Estonian Polls,” *Financial Times*, February 27, 2015b.

⁴⁵⁹ Corinne Deloy, “In Office for the Last Nine Years the Reform Party of Taavi Roivas Came Out Ahead in the Estonian General Elections,” Paris, France: Robert Schumann Foundation, European Elections Monitor, March 2, 2015b.

⁴⁶⁰ “Estonian Parliament Gives Roivas Powers to Form Government,” *Postimees*, April 8, 2015.

⁴⁶¹ Allan Sikk, “Estonia’s 2015 Election Result Ensures the Reform Party Will Continue to Dominate the Country’s Politics,” *European Politics and Policy (Euopp)* blog, European Institute, London School Of Economics and Political Science, March 4, 2015.

⁴⁶² Interviews in Tallinn, March 2015.

⁴⁶³ Agnia Grigas, “Compatriot Games: Russian-Speaking Minorities in the Baltic States,” *World Politics Review*, October 21, 2014.

⁴⁶⁴ While noncitizens are permitted to vote in local elections in Estonia, this does not apply to national elections. Licia Cianetti, “Granting Local Voting Rights to Non-Citizens in Estonia and Latvia: The Conundrum of Minority Representation in Two Divided Democracies,” *Journal on Ethnopolitics and Minority Issues in Europe*, Vol. 13, No. 1, 2014a; Mike Winnerstig, ed., *Tools of Destabilization: Russian Soft Power and Non-Military Influence in the Baltic States*, Stockholm: Swedish Ministry of Defence, December 2014b, p. 33.

⁴⁶⁵ Winnerstig, 2014b, p. 35.

Estonia during the Soviet period had to apply for citizenship. Many did so, and approximately half of ethnically non-Estonian residents are now citizens, with the remainder divided equally between those holding Russian passports and those who remain legally stateless.⁴⁶⁶ For some, statelessness is actually beneficial, since it facilitates movement between the European Union and Russia. Recent reforms, however, will eventually reduce the noncitizen population, as the children of noncitizen residents of Estonia are now granted citizenship automatically.⁴⁶⁷ Geographically, Russian speakers are concentrated in the northeast of the country near the city of Narva, and in the capital of Tallinn, as shown in Figure 6.1.

Many Russian speakers still feel discriminated against by the Estonian government, because Estonian citizenship is required both to vote in national elections and to hold civil service positions. Estonian language skills are also necessary for a wide range of public-sector jobs, ranging from teaching to driving buses. These restrictions exclude Russian speakers who have lived their whole lives within the territory of Estonia, and thus create tensions.⁴⁶⁸ Estonian officials, meanwhile, often defend the promotion of the Estonian language and cultural identity as a necessary response to the Russification policies of the past.⁴⁶⁹ Tensions between Russian and Estonian communities came to a head in the spring of 2007 in the “Bronze Soldier” incident, where plans to relocate a Soviet-era statue commemorating victory in World War II away from a prominent location in Tallinn led to three nights of riots by Russian speakers.⁴⁷⁰

Not all Russian speakers are estranged, however. A prior analysis of linguistic, political, and social integration of the non-Estonian community into Estonian civic life found that approximately half of this community remains poorly integrated, while many others participate fully in Estonian civic and economic life.⁴⁷¹ Nevertheless, persistent gaps remain in the degree of trust in core state institutions between Estonian speakers and non-Estonian speakers. A March

⁴⁶⁶ Most non-Estonians that acquired Estonian citizenship did so in the early to mid 1990s, with further naturalizations having become particularly infrequent over the past five years. See Winnerstig, 2014b, p. 37.

⁴⁶⁷ The changes, due to come into effect in 2016, will also be retroactive for noncitizens under the age of 15. See Katrine Steingrimsen and Michelle van der Meer, “Estonia Makes Milestone Changes to Its Citizenship Act,” United Nations High Council on Refugees Northern Europe, undated. See, also, “Riigikogu Simplifies Granting Estonian Citizenship to Children and Elderly,” *Baltic Course*, January 22, 2015.

⁴⁶⁸ Cianetti, 2014a; Clifford J. Levy, “Estonia Raises Its Pencils to Erase Russian,” *New York Times*, June 7, 2010.

⁴⁶⁹ Anna Verschik, “The Language Situation in Estonia,” *Journal of Baltic Studies*, Vol. 36, No. 3, 2005, p. 300.

⁴⁷⁰ The statue, frequently used during the Soviet period as a memorial to the dead of the Second World War and the Soviet victory therein, had gradually come to symbolize, at least to ethnic nationalists on both sides, alternately the “liberation” of Estonia by the Soviet Union or the violent occupation of the country during the same period. The long tradition of ceremonies to commemorate the dead that involved the statue also gave it a broader resonance within the Russian community, which saw no reason for its relocation. See Martin Ehala, “The Bronze Soldier: Identity Threat and Maintenance in Estonia,” *Journal of Baltic Studies*, Vol. 40, No. 1, 2009.

⁴⁷¹ Ehala, 2009, pp. 38–39. Of course, this higher degree of integration and participation does not mean that such Russian speakers would not be politically supportive of efforts to increase the rights and status of the Russian community, although it might limit the measures they might support being taken to achieve this end.

2014 poll found that non-Estonians (primarily ethnic Russians) were much less likely than ethnic Estonians to trust the government (35 percent versus 56 percent), the president (30 percent versus 80 percent), and the *Riigikogu* (38 percent versus 57 percent).⁴⁷² These gaps help to explain the concern that some analysts have regarding the fact that Russian-speaking communities have been active targets of propaganda by Russia since at least 2007, as will be discussed in the Relations with Russia section.⁴⁷³

Relations with the United States and Europe

Estonia's relationships with the United States, NATO, and the European Union are the linchpin of its security. These relationships are strong, based on firm public support from the majority Estonian population, and range across multiple security and economic issues.⁴⁷⁴ Estonia sent troops to both Afghanistan and Iraq, albeit in small numbers, typically allowing those troops to operate without caveats or restrictions that other European NATO members have often imposed to limit the danger faced by their forces.⁴⁷⁵ Estonia also participates in the U.S. State Partnership Program through a long-standing relationship with the Maryland National Guard that has enhanced interoperability and enabled training, joint exercises, and even joint deployments to Afghanistan.⁴⁷⁶ U.S. engagement with the Baltic States, including Estonia, is often pursued through the Enhanced Partnership in Northern Europe (e-PINE), a policy framework established in 2003 to enhance security and economic ties.⁴⁷⁷ Estonia and the United States also cooperate closely on cybersecurity issues, and Estonia hosts the NATO Cooperative Cyber Defense Centre of Excellence in Tallinn.⁴⁷⁸ Cybersecurity has been a particular concern of Estonia's after a series of cyberattacks on the country in 2007 that Estonia blames on Moscow, as will be discussed later.

⁴⁷² Republic of Estonia Ministry of Defence, "Public Opinion and National Defence," Tallinn, Saar Poll, March 2014.

⁴⁷³ It should be noted, however, that while issues such as citizenship are sources of discontent, they do not necessarily translate into a desire to join a Russia that is often seen as economically backward. See Tom Balmforth, "Russians of Narva Not Seeking 'Liberation' By Moscow," Radio Free Europe/Radio Liberty, April 4, 2014.

⁴⁷⁴ For an overview, see White House, "Facts on U.S.-Estonia Partnership," Washington, D.C., Office of the Press Secretary, September 3, 2014b.

⁴⁷⁵ Roughly 150 Estonian troops were deployed to Afghanistan from 2007 to 2014, while approximately 40 Estonian troops were deployed to Iraq between 2004 and 2009. See IISS, *The Military Balance*, 2004–2014. For details on these deployments, see also James S. Corum, *The History of the Baltic Defence College: The First Fifteen Years: The Story of a Successful Multinational Endeavor*, Estonia: Baltic Defense College, 2014, p. 18.

⁴⁷⁶ Matthew Hay Brown, "Maryland National Guard, Estonia Reaffirm Partnership," *Baltimore Sun*, June 1, 2014.

⁴⁷⁷ See Pami Aalto, Helge Blakkisrud, and Hanna Smith, eds., *The New Northern Dimension of the European Neighbourhood*, Brussels, Belgium: Centre for European Policy Studies, 2008, pp. 28–29.

⁴⁷⁸ U.S. Department of State, "The United States and Estonia: Partners in Cyber Security and Internet Freedom," December 3, 2013.

Popular support for Estonia's close partnership with the United States and NATO is strong overall, but sharply divided along ethnic lines. In a 2014 poll, 79 percent of Estonians overall were in favor of NATO membership, while 17 percent were against it.⁴⁷⁹ However, these numbers reflect near unanimity among the ethnic Estonian community and clear divisions within minority (primarily Russian-speaking) communities: 94 percent of Estonian speakers were in favor of NATO membership versus 4 percent against; among non-Estonian speakers, most of whom were Russian speakers, only 43 percent were in favor versus 49 percent against.⁴⁸⁰ From 2006 to 2014, Estonia deployed an infantry company to ISAF and has also deployed Special Forces there.

While support for NATO remains contentious within the non-Estonian-speaking community, support for the European Union is much more widespread. In 2014, for example, 77 percent of Estonian speakers said they trusted NATO, compared with 36 percent of non-Estonian speakers said they did not. In the same poll, meanwhile, 68 percent of Estonian speakers said they trusted the European Union, compared with 55 percent of non-Estonian speakers.⁴⁸¹

Overall, Estonians have been strongly supportive of membership in the European Union, and Estonia has become highly integrated into EU institutions, including the Schengen passport-free travel zone and the euro.⁴⁸² As shown in Figure 6.2, Estonia's trade has become heavily oriented toward the European Union, particularly Sweden and Finland, but also Germany and the other Baltic States.

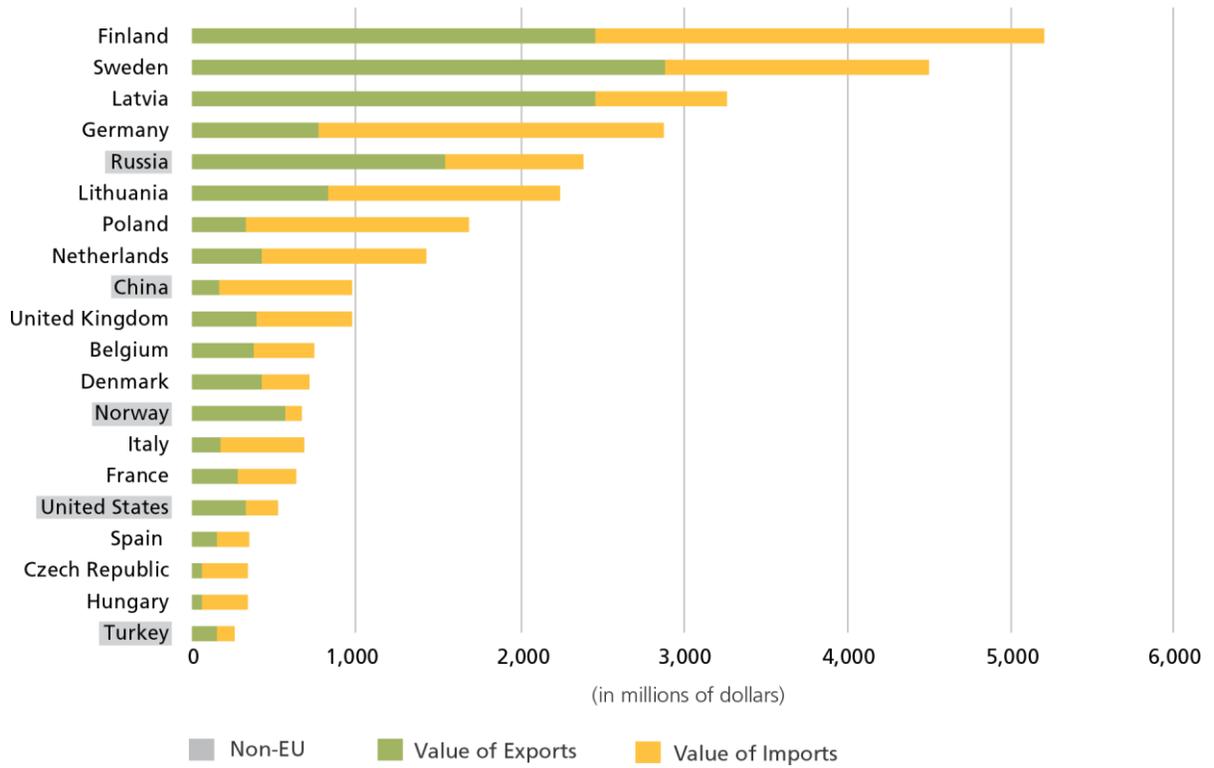
⁴⁷⁹ Republic of Estonia Ministry of Defence, "Public Opinion and National Defence," Tallinn: Saar Poll, March 2014.

⁴⁸⁰ Republic of Estonia Ministry of Defence, 2014.

⁴⁸¹ Republic of Estonia Ministry of Defence, 2014.

⁴⁸² Those viewing Estonian membership in the European Union as a good thing have ranged between 66 percent and 41 percent, while those regarding EU membership as a bad thing ranged between 6 percent and 11 percent. The remainder felt that membership was neither good nor bad or did not know. See European Commission, "Eurobarometer Interactive," web page, undated(b).

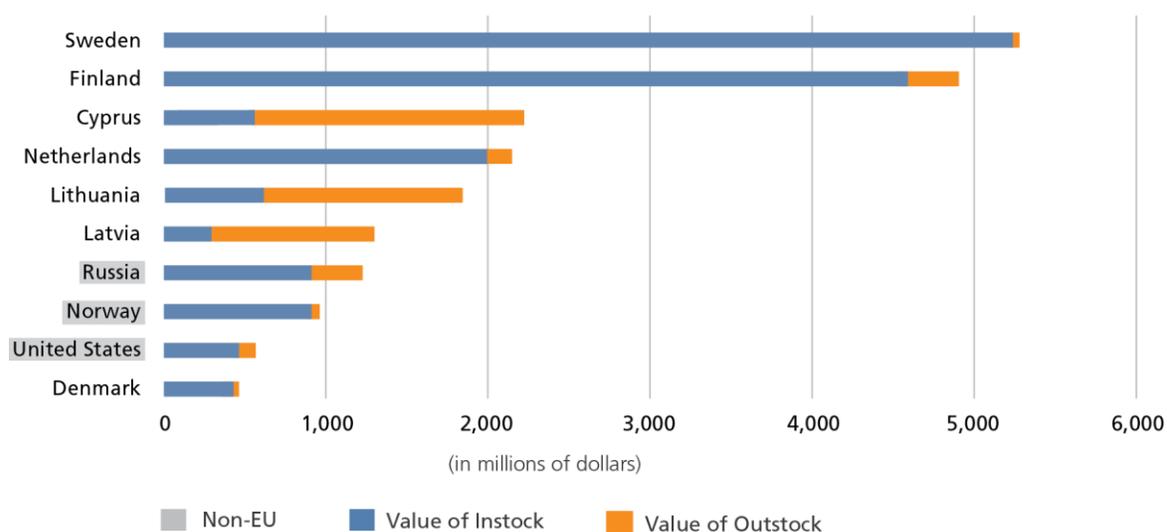
Figure 6.2. Top 20 Estonian Trade Partners, 2014



SOURCE: IMF, 2015a

FDI in Estonia is dominated by Sweden and Finland, as shown in Figure 6.3, while Estonian investments abroad remain comparatively modest. Russia’s investments in Estonia are limited, although Russia is an important destination for Estonian exports.

Figure 6.3. Estonia's Top 10 FDI Partners, by Instock and Outstock, 2012 (US\$ millions)



SOURCE: UNCTAD FDI/TNC database, based on data from Eesti Pank.

The Estonian economy's transition from being closely linked with Russia to being closely linked with the European Union therefore appears near complete, to a greater extent than the other Baltic States, which retain stronger trade links with Russia. In other areas, however, Estonia remains only weakly integrated with Europe. Due to both its geographic isolation and its legacy of Soviet infrastructure, Estonia lacks strong transportation, electricity, and energy links with the rest of Europe.⁴⁸³ One notable exception is Estonia's close partnership with Finland.⁴⁸⁴ Not only are Estonia and Finland close geographic neighbors, bonded by a similar experience of resistance to and liberation from Russian domination, but they also share close ethnic and linguistic links.⁴⁸⁵ Tallinn and Helsinki are becoming highly integrated economically, as they are separated by only a short ferry ride, have now eliminated passport requirements, and share the same currency.⁴⁸⁶ The two countries also cooperate on energy security issues, including the increasing integration of their electricity markets and plans for two inter-connected liquefied

⁴⁸³ "On the Baltic Slow Train," *Economist*, October 19, 2013.

⁴⁸⁴ See, for example, Estonian Office of the President, "President Ilves in Helsinki: The Depth of Relations Between Estonia and Finland Should Set an Example of Internal Integration Within the European Union," May 13, 2014.

⁴⁸⁵ Estonian and Finnish are closely related Finno-Ugrian languages, while other languages widely spoken in neighboring countries, including Russian, Swedish, and Latvian, are all Indo-European languages. See James S. Olson, Lee Brigance Pappas, and Nicholas C. J. Pappas, eds., *An Ethnohistorical Dictionary of the Russian and Soviet Empires*, Westport, Conn.: Greenwood Publishing Group, 1994, p. 215.

⁴⁸⁶ Claire Nauwelaers, Karen Maguire, and Giulia Ajmone Marsan, "The Case of Helsinki-Tallinn (Finland-Estonia)—Regions and Innovation: Collaborating Across Borders," *OECD Regional Development Working Papers*, Paris: OECD Publishing, No. 2013/19, November 25, 2013.

natural gas (LNG) terminals.⁴⁸⁷ Although Finland is not a NATO member, the countries also closely cooperate on security issues, together with other Nordic countries.

Nordic security cooperation, while clearly not as significant as links with NATO, is also an area of significant activity for Estonia.⁴⁸⁸ The Baltic States, including Estonia, cooperate with Sweden and Finland as part of the European Union's Nordic Battlegroup (NBG).⁴⁸⁹ NORDEFECO provides a forum through which the Nordic states coordinate their military strategies, logistics, and procurement, in complement to the countries' existing relationships through the European Union and NATO.⁴⁹⁰ Closer links (including, potentially, membership) between NORDEFECO and Estonia and the other Baltic States have been discussed, albeit with concerns that such links have the potential to dilute the attention given to its relationships with NATO and the United States, an issue we will discuss in greater detail later.⁴⁹¹

Estonia also cooperates with other Baltic states on security and economic issues through the BCM, BALTBAT, and the Baltic Defence College in Tartu.⁴⁹² The Baltic States have also engaged in some pooling of defense procurement, although all of these initiatives remain very limited and there is a tendency to think exclusively in national terms.⁴⁹³ On the whole, all the Baltic States prioritize their relationship with NATO over their own subregional cooperation, where they perceive that cooperation with their neighbors can bring only limited security gains. Intra-Baltic security cooperation remains a potential area for strengthening regional security and deterrence in the future.

⁴⁸⁷ Anna Molin, "Finland, Estonia Move to Reduce Reliance on Russian Gas," *Wall Street Journal*, November 18, 2014; "EstLink 2 Officially Inaugurated," *Baltic Course*. March 7, 2014.

⁴⁸⁸ The Nordic countries are typically defined to include Denmark, Finland, Iceland, Norway, and Sweden.

⁴⁸⁹ Estonian Defence Forces, "General Göranson: Nordic Battle Group to Incorporate All Nordic and Baltic Countries for the First Time," January 27, 2014a.

⁴⁹⁰ Håkon Lunde Saxi, "Nordic Defence Cooperation (NORDEFECO): Balancing Efficiency and Sovereignty, NATO and Nonalignment," *Perspectives on European Security*, 2013.

⁴⁹¹ Robert Nurick and Magnus Nordenman, *Nordic-Baltic Security in the 21st Century: The Regional Agenda and the Global Role*, Atlantic Council, September 2011; Henrik Breitenbauch, "Strengthening Nordic-Baltic Defense Capabilities: Open NORDEFECO to the Baltic States," in Daniel S. Hamilton, András Simonyi, and Debra Cagan, eds., *Advancing U.S.-Nordic-Baltic Security Cooperation: Adapting Partnership to a New Security Environment*, Washington, D.C.: Center for Transatlantic Relations, 2014.

⁴⁹² Luke Coffey, "The Baltic States: Why the United States Must Strengthen Security Cooperation," Heritage Foundation, Background No. 2851, October 25, 2013; Corum, 2014; Jacques Rupnik, Vello Pettai, and Jan Zielonka, eds., *The Road to the European Union*, Vol. 2, Oxford: Manchester University Press, 2003, pp. 163–165; David J. Galbreath, Ainius Lašas, and Jeremy W. Lamoreaux, *Continuity and Change in the Baltic Sea Region: Comparing Foreign Policies*, Netherlands: Brill Publishers, January 2008, pp. 101–118; Ministry of Foreign Affairs of the Republic of Latvia, "Co-Operation Among the Baltic States," December 28, 2015b.

⁴⁹³ "Baltic States Join Forces for Ammunition Procurement," *Postimees*, March 12, 2013.

Relations with Russia

While the stated goal of Estonia's relations with Russia is to seek "practical co-operation that is beneficial to the citizens of both countries," in practice, Estonian relations with Russia have been tense since the 1990s.⁴⁹⁴

Estonia, together with the other Baltic States, harbors concerns that Russia has not fully accepted its independence, and that Russia retains an interest in preserving a strong influence over Estonia, or even potentially in reacquiring parts of its territory.⁴⁹⁵ Postindependence tensions date back to Russia's decision to halt flows of natural gas and delay its withdrawal of Soviet-era troops in protest of Estonia's citizenship policy in 1993, which Russia viewed as discriminatory against Estonia's Russian-speaking minority.⁴⁹⁶ The relationship has since been complicated by disagreements on the issue, as well as over modern Estonia's critical view of its Soviet period.⁴⁹⁷

Moscow's insistence that it is the proper defender of the rights of Estonia's Russian-speaking minority—the so-called "Compatriots" policy—is a constant irritant.⁴⁹⁸ The policy involves advocacy for the interests of this Russian diaspora, as well as attempts to enhance links between these groups and Moscow, often at the expense of their ties to the country in which they reside.⁴⁹⁹ Russian-language media, directed from Moscow and often viewed by the Estonian government as propaganda, is a primary tool by which the "Compatriot Policy" is pursued, and Moscow also supports political parties that draw their support from the Russian-speaking community, including Estonia's Centre party.⁵⁰⁰

Moscow also remains highly sensitive to symbolic events that paint the period in which Estonia belonged to the Soviet Union in a negative light. For example, the 2007 incident involving the relocation of the Bronze Soldier from a central location in Tallinn, discussed

⁴⁹⁴ Republic of Estonia Ministry of Foreign Affairs, "Russia," web page, undated.

⁴⁹⁵ An example that helps illustrate these concerns occurred in 2009, when Russia held a large-scale military exercise to simulate an invasion of the Baltic States, together with the use of nuclear weapons against Poland. See Edward Lucas, "NATO and the Nordics: No Time to Be Tidy," Center for European Policy Analysis, May 1, 2012b.

⁴⁹⁶ Sven Gunnar Simonsen, "Compatriot Games: Explaining the 'Diaspora Linkage' in Russia's Military Withdrawal from the Baltic States," *Europe-Asia Studies*, Vol. 53, No. 5, 2001; Celestine Bohlen, "Russia Cuts Gas Supply to Estonia in a Protest," *New York Times*, June 26, 1993.

⁴⁹⁷ Simonsen, 2001.

⁴⁹⁸ Heather A. Conley and Theodore P. Gerber, *Russian Soft Power in the 21st Century: An Examination of Russian Compatriot Policy in Estonia*, Washington, D.C., Center for Strategic and International Studies, August 2011, pp. 12–14.

⁴⁹⁹ Conley and Gerber, 2011, pp. 12–16.

⁵⁰⁰ Conley and Gerber, 2011, pp. 16–19.

above, was strongly protested by Russia.⁵⁰¹ Shortly afterward, Estonia experienced a crippling series of cyberattacks, which Estonia argues, plausibly, were conducted at the behest of Moscow.⁵⁰² In 2014, amid the Ukraine crisis, Estonia charged that Russia's Federal Security Service (FSB) abducted an Estonian internal security officer from Estonia and held him in Russia.⁵⁰³ Estonia's long-running border dispute with Russia has also been held hostage to the countries' larger political disagreements. Although a settlement wherein Estonia largely accepted territorial losses from the Soviet period—including territory both north and south of Lake Peipus, such as the town of Pechory and additional land bordering Narva—was agreed upon in principle in 2005, ratification of a border treaty has stalled in the wake of the Ukraine crisis and remains uncompleted as of this writing, leading some analysts to question whether Russia intends to reopen the issue.⁵⁰⁴

These tensions have strongly motivated Estonia to limit its economic or energy dependence on Russia, and it has been somewhat successful in doing so. Estonia now relies relatively little on trade and investment with Russia, having successfully reoriented its economy toward the European Union. (See Figures 6.2 and 6.3.) Estonia also gets a relatively high share of its energy from non-Russian sources, primarily due to its exploitation of shale oil in the country's northeast and its enhanced links with Finland.⁵⁰⁵ In total, Estonia produces approximately 70 percent of its own energy through shale oil. Until 2015, Estonia remained almost entirely reliant on Russian imports for natural gas, accounting for approximately 10 percent of its energy needs, but imports from Lithuania through that country's newly completed LNG terminal have recently become an important alternative source.⁵⁰⁶

⁵⁰¹ Ehala, 2009; Kadri Liik, "The 'Bronze Year' of Estonia-Russia relations," *Estonian Ministry of Foreign Affairs Yearbook*, 2007.

⁵⁰² Mark Landler and John Markoff, "Digital Fears Emerge After Data Siege in Estonia," *New York Times*, May 29, 2007.

⁵⁰³ Russia claims that the officer was detained in Russian territory, although Estonia has provided evidence to the contrary. See Julian Borger, "Estonia Says Official Seized by Russia Was Lured into FSB Trap," *The Guardian*, September 8, 2014.

⁵⁰⁴ It should be noted, however, that the pending agreement ratifies Russian sovereignty over the large majority of the territory in question, so the scope for future conflict over the issue, at least from the Russian side, appears limited. See Kadri Liik, "The Story of the Negotiations on the Estonian-Russian Border Treaty," *Diplomaatia*, No. 21, June 2005; Ahto Lobjakas, "The Border Treaty Will Become an Argument for Demanding More Concessions from Estonia, Says Lobjakas," Estonian Public Broadcasting, February 19, 2014.

⁵⁰⁵ Molin, 2014; "EstLink 2 Officially Inaugurated," 2014; Isabelle de Pommereau, "Could Estonia's Oil Shale Bolster Europe's Energy Security?" *Christian Science Monitor*, June 21, 2014.

⁵⁰⁶ IEA, *Energy Supply Security: The Emergency Response of IEA Countries*, Paris, 2014b, pp. 155–159; Aija Braslina, "Estonia Buys First Gas from Lithuania, Side-Stepping Russia," Reuters, December 8, 2014; "Imports of Lithuanian Gas Soar as Estonia Reduces Reliance on Gazprom," *Baltic Times*, May 15, 2015.

Estonia's electrical grid is still tied into Russia's, which could represent a significant vulnerability in the event of a crisis.⁵⁰⁷ Currently, the Estonian electrical grid is shared with Russia (including Kaliningrad), Belarus, Latvia, and Lithuania, and Russia controls and balances electrical flows across the grid.⁵⁰⁸ The Baltic States are pursuing plans to integrate their electrical grids with the rest of the European Union instead, although any such plans will require significant infrastructure investments and thus take years to come to fruition. They also have the potential to leave Kaliningrad isolated and reliant on its own electricity generation capacity.⁵⁰⁹

Views toward Russia are divided along ethnic lines in Estonia. For example, a 2014 survey found that only 18 percent of ethnic Estonians felt that cooperation and good relations with Russia were important for ensuring Estonia's security, as opposed to 53 percent among non-Estonians.⁵¹⁰ Such divergent attitudes suggest that any support for a change in Estonian policy to become more accommodating toward Moscow would likely be quite limited within the ethnic Estonian community.

Defense Capabilities

Estonia is one of only four NATO allies that have reached NATO's 2 percent of GDP target consistently in recent years.⁵¹¹ Although defense spending did fall after the 2008 financial crisis, the decline was not dramatic, particularly in comparison with the other Baltic States, and it quickly recovered, as shown in Figure 6.4. Estonia's small size, however, means that despite its relatively high defense spending, the capabilities it possesses are and will continue to be limited. Total spending remains at roughly \$500 million per year. The focus of Estonia's defense strategy is therefore on strengthening its ability to receive reinforcements in a crisis by building infrastructure and interoperability, and maintaining strong engagement with NATO in general.

⁵⁰⁷ "Baltic States Could Be Separated from Russia's Electricity Grid by 2025," *Baltic Times*, January 13, 2015.

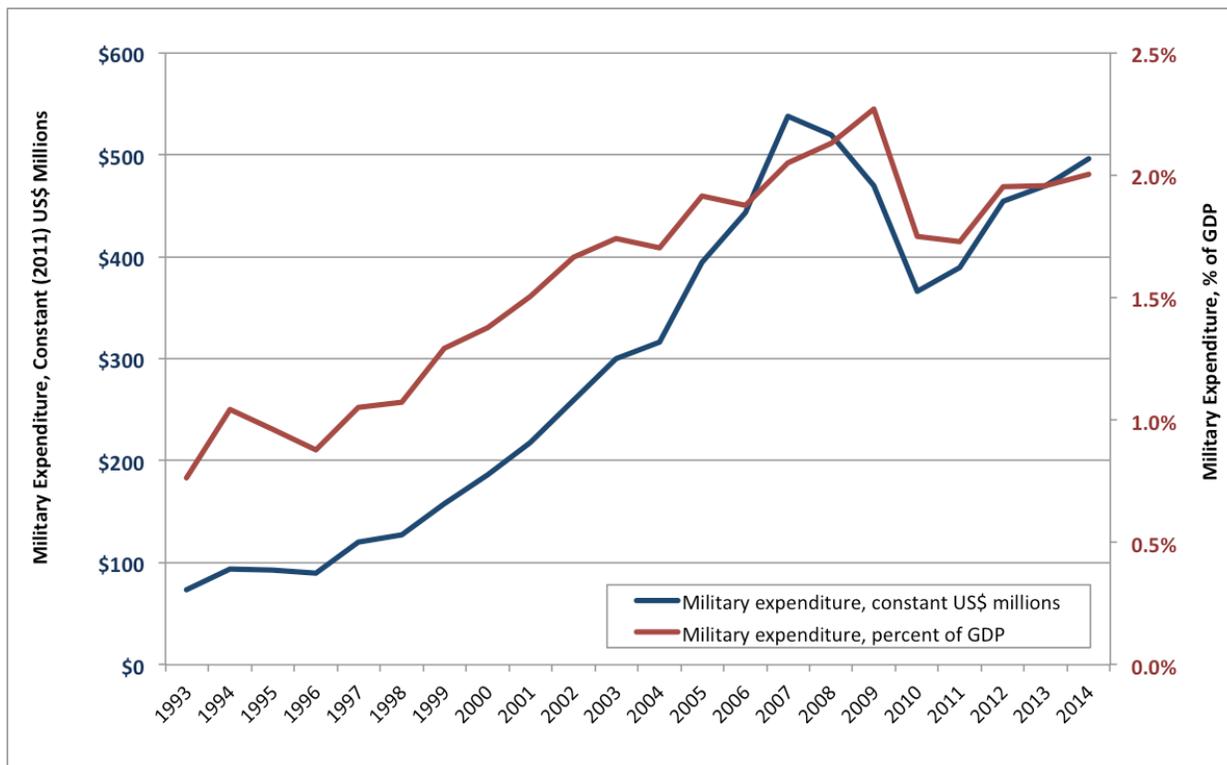
⁵⁰⁸ Barbara Lewis and Gederts Gelzis, "Baltics May Risk More Russia Tension with Europe Power Grid Plan," Reuters, April 14, 2015; J. M. Laats, "Veskimägi: Baltic Energy Divorce from Russia Could Take Place in 2025," Estonian Public Broadcasting, January 13, 2015a.

⁵⁰⁹ Laats, 2015a. It should also be noted that some officials were uncertain as to whether Russia could in fact disrupt the Estonian electrical grid without also adversely affecting western areas of Russia including St. Petersburg (discussions with officials in Tallinn, March 2015).

⁵¹⁰ Republic of Estonia Ministry of Defense, 2014.

⁵¹¹ James Hasik, "Is NATO's 2% of GDP a Relevant Target?" *Atlantic Council*, blog, September 8, 2014.

Figure 6.4. Estonia's Defense Expenditures in Constant (2011) US\$ millions and as Percentage of GDP (1993–2014)



SOURCE: SIPRI, undated(b).

The Estonian active-duty military consists of a predominantly conscript force that is 5,700 strong, almost all in the Army.⁵¹² In addition, Estonia fields the 14,500-member Defense League (or *Kaitseliit*), a voluntary paramilitary force, with varying levels of training and equipment, that assists with civil defense, in addition to an active reserve component numbering approximately 30,000.⁵¹³ Estonia's decision to maintain mandatory military service (of between eight and 11 months), in contrast with Latvia and Lithuania, which eliminated this obligation after joining NATO (although Lithuania has recently reinstated conscription), has given the country this potentially sizable reserve force to draw upon in the event of a crisis.⁵¹⁴ Questions remain, however, about the speed with which this reserve component would be fully activated, and hence

⁵¹² IISS, 2014.

⁵¹³ Martin Hurt, *Lessons Identified in Crimea: Does Estonia's National Defence Model Meet Our Needs?* Tallinn, Estonia, International Center for Defence Studies, policy paper, April 2014, p. 4; IISS, 2014; Charles Duxbury and Liis Kangsepp, "Alarm over Russia Draws Volunteers to Defend Estonia," *Wall Street Journal*, October 2, 2014.

⁵¹⁴ Estonian Defence Forces, "Compulsory Military Service," March 11, 2014b; Estonian Defence Forces, "Reserve Force," March 11, 2014c.

its effectiveness against a quick-moving Russian adversary.⁵¹⁵ While the Estonian land forces are relatively dispersed, one of the primary bases is at Tapa, in the northeast of the country, and it is currently being renovated to accommodate a potential expanded NATO presence.⁵¹⁶ Estonia has more than 100 APCs, primarily the XA-180 and XA-188, and is acquiring significant numbers of Javelin antitank weapons, as well as CV-90 Armored Fighting Vehicles from the Netherlands and Norway.⁵¹⁷

The remainder of Estonia's military equipment, including its air assets, is limited. The Estonian defense budget is far too small to field a modern air force with any meaningful combat capability against Russia (although certain types of enhancements to the air force could be valuable in a hybrid scenario, as discussed below). Instead, the Estonian Air Force fields two light transport aircraft—as of this writing, Soviet-made An-2s, which are due to be replaced by C-23 Sherpas provided by the United States—and four R44 helicopters.⁵¹⁸ These assets provide limited transport and ISR but no effective air combat capabilities.

Because Estonia and the other Baltic States lacked a combat air force upon their accession to NATO in 2004, the alliance created the Baltic Air Policing mission. This mission typically consists of four fighters provided on a three-month rotational basis. In 2014 and 2015, however, the Baltic Air Policing mission expanded from four fighters to 16, before settling on eight fighters by the fall of 2015.⁵¹⁹ Initially based at Šiauliai Air Base in Lithuania, jets now also scramble from Ämari air base west of Tallinn—the primary military airfield in the country that has been upgraded to meet NATO standards.⁵²⁰

Baltic Air Policing will remain the mainstay of Estonia's air defenses in the short term. It is thus important that NATO continue to invest in ensuring that its air policing mission can be scaled up to a full air-defense mission when needed. This means, among other things, identifying

⁵¹⁵ Hurt, 2014, pp. 14–15. The mobilization of the reserve component was partially tested in May 2015 with generally positive results, as will be noted in more detail later. NATO, “Siil/Steadfast Javelin Kicks off in Estonia,” May 4, 2015b.

⁵¹⁶ J. M. Laats, “Government Planning €40 Million NATO Infrastructure Drive,” Estonian Public Broadcasting, February 2, 2015b.

⁵¹⁷ Nicholas de Larringa, “Estonia Buys Extra CV90s from Norway,” *IHS Jane's Defense Weekly*, January 12, 2016.

⁵¹⁸ “USA Gifts Estonia Two Transport Planes,” *Baltic Course*, December 22, 2014; Chris Glew, “Estonian Air Force Upgrades Night Vision Capability,” *Estonian World*, July 20, 2013.

⁵¹⁹ Adrian Croft, “NATO to Triple Baltic Air Patrol from Next Month,” Reuters, April 8, 2014; NATO, “Norway Takes the Lead in NATO's Baltic Air Policing Mission,” April 30, 2015a; Gareth Jennings, “NATO to Scale Back Enhanced Baltic Air Policing Mission,” *IHS Jane's 360*, August 5, 2015.

⁵²⁰ Coffey, 2013, pp. 13–14; Riina Kaljurand, Karlis Neretnieks, Bo Ljung, and Julian Tupay, *Developments in the Security Environment of the Baltic Sea Region up to 2020*, Tallinn, Estonia, International Center for Defence Studies, September 2012, pp. 57–58; Croft, 2014; NATO, 2015a; BNS, “US, UK Ready to Deploy Fighters to Estonia's Ämari Air Base,” *Postimees*, January 28, 2013.

protected assets, developing and agreeing upon robust rules of engagement (ROE) that go well beyond those of the Baltic Air Policing mission, and ensuring adequate links to NATO Combined Air and Space Operations Center and command and control (C2) in general. NATO's defensive strategic plans could eventually involve partial reliance on native Estonian Joint Tactical Air Control (JTAC) capabilities, and preparations for communications in a crisis would need to be adequate.

If NATO airpower will be the backbone of conventional air deterrence in Estonia, there may be reason to explore possibilities in the future for the use of UAVs or small, manned aircraft for operations over Estonian airspace. If armed, such assets could help to inhibit and deter incursions from adversary UAVs or other ISR, a likely element of an unconventional effort in the region.

Miinisadam, just outside of Tallinn, is the country's primary naval base.⁵²¹ It is currently home to the Baltic Naval Squadron (BALTRON), which combines the naval mine countermeasures assets of Estonia, Latvia, and Lithuania, although Estonia has recently signaled that it would prefer to withdraw from BALTRON to concentrate on a NATO cooperative effort.⁵²²

Estonia has been a modest participant in the U.S. FMS and FMF programs, primarily to fund the purchase of communication and night vision equipment.⁵²³ Since independence, sales under FMS have totaled only some \$87 million.⁵²⁴ Estonia has taken greater advantage of the IMET program and the CTFP, with more than 2,000 students trained since independence, and an annual peak of 466 in 2006.⁵²⁵

Overall public support for Estonia's defense spending remains relatively high. In a 2014 survey, 78 percent felt that defense spending should be kept the same or increased, versus only 16 percent who supported a decrease.⁵²⁶ While support for the defense budget is more common among ethnic Estonians, 62 percent of ethnic Russians in the poll also supported either maintaining or increasing defense spending, while 31 percent favored defense cuts.⁵²⁷

Estonia's limited capabilities have prompted it to pursue a security strategy focused on its membership in NATO. After accession to NATO in 2004, Estonia actively supported NATO

⁵²¹ Coffey, 2013, p. 8; Oliver Kund, "Navy Flagship Admiral Pitka to Retire," *Postimees*, April 19, 2013.

⁵²² "Estonia Leaves Baltic Minesweeping Squadron," *Baltic Course*, January 9, 2015.

⁵²³ Republic of Estonia Ministry of Defence, "The US Will Continue to Support Estonia's National Defence," November 7, 2012.

⁵²⁴ DSCA, 2013b.

⁵²⁵ DSCA, 2013b; Embassy of the United States, "About Office of Defense Cooperation (ODC)," U.S. Department of State, web page, undated.

⁵²⁶ Juhan Kivirähk, "Integrating Estonia's Russian-Speaking Population: Findings of National Defense Opinion Surveys," Tallinn, Estonia: International Centre for Defence and Security, December 2014, p. 23.

⁵²⁷ Kivirähk, 2014.

overseas operations, particularly in Afghanistan.⁵²⁸ Estonia has gained significant experience with both conducting operations and NATO interoperability issues as a result.⁵²⁹ It also imports most of its arms from European NATO members and does not rely to any significant degree on Russian imports.⁵³⁰

NATO has deployed limited assets in Estonia, intended to act as a potential “tripwire” and a signal of NATO commitments to Estonia’s security.⁵³¹ In addition to the expansion of the Baltic Air Policing mission to Ämari air base, the United States has also undertaken limited rotational deployments in Estonia since 2014, including elements of the 173rd Airborne Brigade and the 2nd Cavalry.⁵³²

Large-scale bilateral and multilateral exercises have also been an important focus of security cooperation between Estonia and the United States and NATO. In March 2015, the U.S. Air Force engaged in a monthlong bilateral training with Estonia, involving nearly 300 U.S. Air Force personnel, including low-altitude flights and live-fire air-to-ground exercises.⁵³³ Exercise Saber Strike, led by the U.S. Army, has been undertaken annually since 2009 and now involves 4,500 military personnel from ten countries and focuses on C2 issues and promoting interoperability among participants.⁵³⁴ In 2014, NATO organized two additional large-scale exercises, Steadfast Javelin I and II, which involved approximately 6,000 and 2,000 military personnel, respectively, and took place across the Baltics and Poland.⁵³⁵ Steadfast Javelin I simulated alliance efforts to repel a fictitious attack on Estonia, while Steadfast Javelin II focused on interoperability between air and ground assets.⁵³⁶ In 2015, Steadfast Javelin was

⁵²⁸ See, for example, Kaljurand et al., 2012, p. 38.

⁵²⁹ As noted by Corum, “Due to the long period that the Baltic nations’ forces have served in Iraq and Afghanistan, the majority of the officers and NCOs [noncommissioned officers] of the armed forces of the three nations have now served at least one rotation period of 6 months in a combat zone. Many of the career cadre have seen multiple tours in both Iraq and Afghanistan” (Corum, 2014, p. 14).

⁵³⁰ SIPRI, undated(a).

⁵³¹ Nurick and Nordenman 2011, p. 3; Niklas Granholm, Johannes Malminen, and Gudrun Persson, eds., *A Rude Awakening—Ramifications of Russian Aggression Towards Ukraine*, Swedish Defence Research Agency, June 16, 2014, pp. 62–63.

⁵³² Matt Millham, “173rd Rotates Units in Poland, Baltics to Maintain Regional Presence,” *Stars and Stripes*, June 20, 2014; U.S. Army Europe, “The 2nd Cavalry Regiment to Lead Land Forces in Next Operation Atlantic Resolve Rotation,” Stuttgart, Germany: United States European Command, December 9, 2014.

⁵³³ “Estonia and U.S. Launch Biggest Air Force Exercise So Far,” *Baltic Course*, March 12, 2015.

⁵³⁴ U.S. Army Europe, “Exercise Saber Strike,” web page, undated(a); U.S. Army Europe, “Saber Strike 2014,” fact sheet, undated(b).

⁵³⁵ NATO, “NATO’s ‘Steadfast Javelin 1’ Exercise Underway in Estonia,” May 16, 2014a; NATO, “NATO Exercise Steadfast Javelin II Tests Allied Interoperability,” September 8, 2014d.

⁵³⁶ NATO, 2014a, 2014d.

conducted alongside a large-scale Estonian exercise—Siil, designed to test mobilization of the reserve component—and focused on combining Estonian ground and NATO air operations.⁵³⁷

The heart of the security that NATO provides, however, lies in the contingency plans of the alliance to respond in force in the event that the security of Estonia is threatened. According to press reports, by 2010, NATO had developed contingency plans for the defense of the Baltics and had identified the forces necessary to to implement them.⁵³⁸ However, Estonian officials have expressed concerns as to whether the decline in European defense budgets, the U.S. pivot to Asia, and the reliability of Swedish cooperation would leave sufficient assets in the region to support those plans.⁵³⁹ It should be noted that some, though not all, of these concerns predated the 2014 events in Ukraine.

Response to Crimea and the Ukraine Crisis

The Estonian government has vigorously condemned Russian actions in Crimea and Eastern Ukraine, called for a strong international response, and reinvigorated its calls for closer defense ties to the United States and NATO.⁵⁴⁰ This position has been held by two different prime ministers, Andrus Ansip and Rõivas, as well as the country’s president, Toomas Hendrik Ilves.⁵⁴¹ Evidence of clear public support for this position can be seen in the March 2015 elections that returned the Reform Party–led coalition to power and ensured the continuation of this foreign policy.⁵⁴²

The Estonian government strongly supported robust EU sanctions against Russia, despite the harm—albeit fairly limited—the sanctions could inflict on the Estonian economy.⁵⁴³ The government has also shown a strong desire for closer security cooperation with NATO and the United States, including increasingly public and vocal support for permanent NATO bases in

⁵³⁷ NATO, 2015b; Sam Jones, “Thousands Take Part in Estonia’s War Games,” *Financial Times*, May 13, 2015. *Siil* was generally viewed as a success, effectively mobilizing reserve units to conduct basic military activities. However, the extensive and lengthy preparations for the exercise make it difficult to infer whether such results could be expected in the event of a crisis that might occur with substantially less warning (discussions with officials in Washington, D.C. area, May 2015).

⁵³⁸ Bo Ljung, Tomas Malmlöf, Karlis Neretnieks, and Mike Winnerstig, eds., *The Security and Defensibility of the Baltic States: A Comprehensive Analysis of a Security Complex in the Making*, Swedish Defence Research Agency, October 2012, pp. 48–49.

⁵³⁹ Ljung et al., 2012; discussions with officials in Tallinn, March 2015.

⁵⁴⁰ Joerg Forbrig, ed., *A Region Disunited? Central European Responses to the Russia-Ukraine Crisis*, Washington, D.C.: German Marshall Fund of the United States, Europe Policy Paper 1/2015, 2015, pp. 16–17.

⁵⁴¹ Forbrig, 2015.

⁵⁴² “Estonia’s Ruling Reform Party Wins Election Victory,” BBC News, March 2, 2015.

⁵⁴³ David Mardiste, “Estonia’s New PM Says Russia Sanctions Would Hurt, But May Be Needed,” Reuters, April 8, 2014.

Estonia.⁵⁴⁴ These positions have persisted throughout the crisis and were recently reiterated by the foreign minister.⁵⁴⁵

Estonia has taken several steps to bolster its defenses in light of the events in Ukraine. These include a number of large weapons purchases, including 138 million euros for 44 used CV90 combat vehicles and six Leopard tanks, as well as 40 million euros for 40 Stinger missile systems from the United States.⁵⁴⁶ The size of the volunteer *Kaitseliit* (national guard) has increased substantially, and Estonia also approved construction of a new barracks for the organization in the border city of Narva, which has a Russian-speaking majority.⁵⁴⁷ The Estonian Air Force has announced its intention to focus on enhancing its C2 and communications capabilities, including the recent deployment of Link-16 datalinks.⁵⁴⁸

Estonia has also pursued several bilateral and multilateral efforts to address perceived political or security risks. Estonia and Latvia are both planning Russian-language television channels to counter Russian channels that they consider to broadcast propaganda, and the two countries plan to coordinate their efforts.⁵⁴⁹ The Estonian channel launched in September 2015.⁵⁵⁰ Estonia and the other Baltic States have also increased the level of their cooperation on security matters, creating a Baltic Combined Joint Staff Element to help ensure coordination of military activities in the event of a crisis.⁵⁵¹

Cooperation with the United States and NATO has increased markedly since March 2014, as existing measures such as the Baltic Air Policing—now extended to operate from Ämari air base—and exercises such as Steadfast Javelin are increased in size, and new measures, such as rotational deployments of U.S. and NATO forces and an increased number of other exercises, are

⁵⁴⁴ Kjetil Malkenes Hovland, “Estonian President Calls for Permanent NATO Base in Country,” *Wall Street Journal*, September 2, 2014; Andrius Sytas, David Mardiste, and Adrian Croft, “Baltic Military Chiefs to Call for Permanent NATO Presence,” Reuters, May 14, 2015.

⁵⁴⁵ S. Tambur, “Estonian Foreign Minister: Russia Must Be Treated As an Aggressor, Not a Partner,” Estonian Public Broadcasting, January 16, 2015.

⁵⁴⁶ Mike Collier, “Baltics Splurge €300mn on Upgrading Defence in Last 6 Months,” *Business News Europe*, December 10, 2014.

⁵⁴⁷ Duxbury and Kangsepp, 2014; “Ministry to Fast-Track Narva Home Guard Building,” Estonian Public Broadcasting, March 25, 2014.

⁵⁴⁸ Gareth Jennings, “Estonian Air Force Seeks Enhanced C2, and to Support Allies,” *IHS Jane’s 360*, December 17, 2014.

⁵⁴⁹ M. Oll, “Estonian, Latvian Russian-Language TV Channels Plan Cooperation,” Estonian Public Broadcasting, March 31, 2015.

⁵⁵⁰ Oll, 2015. For an overview of the media market in Estonia, as well as Latvia and Lithuania, see Rudīte Spakovska, Sanita Jemberga, Aija Krūtaine, and Inga Sprinģe, *Is There Life After the Crisis? Analysis of the Baltic Media’s Finances and Audiences (2008–2014)*, Centre for Media Studies, Stockholm School of Economics in Riga, 2014; “Estonia Launches Own Russian-Language TV Channel,” DW.com, September 28, 2015.

⁵⁵¹ “Baltics Sign Joint Military Command Agreement,” Latvian Public Broadcasting English-Language Service, February 19, 2015.

implemented.⁵⁵² A NATO Force Integration Unit (NFIU) was created in Estonia in 2015 to help ensure interoperability and coordination between Estonian and NATO forces, including NATO's Very High Readiness Joint Task Force.⁵⁵³ Estonian officials have expressed strong interest in increasing the size of U.S. and NATO rotational deployments, or making them permanent, and have offered to pay host nation support costs for such deployments on top of the existing defense budget.⁵⁵⁴ The repositioning of equipment was also highlighted as an area for enhanced cooperation that Estonia would be eager to support.⁵⁵⁵

The Obama administration's European Reassurance Initiative has contributed, meanwhile, to several efforts, including \$25 million in funding for the construction of support facilities at Ämari.⁵⁵⁶ Estonian officials are hopeful that Ämari will serve as a permanent NATO air training center, although support for such a plan from U.S. officials has been limited to date.⁵⁵⁷ Additional areas of potential cooperation often highlighted by officials in Tallinn include the acquisition and training for battlefield communication systems, ground-to-air missile capabilities, and enhanced border capabilities, including training of the border guards and additional radar and sensors.⁵⁵⁸

Outlook

The Estonian position on Russia, NATO, and the United States is very unlikely to change anytime soon. Estonia will continue to support a strong economic, political, and military response to Russia's actions, including continued sanctions and changes to NATO military posture throughout the region. This includes the maintenance of its own defense spending at levels that, compared with those of other allies, remain high as a percentage of GDP, as well as its long-standing policy of conscription.

Estonia is clearly one of America's allies most eager for a closer relationship with the United States, especially when it comes to defense issues. The ball is in the U.S. court. The question is, what initiatives make sense? There are several possibilities, but given U.S. interests in the region, leveraging Estonian interest in a larger and more persistent NATO presence should be a key

⁵⁵² For a summary of the umbrella operation for these efforts across Europe, Operation Atlantic Resolve, see Headquarters, USEUCOM, "Operation Atlantic Resolve (2014)," fact sheet, January 29, 2015; see also Croft, 2014; Millham, 2014; NATO, 2014a, 2014d.

⁵⁵³ Naftali Bendavid, "NATO to Set Up Command Centers on Eastern Flank," *Wall Street Journal*, January 30, 2015; John R. Deni, "A New and Necessary Acronym for NATO," *War on the Rocks*, February 2, 2015.

⁵⁵⁴ Discussions with officials in Tallinn, March 2015.

⁵⁵⁵ Discussions with officials in Tallinn, March 2015.

⁵⁵⁶ Evelyn Kaldoja, "USA to Pour \$25M into Ämari Air Base," *Postimees*, December 22, 2014.

⁵⁵⁷ Discussions with officials in Tallinn and Washington, D.C., March 2015.

⁵⁵⁸ Discussions with officials in Tallinn, March 2015.

focus. That presence could include air and land assets of the appropriate size.⁵⁵⁹ Separately or as part of this presence, the United States should also consider prepositioning more equipment to further facilitate force flow in the event of a Baltic crisis.⁵⁶⁰

Needless to say, in the absence of large-scale prepositioned forces, the U.S. Air Force could be called upon to serve as the tip-of-the-spear deterrent in the event of a deteriorating situation. Were a hybrid scenario to emerge in the region, let alone a conventional scenario, the Air Force should be prepared not only to operate over Estonian airspace, but, if possible, to deploy on the ground to demonstrate allied resolve. The latter would obviously be challenging given Russia's growing arsenal of stand-off precision strike capabilities that might target unprotected aircraft in the Baltics. The former could be equally challenging, however, given the quality of Russia's mobile surface-to-air missile systems and their likely deployment into the region in the event of a crisis. Demonstrating the capacity for resilience in the face of such threats should be a central focus of U.S. policy, with adequate preparations in Estonia.

Concerns in Tallinn regarding the conventional threat from Russia tend to overshadow concerns about hybrid war scenarios.⁵⁶¹ While some officials remained highly concerned about this risk, others felt that recent efforts to engage the Russian-speaking community, along with the proficiency of the Estonian domestic security services and the growing Estonian economy and rising standards of living, made the likelihood of significant indigenous support for any Russian intervention unlikely.⁵⁶² Others argue that the emphasis on the importance of conventional defense springs less from a lower level of concern about hybrid threats than it does from a belief that any response to a hybrid challenge could be only as effective as Estonia's ability to protect itself from conventional coercion.⁵⁶³

It is important that the United States encourage continued Estonian measures to prevent and deter both types of scenarios. To prevent and deter unconventional warfare, the Defense Department should work to support the strengthening of Estonia's border control capabilities, law enforcement, special operations forces, intragovernmental communications, and communications links with NATO.

To prevent and deter conventional war, the Defense Department should consider further prepositioning equipment and/or permanently stationing U.S. ground forces, especially heavy armor, in Estonia. While some efforts in this regard are under way, the broader policy debates regarding U.S. posture in the region continue. The Estonians are eager for such deployment and intend to provide the maximum amount of host-nation support they are capable of paying within

⁵⁵⁹ Discussions with officials in Tallinn, March and May 2015.

⁵⁶⁰ Discussions with officials in Tallinn, March and May 2015; Phil Stewart and David Mardiste, "U.S. to Pre-Position Tanks, Artillery in Baltics, Eastern Europe," Reuters, June 23, 2015.

⁵⁶¹ Discussions with officials in Tallinn, March and May 2015.

⁵⁶² Discussions with officials in Tallinn, March and May 2015.

⁵⁶³ Discussions with officials in Tallinn, May 2015.

their modest budget. In addition, the United States should investigate the possibilities for strengthening Estonia's air and missile defenses, especially with short- and medium-range systems. Because Estonia's procurement budget is very small, the horizons for direct purchase of such systems without cost-sharing are narrow, however. Finally, the United States should use its considerable clout in the region to promote further subregional defense cooperation schemes, including Nordic-Baltic-Polish, Nordic-Baltic, and intra-Baltic defense cooperation. Such cooperation combined with higher defense spending could give the Baltics a considerable deterrent of their own. Cooperation on the Baltic Defense College and the BALTBAT aside, intra-Baltic defense cooperation has been limited to date, as Baltic States have looked to NATO—especially the United States—instead of their smaller neighbors for support. Clearly, intra-Baltic cooperation could never substitute for NATO, or for a closer relationship with the United States. However, it could offer economies of scale and strengthen deterrence in ways that make a noticeable difference. Gentle U.S. pressure toward this end is desirable.

The top priority for the air force in Estonia and the Baltic States in general should be developing the means to shift from Baltic Air Policing to a broader air-defense system. This requires, among other things, developing and agreeing in advance on robust ROE for crisis operations, ensuring strong communications links between the Baltic ground forces and NATO, and identifying adequate C2 arrangements for crisis mode. Airlifting ground forces into the country is also likely to be an important U.S. Air Force mission in the event of a crisis, and training and logistical preparations for this possibility should be another area of focus. Estonia is eager to have a small number of U.S. Air Force staff permanently stationed at Ämari air base to facilitate more regular training for U.S., allied, and partner aircraft, and their request should be given full consideration. Regular training from Ämari should continue, ideally with the close participation of Finland and Sweden. The participation of the latter two partners will remain occasionally controversial for them domestically, and the Air Force should be sensitive to this reality.

In general, Estonia will remain an enthusiastic security partner of the United States and NATO, on which it depends now more than ever. On political and military issues in particular, Estonia will continue to push for engagement, including forward presence, at levels beyond what the United States currently appears likely to support. Rather than convincing the Estonians of the need to do more, as may be the case with many other NATO allies, the challenge for the U.S. side will be to carefully assess which areas for cooperation it is able to support, given limited resources, and Estonian capacity to absorb assistance, taking into account the very real vulnerabilities that Estonia faces.

Chapter Seven. Latvia: Acute Vulnerability and Limited Capacity

Latvia’s geographic proximity to Russia, its experience of having been conquered by the Soviet Union in 1940, and its sizable Russian-speaking minority all make for long-standing Latvian concern about Russia. Russian aggression in Ukraine has only intensified these concerns. Despite this acute awareness of its vulnerabilities, however, Latvia has limited defense capabilities. Although the Ukraine crisis has convinced many in Latvia of the urgent need to increase defense spending, meaningful improvements in capabilities will take time, potentially a long time. Latvia is a small country of only two million inhabitants and therefore will inevitably depend heavily on allies for security (see Table 7.1). It is thus a committed U.S. ally, strongly supportive of any effort to enhance bilateral security cooperation.

Table 7.1. Latvia: Key Resource Base Statistics and Partner Ordinal Rankings

Concept	Amount	NATO–Plus 2 Ordinal Ranking (Out of 29)
Total military expenditure, 2014 (current US\$ million) ^a	\$299	27th
Total military expenditure, 2014 (as percentage of GDP) ^b	0.9%	26th
Military personnel, active (excl. paramilitary), 2013 ^c	5,310	28th
Military personnel, active (incl. paramilitary), 2013 ^d	5,310	28th
Military personnel, deployed (incl. peacekeeping), 2013 ^e	153	26th
Gross domestic product, 2014 (current US\$ billion) ^f	\$32.0	27th
Gross domestic product, 2014 (per capita, current US\$) ^f	\$15,729	23rd
Total estimated population, 2014 ^f	2,033,000	27th

NOTE: NATO–Plus 2 includes 27 NATO member states plus Sweden and Finland.

^{a, b} SIPRI, undated(b). Latvian data exclude military pensions paid by Russia.

^c IISS, 2014. Latvian data exclude 7,850 reserve personnel.

^d IISS, 2014. Latvia does not have paramilitary personnel as defined by IISS, although it does have a roughly 8,000-person volunteer National Guard.

^e IISS, 2014.

^f IMF, 2015b.

The events in Ukraine in 2014, while seen by many as a continuation of years of Russian policy toward its “near abroad,” helped to focus Latvia on the necessity of improving its defense capabilities and strengthening its security relationships. While some political disagreements exist within Latvia regarding how hard a line to take toward Moscow, the country has maintained a

consistent policy of supporting a robust response to Russian actions, together with a renewed emphasis on further enhancing its close ties with the United States and NATO.

Key Background

Latvia has made significant economic and political progress over the past two decades but remains weak in some areas. It faces a difficult geostrategic position, with a history that highlights its potential vulnerabilities.

Latvia has been strongly influenced by both Russia and Europe. The Russian Empire conquered much of Latvia from Sweden in the early 18th century, with the remainder acquired by Russia as part of the first two partitions of Poland.⁵⁶⁴ Latvia was initially granted a high degree of autonomy within the Russian Empire, and later attempts at Russification in the late 19th century met with strong opposition.⁵⁶⁵ Latvia thus remained a culturally distinct area within the Russian Empire into the early 20th century.

After the 1917 Bolshevik revolution, Latvia—together with Estonia and Lithuania—seized the opportunity to declare independence.⁵⁶⁶ The country undertook economic and political reforms, initially democratizing before later adopting a more authoritarian regime.⁵⁶⁷ Lacking strong external allies, Latvia attempted to maintain its independence by remaining neutral amid the growing international tensions of the 1930s, a policy that failed after the 1939 Molotov-Ribbentrop pact between Nazi Germany and the Soviet Union divided Eastern Europe and assigned Latvia to the Soviets.⁵⁶⁸ The Soviets invaded in 1940 and absorbed the whole country.⁵⁶⁹ Latvians today remain deeply wary of Russia as a result.

During the Soviet period, Latvia experienced significant migration of ethnic Russians into its territory (see Figure 7.1).⁵⁷⁰ This migration, together with preferential treatment of Russian migrants, created tensions with native Latvians, and tamping down on Latvian nationalism became a significant challenge for Soviet authorities throughout the Cold War.⁵⁷¹

⁵⁶⁴ Thaden, 1985, pp. 5–8, 32–35.

⁵⁶⁵ Misiunas and Taagepera, 1993, pp. 5–7.

⁵⁶⁶ Misiunas and Taagepera, 1993, pp. 8–10.

⁵⁶⁷ Misiunas and Taagepera, 1993, pp. 11–12.

⁵⁶⁸ Misiunas and Taagepera, 1993, pp. 14–15.

⁵⁶⁹ The Baltics were briefly occupied by German troops following the Nazi invasion during World War II, but Soviet control was reasserted by 1945. Misiunas and Taagepera, 1993, pp. 15–20, 25–28.

⁵⁷⁰ The Soviet policy of encouraging such migration was both economically and politically motivated, aiming both to increase the output of heavy industry and to dilute nationalist sentiments. The effect was to sharply increase the percentage of ethnic Russians in Latvia. Misiunas and Taagepera, 1993, pp. 108–113, 194.

⁵⁷¹ Misiunas and Taagepera, 1993, pp. 195–196.

Figure 7.1. Population Density of Russian Speakers in Latvia, with Major Cities and Military Installations



SOURCES: RAND illustration, based on “Distribution of the Russian Language in Latvia According to Data from the 2000 Latvian Census,” credited to DVoit at ru.wikipedia (public domain), Wikimedia Commons, undated, and United Nations map of Latvia.

When Latvia regained its independence in 1991, it began an aggressive program of economic and political reform designed to enable its accession to core European and Western institutions, such as the European Union and NATO.⁵⁷² It was welcomed into both institutions in 2004.⁵⁷³ While reforms in Latvia were more gradual than in neighboring Estonia, they were still dramatic and led to a complete reconstruction of the economy along free market lines during the 1990s.⁵⁷⁴ Latvia retains a somewhat larger public sector and has somewhat higher levels of corruption than its Baltic neighbors, but by comparative international standards, the country’s economic transition has been rapid and highly successful.⁵⁷⁵ These successful reforms have enabled Latvia to achieve its key strategic goal since independence: to become an inseparable part of the West.⁵⁷⁶

⁵⁷² The Baltic States were the first to break away from the Soviet Union, declaring their independence in 1990, although they were not recognized in Moscow until the following year. In addition, Soviet troops lingered on military bases in the Baltics for years, not being fully withdrawn until 1994. See Bildt, 1994, pp. 72–85.

⁵⁷³ Hubel, 2004, pp. 283–298.

⁵⁷⁴ Erixon, 2010, pp. 48–49.

⁵⁷⁵ Erixon, 2010, p. 51.

⁵⁷⁶ See, for example, David J. Galbreath, “Latvian Foreign Policy After Enlargement: Continuity and Change,” *Cooperation and Conflict*, Vol. 41, No. 4, 2006.

Politically, Latvia has enjoyed a relatively high degree of consensus on major policy issues at the government level. However, this consensus belies the political disaffection of Latvia's sizable Russian-speaking minority, whose representatives in parliament are actively sidelined from government. The challenge of integrating the Russian-speaking minority remains largely unfinished in Latvia, complicating a postindependence record that otherwise demonstrates substantial institutional and economic progress. The success of Latvia in joining and integrating with key Western institutions should not be understated and will be explored in detail in the following section.

Latvia's parliamentary system of government is similar to Estonia's, with its legislature—the 100-member *Saeima*—elected every four years.⁵⁷⁷ The president is elected by the *Saeima* and enjoys only a ceremonial role in foreign and defense policy. Latvia's political parties are divided along economic and ethnic lines. The Harmony Centre party (led by Riga mayor Nils Usakovs), which holds center-left economic views and has its base of support among ethnic Russians, has been the largest party in the 2010 and 2014 elections.⁵⁷⁸ Despite being the largest single party, it has never been in government because ethnically Latvian parties refuse to collaborate with it.⁵⁷⁹ Harmony has long-standing ties with Vladimir Putin's United Russia party (including financial support) that have helped to ensure its isolation in Latvian politics, although it has recently suggested that it might be willing to sever those ties if doing so would enable it to enter a future government.⁵⁸⁰

Other important political parties tend toward center-right economic policies combined with appeals to the majority ethnically Latvian community.⁵⁸¹ The largest of these parties in the October 2014 elections was the Unity party, led by Laimdota Straujuma. Unity formed a government in coalition with the Union of Greens and Farmers party and the nationalist National Alliance party.⁵⁸²

The overall share of the vote won by the main ethnically Latvian parties has remained fairly stable in recent elections, although there has been significant change in their performance relative to one another.⁵⁸³ These parties have experienced recent scandals related to corruption

⁵⁷⁷ Saarts, 2009.

⁵⁷⁸ Corinne Deloy, "General Elections in Latvia: The Russian-Speaking Party Loses Ground But Comes out Just Ahead of Unity—and the Outgoing Coalition Retains the Majority," Paris, France: Robert Schuman Foundation, European Elections Monitor, October 7, 2014c.

⁵⁷⁹ Corinne Deloy, "Latvia: General Elections in an Atmosphere of Extreme Concern About Russia," Paris, France: Robert Schuman Foundation, European Elections Monitor, September 9, 2014b.

⁵⁸⁰ "How to Deal with Harmony," *Economist*, October 6, 2014.

⁵⁸¹ Licia Cianetti, "The Fall of the Latvian Government After the Riga Supermarket Tragedy Has Exposed Deep Divisions in the Country's Political System," London School of Economics and Political Science, European Politics and Policy blog, December 10, 2013.

⁵⁸² Aija Krutaine, "Latvia's Ruling Coalition Agrees to Form New Government," Reuters, October 28, 2014.

⁵⁸³ Deloy, 2014b.

and mismanagement, most notably following the 2013 collapse of a Riga supermarket that killed 54 people and led to the resignation of then–Prime Minister Valdis Dombrovskis.⁵⁸⁴ However, this political turmoil has not translated into significant changes to the country’s consensus regarding foreign and economic policy. Indeed, the October 2014 *Saeima* elections saw an increase in the number of seats held by the governing coalition, at the expense of the opposition Harmony party.⁵⁸⁵ Analysts credited the increasing focus on national security issues following Russia’s actions in Ukraine, as will be discussed in greater detail later.

The status and treatment of Latvia’s Russian-speaking population represents a major challenge for internal stability. Russian speakers today make up approximately 28 percent of Latvia’s population and are concentrated in urban areas, with the countryside dominated by Latvian speakers.⁵⁸⁶ Despite their numbers, Russian speakers have played little role in Latvian political affairs. Approximately half of Russians lack Latvian citizenship and political rights, and many feel discriminated against in other areas as well.⁵⁸⁷ Latvia has restricted the use of the Russian language in both public and sometimes even private areas, such as media, since independence, although some of those restrictions have been eased under pressure from European institutions to respect minority rights.⁵⁸⁸ One area where language issues have become particularly contentious in recent years is in education: A 2004 policy that required secondary schools to teach a minimum of 60 percent of subjects in Latvian forced many previously Russian-language schools to become effectively bilingual.⁵⁸⁹

The Russian-speaking community has pushed for greater rights, but with little success and significant disaffection. A divisive referendum in 2012 on whether to make Russian a second official language in Latvia failed, and identity issues continue to divide the country.⁵⁹⁰ Russians feel marginalized, as shown by a 2012 survey that found them consistently less likely to engage with and less trusting of the government than Latvians.⁵⁹¹

⁵⁸⁴ “Latvia’s Prime Minister Resigns over Supermarket Roof Collapse,” *The Guardian*, November 27, 2013.

⁵⁸⁵ Licia Cianetti, “The Governing Parties Survived Latvia’s Election, But the Issue of the Country’s Russian-Speaking Minority Remains Centre-Stage,” blog post, London School of Economics and Political Science, European Politics and Policy blog, October 8, 2014b.

⁵⁸⁶ Carol Schmid, “Ethnicity and Language Tensions in Latvia,” *Language Policy*, Vol. 7, No. 1, 2008.

⁵⁸⁷ Unlike in Estonia, noncitizens in Latvia are not able to vote even in local elections. They are also unable to hold civil service jobs. See Cianetti, 2014a, pp. 96–97.

⁵⁸⁸ Schmid, 2008, pp. 7–11.

⁵⁸⁹ Heinrich Best and John Higley, eds., *Democratic Elitism: New Theoretical and Comparative Perspectives*, New York: Brill, 2010, p. 208.

⁵⁹⁰ David M. Herszenhorn, “Latvians Reject Russian as Second Language,” *New York Times*, February 19, 2012.

⁵⁹¹ Maija Voroslava, Lilita Seimuskane, and Maris Pukis, “Public Trust and Participation Depending on Ethnicity in Latvia,” *European Integration Studies*, Vol. 8, 2014. These recent findings mirror earlier surveys that also identified a clear gap in the trust of state institutions between Latvian speakers and Russian speakers. While relatively low levels of trust in institutions among Latvian speakers minimize the size of this gap, particularly in comparison with

After years of neglecting this problem, Latvia has recently taken some limited steps to address the potential security concerns and vulnerability to propaganda from Moscow that Russian disaffection poses. Introduced in 2013, reforms that permit dual citizenship and enable children of noncitizens to automatically gain Latvian citizenship upon request of the parents should reduce the size of the noncitizen population over time.⁵⁹² As will be discussed in greater detail later, Latvia also plans to create its own Russian-language television station to counter the anti-Latvian messages common on television stations originating in Russia.⁵⁹³

Relations with the United States and Europe

Latvian governments since independence have consistently pursued robust ties with the United States, NATO, and the European Union, often with significant public support from the Latvian-speaking population, although not the Russophones. Latvia has thus become a strong security partner of the United States, particularly since joining NATO in 2004.⁵⁹⁴ Latvian troop contributions to operations in Afghanistan and Iraq have been modest, but consistent, and without the restrictive caveats that have limited the utility of some other partner contributions to these efforts.⁵⁹⁵ Latvia has also participated in the U.S. State Partnership Program since 1993, together with the Michigan National Guard, focusing on interoperability, JTAC, Air Force and base development, and other issues.⁵⁹⁶ Since 2014, Latvia has also hosted a NATO Center for Excellence focused on strategic communications.⁵⁹⁷ U.S. engagement with the Baltic States,

Estonia, it is still notable. Russian speakers had lower levels of trust than Latvian speakers in the government (36 percent versus 47 percent), the president (56 percent versus 67 percent), and civil servants (28 percent versus 36 percent). See Graeme Gill, *Democracy and Post-Communism: Political Change in the Post-Communist World*, Routledge, 2003, p. 166.

⁵⁹² Latvian State Language Centre, “Citizenship Law,” March 16, 1995; Latvijas Republikas Saeima [Parliament of the Republic of Latvia], “Saeima Adopts Provisions on Recognition of Dual Citizenship,” May 9, 2013; United Nations Office of the High Commissioner for Human Rights, “Human Rights Committee Considers the Report of Latvia,” March 13, 2014.

⁵⁹³ Oll, 2015.

⁵⁹⁴ For an overview, see White House, “FACT SHEET: The United States and Latvia—NATO Allies and Global Partners,” Washington, D.C., Office of the Press Secretary, September 3, 2014a.

⁵⁹⁵ More than 100 Latvian troops were deployed to Iraq between 2003 and 2007. Roughly the same number were then deployed to Afghanistan from 2008 to 2014. See IISS, 2003–2014. For an explanation of the no-caveats policy, see Corum, 2014, pp. 21–22.

⁵⁹⁶ See Headquarters, USEUCOM, “Michigan-Latvia 1993–2013,” fact sheet, undated(a).

⁵⁹⁷ The establishment of the center was explicitly linked to concerns regarding Moscow’s influence over Latvia’s Russian minority. See Agence France-Presse, “Latvian NATO Center to Counter Russia ‘Propaganda,’” naharnet.com, undated.

including Latvia, is often pursued through e-PINE, a policy framework established in 2003 to enhance security and economic ties.⁵⁹⁸

The consistently strong support for the United States and NATO shown by the Latvian government is more complicated when it comes to public opinion. In surveys from 2009 to 2010, between 50 percent and 57 percent of the population had positive views of the United States, while roughly one-third had negative views.⁵⁹⁹ Negative views were more common among Russian speakers (37 percent) but were also expressed by Latvian speakers (23 percent).⁶⁰⁰ Views on NATO, however, may be more divided along ethnic and linguistic lines. While definitive public polling is lacking, at least one recent survey found Latvian speakers much more positive than Russian speakers about NATO's security guarantees.⁶⁰¹

Latvia's economic ties with the rest of the EU have developed with similar speed. The country became part of the Schengen open border zone in 2007. In 2014, Latvia also adopted the euro, thus cementing Latvia's integration into the common European market.⁶⁰² Most Latvian trade is with other EU members, especially Lithuania, Estonia, Germany, Poland, and the Nordic countries, although Russia remains an important trading partner, as shown in Figure 7.2.

⁵⁹⁸ See Aalto, Blakkisrud, and Smith, 2008, pp. 28–29.

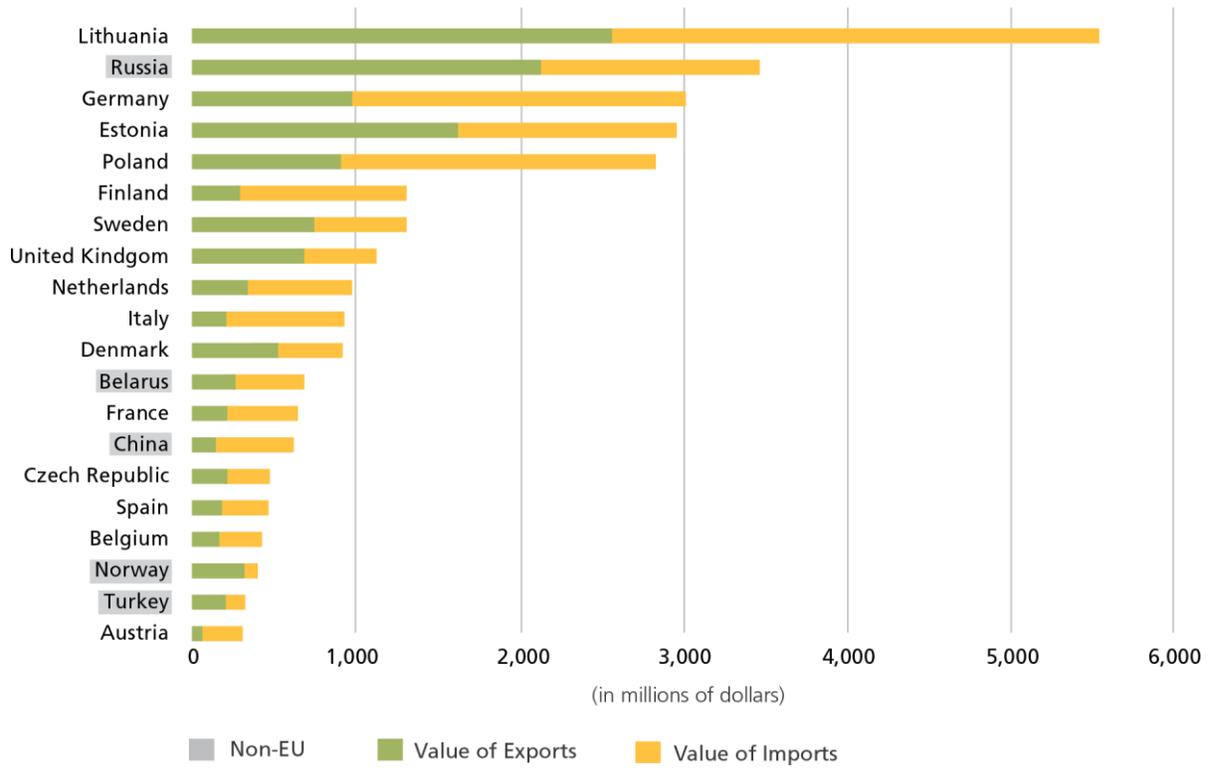
⁵⁹⁹ Nils Muižnieks., *Latvian-Russian Relations: Dynamics Since Latvia's Accession to the EU and NATO*, University of Latvia Press, 2011, p. 66.

⁶⁰⁰ Muižnieks, 2011, p. 67.

⁶⁰¹ 56 percent vs. 32 percent, respectively. See “Survey: Nearly Half of the Latvian Population Experiences NATO-Backed Protection from Military Threats,” Sargs.lv, February 20, 2015.

⁶⁰² Liz Alderman, “As Latvia Adopts Euro, Future Growth Is Slowing,” *New York Times*, January 1, 2014; “Europe's Border-Free Zone Expands,” BBC News, December 21, 2007.

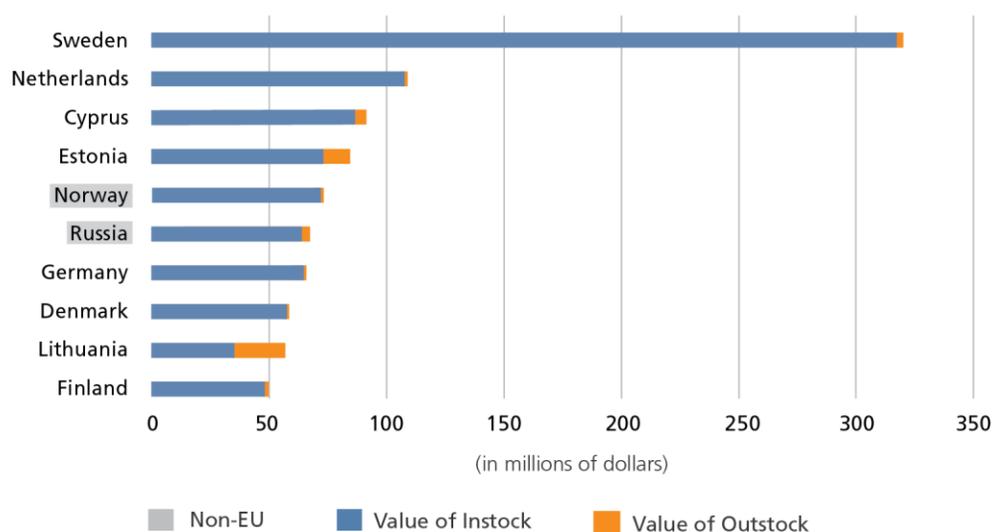
Figure 7.2. Top 20 Latvian Trade Partners, 2014



SOURCE: IMF, 2015a.

Foreign investment in Latvia is dominated by Sweden, with the Netherlands and other EU countries playing an important role, as shown in Figure 7.3. Latvia's investments abroad are quite modest, and Russian investments are quite low given the countries' proximity and history.

Figure 7.3. Latvia's Top 10 FDI Partners, by Instock and Outstock, 2012 (US\$ millions)



SOURCE: UNCTAD FDI/TNC database, based on data from the Bank of Latvia.

These links reflect two decades of consistent policies by Latvia to move westward on economic and security matters. There are several areas in which Latvia remains relatively isolated from the rest of the European Union, however, particularly when it comes to infrastructure. Importantly, Latvia's transportation, electricity, and energy ties remain largely oriented toward Russia, a legacy of the Soviet period. These ties create both vulnerabilities for Latvia in the event of a crisis and incentives to pursue constructive relations with Russia, as will be discussed in greater detail later. Plans to develop stronger infrastructure links to other EU states, such as Poland, have been slow to develop, given limited available funds and the geographic remoteness and small size of the Baltic markets.⁶⁰³

Latvia's integration with the European Union, while strongly supported by successive governments, has typically been regarded with ambivalence at the level of public opinion. Recent polling suggests that Latvians are evenly divided between those who trust and those who do not trust key EU institutions, such as the European Commission and European Parliament.⁶⁰⁴ Latvia's ethnic divisions are also reflected in this issue. The referendum on EU membership, for example, was approved by 67 percent of those who voted overall, but opposition was particularly

⁶⁰³ "On the Baltic Slow Train," 2013.

⁶⁰⁴ European Commission, "Public Opinion in the European Union," Standard Eurobarometer 81, Spring 2014a, pp. 90–91.

pronounced among ethnic Russians, with 44 percent voting against membership and only 20 percent in favor.⁶⁰⁵

In addition to the European Union, Latvia also has important institutional relations with other Baltic States and the Nordic countries.⁶⁰⁶ The Nordic states are critical economic partners for Latvia (Figures 7.2 and 7.3). Security linkages among these states are limited somewhat by the fact that Sweden and Finland are not members of NATO, but Latvia has joined Sweden and Finland in the EU's NBG.⁶⁰⁷ Closer links (including, potentially, membership) between NORDEFCO and the Baltic States may be developing, albeit with concerns they might limit the attention paid to nurturing the NATO relationship.⁶⁰⁸

Some of Latvia's closest relationships are with Estonia and Lithuania. Despite occasional disagreements, the Latvians cooperate with their Baltic neighbors through a host of political and institutional arrangements, including the Baltic Assembly and the BCM.⁶⁰⁹ This cooperation extends to security matters as well—for example, in the combined infantry BALTBAT.⁶¹⁰ The three states also share a common institution for officer education, the Baltic Defence College in Tartu, Estonia.⁶¹¹

Notwithstanding these many linkages, however, the intensity and impact of intra-Baltic cooperation has, overall, been modest. In military affairs in particular, the Baltic States have generally prioritized the pursuit of closer relations with the United States and the European Union. Even together, the Baltic States lack the size or capabilities to stand on their own, limiting the appeal of Baltic cooperation efforts and emphasizing the importance of other security relationships.

Relations with Russia

Latvia's relations with Russia have been troubled since independence. Although there have been periods of relative calm, the potential for positive relations built on shared economic interests is fundamentally undermined by disagreements over whether Latvia is in fact fully

⁶⁰⁵ The remainder did not vote in the referendum. See Inese Šūpule, "The Referendum on Latvia's Accession to the European Union: Analysis and Conclusions," *Ethnicity Studies*, 2004.

⁶⁰⁶ Usually defined to include Denmark, Finland, Iceland, Norway, and Sweden.

⁶⁰⁷ Estonian Defence Forces, 2014a.

⁶⁰⁸ Nurick and Nordenman, 2011; Breitenbauch, 2014.

⁶⁰⁹ Rupnik, Pettai, and Zielonka, 2003, pp. 163–165; Galbreath, Lašas, and Lamoreaux, 2008, pp. 101–118; Ministry of Foreign Affairs of the Republic of Latvia, 2015b. Maritime disputes were a particular issue in the past. See Robert H. Donaldson, Joseph L. Noguee, and Vidya Nadkarni, *The Foreign Policy of Russia: Changing Systems, Enduring Interests*, M. E. Sharpe, Inc., 2014, pp. 217–218.

⁶¹⁰ Coffey, 2013; "The Baltic Battalion is Prepared for the NATO Response Force Standby During the Exercise 'Gungnir' in Ādaži Training Area," *Sargs.lv*, April 20, 2015.

⁶¹¹ Corum. 2014.

sovereign—free to develop and build its association with the West as it wishes—or remains within Moscow’s sphere of influence, obligated to consider Russia’s wishes on matters of strategic importance. Latvia remains deeply nationalist.

At the root of the difficulties is a disagreement regarding both the historical relationship and the current one between Russia and Latvia. Latvia harbors concerns that Russia has not fully accepted its independence and worries that Russian actions, many deliberately provocative, could be a prelude to attempts to reconquer some or all of its territory.⁶¹² Russia, by contrast, argues that Latvian concerns over these issues are merely pretexts to justify the marginalization of Latvia’s Russian-speaking population.⁶¹³

Such tensions have been evident since independence, when Russia sought to delay withdrawal from Soviet military bases in Latvia to pressure Latvia to change its citizenship policies.⁶¹⁴ Russia has also exploited its economic leverage over Latvia, notably in 1998, when it curtailed economic ties after a bomb exploded outside the Russian Embassy in Riga, and again in 2003, when it cut off oil exports in an attempt to gain management rights for the Latvian port of Ventspils.⁶¹⁵ Since Latvia’s entry into NATO, initially opposed by Russia, relations have been strained by the Russian “Compatriots Policy,” the use of Russian-language media for propaganda purposes, and the direct involvement of Russia in Latvian politics through support for the primarily ethnically Russian Harmony Party.⁶¹⁶

Russian propaganda is a serious concern in Latvia because it inflates perceptions that Latvia discriminates against Russian speakers while promoting antigovernment activism among Russians.⁶¹⁷ The imbalance in quality and availability between Russian- and Latvian-language television channels amplifies these concerns. Latvian-language television is generally of modest quality and requires a fee to access, while Russian-language television emanating from inside

⁶¹² Two examples help to illustrate the durability of these concerns. First, after independence, Russia retained military bases in the Baltic States for several years and attempted to tie withdrawal of its troops to changes in Estonia’s and Latvia’s citizenship policies that disenfranchised recent Russian immigrants. Second, in 2009, Russia held a large-scale military exercise to simulate an invasion of the Baltic States, together with the use of nuclear weapons against Poland. See Simonsen, 2001; Lucas, 2012b.

⁶¹³ Muižnieks, 2011, p. 10.

⁶¹⁴ Nils Muižnieks, ed., *Latvian-Russian Relations: Domestic and International Dimensions*, Latvijas Universitāte Akadēmiskais Apgāds [University of Latvia Press], 2006, pp. 120–121.

⁶¹⁵ Muižnieks, 2011, pp. 13–14.

⁶¹⁶ F. Stephen Larrabee, *The Baltic States and NATO Membership*, testimony presented to the United States Senate Committee on Foreign Relations, April 3, 2003a, p. 5; Grigas, 2012, p. 9; Corey Flintoff, “Baltic States Battle Russian Media Blitz,” National Public Radio, September 4, 2014; “Latvia’s Harmony Party: No Plans to End Agreement with Putin’s United Russia,” *Baltic Times*, January 22, 2015.

⁶¹⁷ Aija Krutaine, “Latvia Minister Cites Threat from ‘Information War’ over Russian Minority,” Reuters, March 12, 2015.

Russia is freely available over the air and offers much higher production values.⁶¹⁸ As a result, many households—especially those that speak Russian as a first language and are located close to the Russian border—have access to only Russian television channels that adopt a clear anti-Latvian government position.⁶¹⁹ Latvia has gone so far as to temporarily ban some Russian television channels on charges that their broadcasts constituted a form of aggression, and Latvia plans to launch its own Russian-language channel in 2016.⁶²⁰

Despite these long-standing concerns, from approximately 2006 through 2014 there was a relative thaw in Latvian-Russian relations sufficient to enable progress on a series of pragmatic fronts. Technical agreements were signed on economic and customs issues, and high-level meetings involving officials from the two countries became more frequent.⁶²¹ A final agreement to end a border dispute over the district of Abrene was achieved in 2007.⁶²² Since the 2014 Ukraine crisis, however, relations have deteriorated again, as will be discussed later.

Latvia's economic dependence on Russia remains high. Latvia gets nearly all of its gas from Russia and a significant portion of its electricity. Energy imports from Russia, primarily natural gas but also oil, make up more than 50 percent of Latvia's total energy mix.⁶²³ Latvia does produce a significant amount of its electricity from hydropower, but short-term alternatives to its natural gas imports from Russia are not easily available, although Latvia does have a significant storage capacity for natural gas.⁶²⁴ Investments involving Russia are quite low given that

⁶¹⁸ Discussions with officials in Latvia, March 2015. For an overview of the media market in Latvia, as well as Estonia and Lithuania, see Spakovska et al., 2014.

⁶¹⁹ Discussions with officials in Latvia, March 2015.

⁶²⁰ Associated Press, 2014; Oll, 2015.

⁶²¹ Muižnieks, 2011, pp. 25–28.

⁶²² Muižnieks, 2011, pp. 28–30. The agreement largely involved Latvian acceptance of Stalin-era changes to Latvia's pre-1940 borders.

⁶²³ European Commission, "European Economy: Member State's [sic] Energy Dependence: An Indicator-Based Assessment," Occasional Papers 196, June 2014b, p. 6; U.S. Energy Information Administration (EIA), "Latvia," undated.

⁶²⁴ EIA, undated. The recent opening of an LNG terminal in Lithuania provides a potential alternative source, but additional hurdles need to be overcome before imports to Latvia are feasible. See "Ball in Latvia's Court After Lithuania's LNG Terminal Officially Launched Operations," *Delfi/Lithuanian Tribune*, December 3, 2014. The facility at Inčukalns in Latvia is the only sizable natural gas storage facility in the Baltics. It is also however, effectively controlled by Gazprom, which has limited the willingness of the other Baltic States to rely on access to it in the event of an energy disruption crisis involving Russia. Steps to limit Gazprom's financial control over the facility and its operation are under way, but the speed of any progress is uncertain (discussions with officials in Riga and Vilnius, March 2015); Matthew J. Bryza and Emmet C. Tuohy, *Connecting the Baltic States to Europe's Gas Market*, Tallinn, Estonia: International Centre for Defence Studies, March 2013; Gederts Gelzis and Barbara Lewis, "Latvia's Forest Gas Storage to Shape Baltics Energy Balance," Reuters, May 15, 2015.

country's proximity, as shown in Figure 7.3, but Russia is still a significant export market for Latvia (Figure 7.2), particularly for agricultural products.⁶²⁵

Public opinion regarding Russia is strongly divided along communal lines. In a 2010 survey, 25 percent of Latvians overall expressed negative opinions toward Russia, but this included 38 percent of Latvian speakers and only 6 percent of Russian speakers.⁶²⁶ In 2014, 64 percent of Latvian speakers identified Russia as a threat to Latvia, in comparison with only 8 percent of Russian speakers.⁶²⁷ In Russia, meanwhile, Latvia is often cited as one of the least friendly countries to Russia, trailing only the United States, Lithuania, and—recently—Ukraine.⁶²⁸

Defense Capabilities

Latvia's defense strategy, like that of the other Baltic States, relies heavily on the security guarantees provided by its membership in NATO, and the assumption that, in the event of a crisis, NATO forces will be available to defend the country. Latvia's own military capabilities are modest due to its small size and low levels of defense spending. While plans are currently in place to increase defense spending in the years to come, such increases are likely to only modestly affect its capabilities relative to any larger potential adversary.

After 2004, Latvia emphasized investments in deployable capabilities that could contribute to NATO operations in Afghanistan, on the grounds that its best defense lay in demonstrating that it was a productive member of the alliance. Latvia has been an eager, if modest, contributor to out-of-area operations such as those in Afghanistan and Iraq and has gained experience with both operations and NATO interoperability issues.⁶²⁹ One consequence of this focus has been limited capabilities for territorial defense—an area that seems most pressing after the Russian invasion of Ukraine. Regardless of where Latvia focuses its defense spending, however, given its small size, the security of the country will ultimately depend on its relationship with NATO and that alliance's willingness to credibly commit to the country's defense.

As shown by the red line in Figure 7.4, Latvia's spending on defense declined sharply after the 2008 financial crisis.

⁶²⁵ Juris Kaža, "Russia's Import Ban Seen Costing Latvia €70 Million in Food Exports," *Wall Street Journal*, August 11, 2014b.

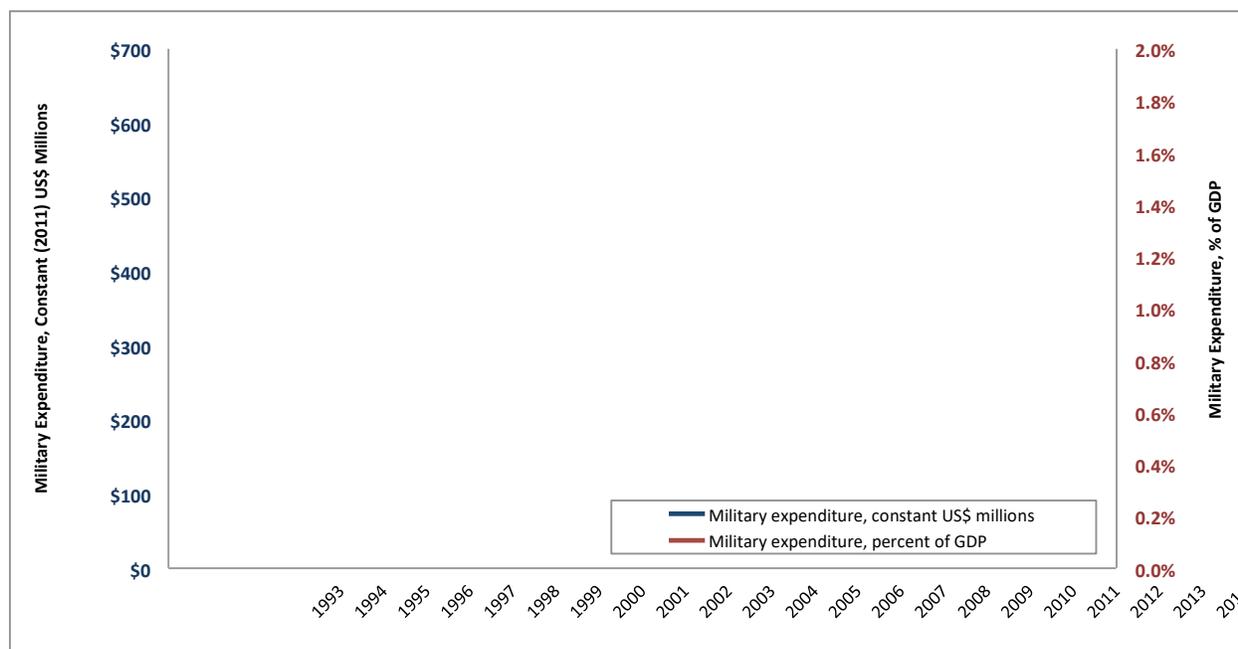
⁶²⁶ Muižnieks, 2011, pp. 66–67.

⁶²⁷ Charlotte McDonald-Gibson, "Latvia Wary of Its Ethnic Russians as Tensions with Moscow Rise," *TIME*, October 3, 2014.

⁶²⁸ "Estonia Again 5th in 'Most Hostile' List in Russian Study," Estonian Public Broadcasting, June 6, 2014.

⁶²⁹ As noted by Corum, "Due to the long period that the Baltic nations' forces have served in Iraq and Afghanistan, the majority of the officers and NCOs of the armed forces of the three nations have now served at least one rotation period of 6 months in a combat zone. Many of the career cadre have seen multiple tours in both Iraq and Afghanistan" (Corum, 2013, p. 14).

Figure 7.4. Latvia's Defense Expenditures in Constant (2011) US\$ Millions and as Percentage of GDP, 1993–2014



SOURCES: SIPRI, undated(b); IMF, 2015b; RAND calculations.

This decline in spending as a percentage of GDP took place at the same time as a sharp contraction in the overall economy, such that the decline in actual defense expenditures in Latvia after 2008 was even more dramatic, as shown by the blue line in Figure 7.4.

Latvia's active armed forces are similar in size to Estonia's, approximately 5,300, but with a very modest 1,200-person professional, regular army, primarily concentrated in one ranger and two infantry battalions.⁶³⁰ Latvia also has a volunteer National Guard, or *Zemessardze*, of about 8,000 people.⁶³¹ Latvia's reserve component is small, at roughly 7,800, reflecting the end of conscription in 2006.⁶³²

Latvia relies heavily on European NATO members for its arms imports, having built its armed forces from the ground up after independence without a significant inheritance of Russian arms.⁶³³ Its military equipment is extremely modest, affected by drastic cuts of nearly 50 percent in defense spending that were implemented after the 2008 financial crisis.⁶³⁴ Prior to 2014, the

⁶³⁰ Ljung et al., 2012, p. 70; IISS, 2014.

⁶³¹ IISS, 2014; "Zemessardze Gaida Patriotus," ["National Guard Waiting Patriots"], Sargs.lv, May 16, 2014.

⁶³² "Ukraine Crisis Relights Conscription Debate in Latvia," Estonian Public Broadcasting, April 29, 2014; IISS, 2014.

⁶³³ SIPRI, undated(a).

⁶³⁴ Ljung et al., 2012, p. 70.

country lacked any significant number of APCs or other combat vehicles.⁶³⁵ In 2014, however, spurred by concerns over Russia's actions in Ukraine, Latvia agreed to purchase 123 Combat Vehicles Reconnaissance (Tracked) (CVR[T]s) from the United Kingdom, as well as 800 Carl Gustav antitank weapons from Norway, which would significantly upgrade its capabilities in these areas.⁶³⁶

The Latvian Air Force has limited transport capabilities and no combat aircraft. It includes five light transport aircraft—one L-410 Turbolet and four An-2 Colts—and six helicopter transports—four Mi17s and two Mi-2s.⁶³⁷ Latvia has expressed some interest in upgrading these transport capabilities by acquiring the C-130, but has not yet done so.⁶³⁸ Latvian territory is covered by the Baltic Air Policing mission, which provides the only persistent NATO combat aircraft capability in the Baltics, although aircraft assigned to this mission operate from bases in Estonia and Lithuania, and not from Latvia itself. Lielvārde air base is the primary military airfield in the country, and it only recently completed renovations—in 2014—to allow for its use by NATO aircraft ranging from C-130s to F-16s to helicopters.⁶³⁹

Other military infrastructure in Latvia is also modest. The Ādaži military base, the site of many NATO security cooperation exercises, is in need of refurbishment.⁶⁴⁰ The Latvian Navy—which has a modest mine-clearing capability—is headquartered at Liepāja, in the far west of the country, and Latvia is promoting the port as a site for future NATO-funded renovations that could upgrade it to accommodate larger forces.⁶⁴¹

Latvia's preparedness to defend its own territory, from either conventional or irregular attacks, is thus very limited. Latvia's ability to guard its border with Russia from infiltration has been questioned by some analysts.⁶⁴² While the supportiveness of Latvia's Russian population for such an adventure remains in question, were Russia to execute a Ukraine-style challenge, involving small numbers of irregular forces gauged so as not to trigger Article 5, Latvia appears ill prepared to defend against it.⁶⁴³

⁶³⁵ IISS, 2014.

⁶³⁶ Collier, 2014.

⁶³⁷ IHS Jane's, "Latvia—Air Force," *World Air Forces*, web page, June 14, 2016h.

⁶³⁸ IHS Jane's, 2016h.

⁶³⁹ Kristal Gault, "U.S. Air Force C-130's to Land at Lielvarde Air Base for the First Time," Air Force News Service, June 16, 2014; "Upgraded Airbase Ready for Take-Off," Public Broadcasting of Latvia, September 25, 2014; "Opening of Lielvārde Airfield for Day and Night Visual Flight Operations," Sargs.lv, September 26, 2014.

⁶⁴⁰ Mark Edwardson, "In Defence of Europe: NATO Soldiers Head to Latvia," BBC News, October 8, 2014.

⁶⁴¹ "Latvia Grooming Western Port for NATO Ships," Public Broadcasting of Latvia, October 27, 2014.

⁶⁴² Nurick and Nordenman, 2011, p. 3.

⁶⁴³ Jānis Bērziņš, *Russia's New Generation Warfare in Ukraine: Implications for Latvian Defense Policy*, Center for Security and Strategic Research, National Defence Academy of Latvia, Policy Paper No. 02, April 2014, p. 12–13.

U.S. financial and training support for Latvia has been relatively limited. FMS have totaled more than \$75 million since independence, the vast majority of which has been paid for using FMF funds.⁶⁴⁴ However, more than 1,600 officers participated in IMET or CTFP training from 1992 to 2013, a large number considering the modest overall size of Latvia's regular armed forces.⁶⁴⁵

In response to the Ukraine crisis, NATO deployed some limited assets to Latvia. On the whole, however, many allies remained cautious in the face of the implicit Russian threat and preferred not to deploy their forces to the Baltics.⁶⁴⁶ The United States has undertaken limited rotational deployments in a national capacity, including elements of the 173rd Airborne Brigade.⁶⁴⁷

Large-scale multilateral exercises have also been an important focus of cooperation between Latvia and the United States and NATO. Exercise Saber Strike, led by the U.S. Army, has been undertaken annually since 2009, and in 2014 involved 4,500 military personnel from ten countries.⁶⁴⁸ In response to the Ukraine crisis, NATO also organized two additional large-scale exercises, Steadfast Javelin I and II, which involved approximately 6,000 and 2,000 military personnel, respectively, across the Baltics and Poland.⁶⁴⁹

The heart of the security that NATO provides for Latvia, however, lies in the contingency plans of the alliance to respond in force in the event that the security of Latvia is threatened. According to press reports, by 2010 NATO had developed contingency plans for the defense of the Baltics and had identified the forces necessary to do so.⁶⁵⁰ However, the Baltic States themselves have expressed concerns as to whether the decline in European defense budgets, the U.S. pivot to Asia, and the reliability of Swedish cooperation would leave sufficient assets in the region to support those plans.⁶⁵¹ Importantly, these concerns predate the Ukraine crisis.

The Baltic States have also engaged in several security cooperation initiatives among themselves, such as the BALTBAT and the NBG, as was discussed previously.⁶⁵² The three nations have also engaged in limited pooling schemes, although all of these regional security

⁶⁴⁴ DSCA, 2013b; DSCA, "Foreign Military Financing (FMF)," web page, undated(b).

⁶⁴⁵ DSCA, undated(b); Amanda Williams and Will Stewart, "Soviet Spectre Leads to Rebirth of Baltic Paramilitaries: Lithuanians Swap Their Suits and Ties for Camouflage amid Claims Ukraine Is 'Only the Beginning' for Russia," *Daily Mail*, September 3, 2014.

⁶⁴⁶ Granholm, Malminen, and Persson, 2014, pp. 62–63.

⁶⁴⁷ Millham, 2014.

⁶⁴⁸ U.S. Army Europe, undated(a).

⁶⁴⁹ NATO, 2014a, 2014d.

⁶⁵⁰ Ljung et al., 2012, pp. 48–49.

⁶⁵¹ Ljung et al., 2012, pp. 48–49.

⁶⁵² Coffey, 2013; Estonian Defence Forces, 2014a.

cooperation initiatives remain secondary in importance to the relationship with NATO.⁶⁵³ Meanwhile, defense relations with the other neighbor of the Baltic States—Russia—have been all but nonexistent since the 1990s.⁶⁵⁴

The Latvian public generally supports increasing defense spending, although they differ on how quickly this increase should happen. In a November 2014 survey, only 14 percent of respondents felt there was no need to increase defense spending to NATO's agreed 2 percent of GDP.⁶⁵⁵ The remaining respondents were divided roughly equally between those who felt the increase should occur as quickly as possible and those who felt the increase should be phased in over the next five years, which corresponds roughly with the current government plan.⁶⁵⁶

Response to Crimea and the Ukraine Crisis

Prior to 2014, Latvia's relations with Russia were arguably the most positive of any of the Baltic States. As the Ukraine crisis has unfolded, however, Latvian leaders have denounced Russia and supported Ukrainian sovereignty and territorial integrity.⁶⁵⁷ Further, in May 2014, Latvian Prime Minister Straujuma announced her support for a permanent U.S. military bases in Latvia—a move sure to provoke Russian ire.⁶⁵⁸ The Latvian government has also maintained consistent support for EU sanctions on Russia, despite the economic costs that they have imposed on the country.⁶⁵⁹

The popularity of the government's tough stance against Russia was underscored by the 2014 elections, in which the Russia-backed Harmony party lost ground.⁶⁶⁰ Polls do suggest, however, that divides persist along ethnic lines. A 2014 poll found that while 64 percent of Latvian speakers felt that Russia was a threat, the sentiment was shared by only 8 percent of Russian

⁶⁵³ "Baltic States Join Forces for Ammunition Procurement," 2013.

⁶⁵⁴ Michael Mandelbaum, ed., *The New Russian Foreign Policy*, Council on Foreign Relations, 1998, p. 83.

⁶⁵⁵ "Survey: Defence Budget 2% of GDP in 2020 Should Be Spent for the Improvement of Soldiers' Professional Skills," Sargs.lv, January 30, 2015.

⁶⁵⁶ "Survey: Defence Budget 2% of GDP in 2020 Should Be Spent for the Improvement of Soldiers' Professional Skills," 2015. It should be noted that the current plan to reach the 2-percent standard by 2020 involves most of the increase occurring further into the future, between 2019 and 2020.

⁶⁵⁷ See Ministry of Foreign Affairs of the Republic of Latvia, "Position of Latvia on the Developments in Ukraine," January 8, 2015a.

⁶⁵⁸ Terry Atlas and David Lerman, "NATO's Eastern Members Seek Bases to Deter Russian Threat," Bloomberg, May 2, 2014. The call for permanent bases was later reiterated as a formal request to NATO undertaken together with the other Baltic States (Sytas, Mardiste, and Croft, 2015).

⁶⁵⁹ Juris Kaža, "Latvia Looks to Increase Defense Budget," *Wall Street Journal*, May 6, 2014a; Aaron Eglitis and Andrew Langley, "EU to Tighten Sanctions over Ukraine, Latvian President Says," Bloomberg, January 26, 2015.

⁶⁶⁰ Deloy, 2014c.

speakers—a stark contrast.⁶⁶¹ Moreover, 36 percent of Russian speakers polled supported Russia’s annexation of Crimea.⁶⁶²

Latvia has taken numerous recent steps to increase its security. In 2014, Latvia pledged to increase its defense budget, which under current plans will reach the NATO goal of 2 percent of GDP by 2020, although all the sources of funding to do so have not yet been identified.⁶⁶³ As noted earlier, in August 2014, Latvia agreed to purchase 123 CVR(T)s and 800 Carl Gustav antitank weapons, significant additions to its previously limited arsenal.⁶⁶⁴ The ministry of the interior is also working to develop information and guidelines on what ordinary Latvians should do in the event of war or invasion, mirroring a similar effort in Lithuania.⁶⁶⁵ However, Latvia has resisted some of the steps taken by the other Baltic States—on conscription, for example, which it regards as unnecessary at this time.⁶⁶⁶

While Latvia’s major defense acquisitions have generally come from European sources, it continues to cooperate closely with the United States and has made numerous requests for U.S. training and equipment. Plans are still being developed regarding the most effective focus of such U.S. assistance, but potential areas include encrypted communications and support for the Latvian border guards.⁶⁶⁷ The Obama administration’s European Reassurance Initiative has led to \$10 million in funding for the construction of support facilities at Lielvārde air base, as well as providing low-altitude Sentinel radars to improve Latvia’s situational awareness of its own borders.⁶⁶⁸ The United States has also considered providing Latvia with Bradley fighting vehicles or Paladin self-propelled howitzers, each of which could provide capabilities that Latvia currently lacks.⁶⁶⁹ However, neither option is currently available as Excess Defense Articles, and

⁶⁶¹ McDonald-Gibson, 2014.

⁶⁶² McDonald-Gibson, 2014.

⁶⁶³ Kaža, 2014a; “Additional EUR 94 Mln Required for 2016 to Accelerate Defense Budget Growth in Latvia,” *Baltic Course*, February 26, 2015.

⁶⁶⁴ Collier, 2014.

⁶⁶⁵ Leta, “Latvian Interior Ministry Develops Guidelines for Residents on What to Do in Case of War,” *Baltic News Network*, March 18, 2015.

⁶⁶⁶ “Latvia Has No Plans to Reintroduce Conscription: Top Officials,” *Xinhua News Agency*, February 24, 2015.

⁶⁶⁷ Discussions in Riga, March 2015.

⁶⁶⁸ Kaldoja, 2014; U.S. Army Contracting Command, “58—Sentinel Production, Spares, Test Equipment, Associated Equipment, and Training for Latvia in Support of the European Reassurance Initiative (ERI),” *Loren Data’s FBO Daily*, May 1, 2015.

⁶⁶⁹ It should be noted that even if this equipment were provided at low or no cost to Latvia, the ongoing costs of maintenance and logistical support would represent significant expenses for Latvia’s modest defense budget (discussions in Riga, March 2015). The relative advantage of the two options also needs to be carefully considered because Latvia would likely have difficulty supporting both systems. Incorporating Bradleys would require a fairly dramatic transformation of Latvia’s regular forces, moving from light to mechanized infantry, with significant follow-on costs. An artillery battalion of Paladins could perhaps more easily be integrated into Latvia’s existing

so the transfer of any such larger pieces of equipment through grant or sale is currently on hold.⁶⁷⁰ Another area of focus for both the United States and Latvia is the *Zemessardze* (all-volunteer national guard); its organization is of significant symbolic and political importance for Latvia, but it may lack unit cohesion and robust combat capabilities.⁶⁷¹

Latvia's efforts to improve its security have also included a number of other bilateral or multilateral endeavors. Latvia and Estonia plan to cooperate on their launch of localized Russian-language television channels aimed at broadening the media sources available to Russian-speaking populations.⁶⁷² The Latvian channel is scheduled to launch in 2016.⁶⁷³ Latvia, Estonia, and Lithuania have increased the level of their cooperation on security matters, creating a Baltic Combined Joint Staff Element to help ensure coordination of military activities in the event of a crisis.⁶⁷⁴ Security cooperation with NATO has also increased markedly since March 2014, as existing measures (such as Baltic Air Policing) and exercises (such as Steadfast Javelin I and II) are increased in size and new measures (such as rotational deployments of U.S. and NATO forces and an increased number of other exercises) are implemented.⁶⁷⁵ An NFIU will also be created in Latvia in 2015 to strengthen interoperability and coordination between Latvian and NATO forces, including the NATO spearhead force.⁶⁷⁶

Outlook

The challenge for the United States in Latvia—as in Estonia and, to a lesser degree, Lithuania—will be strengthening Latvia's weak defenses against both conventional and hybrid threats. Although Latvia should and may well achieve NATO's 2 percent of GDP target for

forces, although challenges would remain with regard to fire control systems. The relative value of each system would also need to be considered alongside NATO capabilities anticipated to be available in the region in the event of a future crisis.

⁶⁷⁰ Interviews in Riga, March 2015; interviews in Washington, D.C. area, May 2015; DSCA, "Excess Defense Articles (EDA)," web page, undated(a).

⁶⁷¹ Latvia has committed to additional equipment purchases to support the *Zemessardze*. However, there was some concern in Riga that the loose structure of the organization is not conducive to its being combat-effective. The possibility of creating an additional local territorial defense force that would require regular training and participation was suggested, as the possibility that the *Zemessardze* may be ineffective in a crisis would leave Latvia with a significant gap in its defense capabilities (interviews in Riga, March 2015); "Latvia Increases Defence Spending; Priorities Home Guard, Anti-Aircraft Systems and Personnel Morale," *Baltic Times*, December 26, 2014.

⁶⁷² OII, 2015.

⁶⁷³ OII, 2015.

⁶⁷⁴ "Baltics Sign Joint Military Command Agreement," 2015.

⁶⁷⁵ The umbrella operation for U.S. efforts across Europe, Operation Atlantic Resolve, is summarized in USEUCOM, 2015; see also Croft, 2014; Millham, 2014; NATO, 2014a, 2014d.

⁶⁷⁶ Bendavid, 2015; Deni, 2015.

defense spending, it will not be capable of ensuring its own security for the foreseeable future without significant support from NATO, especially the United States.

Latvia is highly likely to maintain the overall trajectory of its policies toward Russia, Ukraine, and NATO over the next five years. While some voices within Latvia would likely support a softening of rhetoric and policy toward Moscow in the event that the situation in Ukraine improved and other crises did not occur, any changes to Latvian policy would occur only in tandem with signals from its partners, particularly the United States.⁶⁷⁷ Any daylight between Riga and Washington on core security issues is improbable. Latvia will continue to support calls from within the European Union and NATO for a robust response toward Russia, including continued economic sanctions.

The potential for a Russian campaign of destabilization to be effective in causing in Latvia unrest that could provide cover for other Russian covert actions is real, even if less likely than some might make it out to be. It remains a major source of concern for Latvian policymakers. There are several targeted steps that could be pursued to mitigate the risks of such destabilization. Planned improvements in both Latvian- and Russian-language media choices and policies to better integrate the Russian-speaking community into Latvian political life are positive steps. Strong Latvian economic performance, provided that the gains are felt by Russian populations, are also important for strengthening the country's defenses and overall resilience against Russian meddling. The United States can support these developments with trade (e.g., Transatlantic Trade and Investment Partnership [TTIP]), investment, and engagement—as, of course, can the European Union.

Efforts to deter conventional threats against Latvia, meanwhile, should focus on three dimensions: forward presence of NATO assets, strengthening Latvia's own defense capabilities (for example, with unconventional means), and greater defense integration of Latvia with other regional partners. Latvia has few political restraints on enhancing its security cooperation with the United States and NATO over the next five years, and this extends to support for permanent bases for NATO troops. The United States should explore the potential for such a forward presence, as well as the prepositioning of substantial equipment (including armor), in the context of a wider regional strategy. The U.S. Air Force has a potentially crucial role to play as part of any U.S. forward presence, as well as in helping to ensure interoperability with Latvian ground forces in the event of a crisis, such as through expanded Joint Fires Observer and continued

⁶⁷⁷ For both political and economic reasons, Latvia may be the Baltic state most open to reverting to the status quo ante if Russia were to reverse its policies in Ukraine. Commercial and cultural ties give Latvia an incentive to pursue pragmatic relations with Russia, although this incentive has been overridden by security concerns in the wake of the crisis in Ukraine. If these concerns were to ease substantially in the future, however improbable this might be given the current policy in Moscow, Latvia would likely be the Baltic state most willing to explore a rapprochement, again presuming that doing so would not run counter to U.S. and NATO policy. See Forbrig, 2015, p. 25; and Alastair MacDonald and Aija Krutaine, "Leader of Latvia's Russian-Speakers Fears Sanctions Backfiring," Reuters, January 9, 2015.

JTAC training programs, and assisting Latvia in improving its situational awareness of its own territory, including potentially the sale or grant of small or medium UAVs. Any substantially enhanced NATO forward presence, however, would likely require improving Latvia's generally low level of development of military and support infrastructure.⁶⁷⁸

As discussed previously, even given the proposed increases in defense spending planned over the next five years, Latvia's defense budget will remain very modest by international standards, limiting the additional defense capacity Latvia can add and the assistance it can absorb. Strengthening Latvia's defense capabilities, therefore, cannot be pursued in isolation. However, targeted investments in areas such as air defense undertaken in the context of anticipated NATO and other regional partner capabilities could have important effects.

Latvia's defense partnerships with Estonia and Lithuania—as well as other regional actors such as the Nordic countries, including non-NATO members Sweden and Finland—should also be strengthened. While Latvia has historically emphasized the importance of its security relationships with the United States and NATO above all else, improving the depth and breadth of Latvia's partnerships with its neighbors through expanded joint exercises, institutional integration, and pooled or at least coordinated procurement can make important military and political contributions to the stability of the region. U.S. engagement in the region that helps to foster greater integration, possibly by engaging directly with institutions such as the BALTBAT or the NBG, while emphasizing that such links in no way diminish the United States' bilateral security commitments to its NATO allies, is desirable.

⁶⁷⁸ Some limited efforts are already under way. See Kaldoja, 2014; “Investments in Latvian Railroad Infrastructure Necessary for NATO Cargo May Reach EUR 1 Million,” *Baltic Course*, May 18, 2015.

Chapter Eight. Lithuania: Closing the Gap Between Rhetoric and Capabilities

The crisis in Ukraine provoked a strong response from Lithuania, which vigorously condemned Russia's actions, called for a robust response from the European Union and NATO, and sought to provide support to Ukraine. Lithuania's position on the crisis was informed by long-standing concerns that it could itself be vulnerable to Russian revisionism, especially given the importance of its territory for Russian access to the Kaliningrad enclave.

Despite its concerns about Russia, Lithuania, like Estonia and Latvia, has historically spent very little on defense, and its military capabilities are very limited. In response to the Ukraine crisis, Lithuania set out a five-year plan for significant increases in defense spending, but for the near term its security will continue to depend heavily on its relationships with NATO and the United States. Lithuania has been an enthusiastic partner of the United States and would welcome more-intensive cooperation to enhance its security in the face of what it perceives as a clear, significant threat.

Key Background

Lithuania has a larger population than Estonia or Latvia, but it remains a small, middle-income country with limited defense capabilities (see Table 8.1). Its border with the Russian enclave of Kaliningrad and its historical experience with partition and conquest give it a profound sense of vulnerability. A long history of conquest or partition at the hands of its larger neighbors helps to explain its current enthusiasm for its relationships with the United States and NATO.

Table 8.1. Lithuania: Key Resource Base Statistics and Partner Ordinal Rankings

Concept	Amount	NATO–Plus 2 Ordinal Ranking (out of 29)^a
Total military expenditure, 2014 (current US\$ million) ^b	\$377	26th
Total military expenditure, 2014 (as percentage of GDP) ^c	0.8%	28th
Military personnel, active (excl. paramilitary), 2013 ^d	11,800	25th
Military personnel, active (incl. paramilitary), 2013 ^e	23,350	20th
Military personnel, deployed (incl. peacekeeping), 2013	244	22nd
Gross domestic product, 2014 (current US\$ billion)	\$48.2	26th
Gross domestic product, 2014 (per capita, current US\$)	\$16,386	22nd
Total estimated population, 2014	2,957,000	24th

SOURCES: SIPRI, undated(b); IISS, 2014 and 2015; IMF, 2015b.

^a Including 27 NATO member states plus Sweden and Finland.

^{b, c} Lithuanian data exclude spending on the State Border Guard Service, as it is unclear whether it constitutes a paramilitary force according to the SIPRI definition of military expenditure; figures for 2004–2013 have been revised accordingly and are now about 20 percent lower than previously reported.

^d Lithuanian data exclude 6,700 reserve personnel.

^e Lithuanian data include 7,550 personnel in the Riflemen Union and 4,000 personnel in the Border Guard.

Lithuania, sharing a joint domain with Poland, was one of the largest states in Europe in the 17th and 18th centuries.⁶⁷⁹ The state was unable to maintain its independence, however, and its territory was partitioned among Russia, Austria, and Prussia between 1772 and 1795, with the majority of the present-day state becoming part of Russia.⁶⁸⁰ Russia's subsequent attempts to integrate Lithuania more closely into the empire, including campaigns to promote the Cyrillic alphabet and the Orthodox Church, were more intensive than in Estonia and Latvia.⁶⁸¹ However, Lithuanian society resisted these efforts, and Lithuania's strong Catholic identity became a focal point for Lithuanian nationalism and resistance to Russian rule.⁶⁸²

Lithuania gained its independence from Russia in the aftermath of the First World War, although with greater difficulty than Estonia or Latvia.⁶⁸³ After a turbulent postwar phase that

⁶⁷⁹ Norman Davies, *God's Playground, a History of Poland, Vol. 1: The Origins to 1795*, New York: Columbia University Press, 1982.

⁶⁸⁰ Thaden, 1985, pp. 5–8, 32–35.

⁶⁸¹ Misiunas and Taagepera, 1993, pp. 6–7.

⁶⁸² Misiunas and Taagepera, 1993.

⁶⁸³ After the end of hostilities elsewhere in Europe, Lithuania fought Russian, Polish, and German forces between 1918 and 1920 in generally successful attempts to secure its independence and claim much of its present territory,

included a period of liberalization, a military coup installed an authoritarian government.⁶⁸⁴ Lacking strong natural allies, estranged from Poland, and geographically isolated, Lithuania adopted a policy of neutrality amid the growing international tensions of the 1930s.⁶⁸⁵ This policy failed, however, when the fate of the country was again decided by the great powers, as a result of the 1939 Nazi-Soviet pact, which relegated it to Soviet rule.⁶⁸⁶ Soviet troops invaded in 1940, and Lithuania was absorbed into the Soviet Union.⁶⁸⁷

Lithuania, with a more agrarian economy and a larger population, was subject to less migration from ethnic Russians during the Soviet period (see Figure 8.1) than the other Baltic states.⁶⁸⁸ Nonetheless, tensions with Moscow persisted, and Lithuania maintained a strong nationalist movement throughout the Cold War, often centered around the Catholic Church.⁶⁸⁹

with the notable exception of Vilnius, which remained in Polish hands throughout the interwar period, poisoning relations between the two countries. See Misiunas and Taagepera, 1993, p. 9.

⁶⁸⁴ Misiunas and Taagepera, 1993, pp. 10–11.

⁶⁸⁵ Misiunas and Taagepera, 1993, pp. 13–14.

⁶⁸⁶ Misiunas and Taagepera, 1993, pp. 14–15.

⁶⁸⁷ Lithuania and the other Baltic States were occupied by German troops following the Nazi invasion of the Soviet Union during World War II, but Soviet control was reasserted by 1945. Misiunas and Taagepera, 1993, pp. 15–20, 25–28.

⁶⁸⁸ The Soviet policy of encouraging such migration in its outer territories was both economically and politically motivated, aiming both to increase the output of heavy industry and to dilute nationalist sentiments. The effect was to sharply increase the percentage of ethnic Russians in Latvia and Estonia, but the effects on Lithuania were more limited (Misiunas and Taagepera, 1993, pp. 108–113, 194).

⁶⁸⁹ Misiunas and Taagepera, 1993, pp. 243–246.

Figure 8.1. Population Density of Russian Speakers in Lithuania, Including Major Cities and Military Installations



SOURCES: RAND illustration, based on “Distribution of the Russian Language in Lithuania According to Data from the 2000 Lithuanian Census,” credited to DVoit at ru.wikipedia (public domain), Wikimedia Commons, undated, and United Nations map of Lithuania.

Lithuania was the first Soviet Republic to declare its independence from Moscow in 1990.⁶⁹⁰ Like the other Baltic States, although not as aggressively as Estonia, Lithuania instituted a difficult program of economic reforms. Extensive liberalization and privatization programs were initiated. In the first years of the transition period, the reorientation of the economy induced one of the most severe declines in output registered in central and eastern Europe together with a surge in inflation. It was only in 1995, after the introduction of the new national currency and the currency board in 1993–1994, that the economic downturn was reversed.⁶⁹¹ Growth returned by the mid 1990s, and a decade later, Lithuania’s successful institutional reforms enabled the country to meet the criteria necessary to join both NATO and the European Union, cementing its place in the West.⁶⁹²

⁶⁹⁰ Lithuania and the Baltic States were the first Soviet Republics to break away from the Soviet Union, declaring their independence in 1990, although they did not become recognized in Moscow until the following year. In addition, Soviet troops lingered on military bases in the Baltics for years, not being fully withdrawn until 1994. See Bildt, 1994.

⁶⁹¹ Government of the Republic of Lithuania and European Commission Directorate General for Economic and Financial Affairs, *Joint Assessment of Lithuania’s Economic Policy Priorities*, May 29, 2000, p. 7.

⁶⁹² Hubel, 2004.

Politically, unlike its Baltic neighbors, tensions between the majority Lithuanian and minority Russian communities do not define politics in Lithuania. Lithuania does have a Russian-speaking minority, but it is much smaller than those in Estonia or Latvia, and as such does not pose the same potential challenge to national identity or policy direction. Politics in Lithuania instead feature a greater degree of competition between parties on economic and ideological grounds.

Lithuania has a semipresidential electoral system that differs from the parliamentary systems in Estonia and Latvia. Lithuania's constitution calls for the direct popular election of the president, who is granted a significant role in foreign policy, also in contrast with the other Baltic states.⁶⁹³ The legislature, the 141-member *Seimas*, is elected every four years—unless it is dissolved for failure to form a government—and is responsible for approving the president's choice for prime minister, who in turn forms the government.⁶⁹⁴

The most prominent political party in Lithuania in recent years, and the main party in the current governing coalition, has been the center-left Social Democratic Party (SDP), led by Prime Minister Algirdas Butkevičius.⁶⁹⁵ The current Lithuanian president, Dalia Grybauskaitė, has run as an independent but also served in a previous SDP-led government.⁶⁹⁶ The opposition center-right Homeland Union Party led the previous government from 2008 to 2012 but was voted out of office due in large part to dissatisfaction with austerity measures imposed in the wake of the 2008 financial crisis.⁶⁹⁷ Both parties retained a consensus on such broad issues as Lithuania's membership and participation in Western institutions, such as NATO, the European Union, and whether to adopt the euro.

This consensus on foreign policy issues is not necessarily shared by smaller parties, however. The center-left Labor Party, part of the current coalition government with the SDP, has close ties to Moscow, including allegedly significant financial support.⁶⁹⁸ President Grybauskaitė threatened to veto the Labor Party's inclusion in the government, and while she eventually assented to the current coalition, she continues to ban Labor Party officials from attending government meetings related to national security.⁶⁹⁹

⁶⁹³ The constitution says that the president “shall decide the basic issues of foreign policy and, together with the Government, conduct foreign policy” (Constitution of the Republic of Lithuania, adopted October 25, 1992, Article 84, presidential duties). The president can be elected for up to two five-year terms (Constitution of the Republic of Lithuania, Article 78, presidential qualifications).

⁶⁹⁴ Constitution of the Republic of Lithuania, Article 55, makeup of the *Seimas*, Article 84.

⁶⁹⁵ Hannah Lidicker, “Lithuania. Parliamentary Elections. October 14 and 28, 2012,” Foreign Policy Research Institute blog post, October 2012.

⁶⁹⁶ Corinne Deloy, “The Outgoing President Dalia Grybauskaitė Well Positioned to Be Re-elected in Lithuania,” Paris, France: Robert Schuman Foundation, European Elections Monitor, April 14, 2014a.

⁶⁹⁷ Lidicker, 2012.

⁶⁹⁸ “Lithuania Election: President Moves to Block Coalition,” BBC News, October 29, 2012; Lidicker, 2012.

⁶⁹⁹ “Lithuania Election: President Moves to Block Coalition,” 2012; Deloy, 2014a.

The ethnic Russian minority in Lithuania is much smaller and better integrated than in Latvia or Estonia, at only about 6 percent of the population.⁷⁰⁰ The number of Russian speakers, however, is approximately 15 percent, because many ethnic Ukrainians or Belarusians also speak Russian as their primary language.⁷⁰¹ The Russian-speaking population is concentrated in the capital of Vilnius, in Klaipeda near the Russian enclave of Kaliningrad, and in the smaller eastern city of Visaginas.⁷⁰² Lithuania allowed all residents to acquire citizenship after independence—in contrast with the policies of Latvia and Estonia, which initially granted it only to those whose descendants were in the country before 1940—and permitted bilingual education, which has encouraged Russian speakers to attend integrated schools.⁷⁰³ As a result, Russians in Lithuania are generally better integrated into the country, and feelings of discrimination are relatively rare.⁷⁰⁴

The treatment of Lithuania's ethnic Polish minority, also approximately 6 percent of the population, has arguably been a larger political issue.⁷⁰⁵ Moscow has supported the fusion of smaller Russian and Polish political parties to form the Electoral Action of Poles in Lithuania (EAPL) to jointly agitate for greater minority rights.⁷⁰⁶ The EAPL participated in the current coalition government until August 2014, when its support for Russia's policies in Ukraine led to its ouster.⁷⁰⁷

⁷⁰⁰ Grigas, 2014.

⁷⁰¹ The number of Russian speakers is higher than the number of ethnic Russians in Estonia and Latvia as well, but the relative increase is smaller than in Lithuania: 24 percent versus 30 percent in Estonia, and 27 percent versus 34 percent in Latvia, in comparison with 6 percent versus 15 percent in Lithuania (Grigas, 2014).

⁷⁰² Grigas, 2014.

⁷⁰³ Marina Best, "The Ethnic Russian Minority: A Problematic Issue in the Baltic States," *Verges: Germanic and Slavic Studies in Review*, Vol. 2, No. 1, 2013.

⁷⁰⁴ For example, in a 2008 survey, only 12 percent of Russians living in Lithuania felt discriminated against, in contrast with 25 percent and 55 percent of Russians in Latvia and Estonia, respectively (Best, 2013, p. 38). Issues that do remain include the ability of non-ethnic Lithuanians to request Lithuanian citizenship if they already have citizenship in a different state. See Bernd Rechel, ed., *Minority Rights in Central and Eastern Europe*, New York: Routledge, 2009, p. 155.

⁷⁰⁵ The Polish minority in Lithuania, while it does enjoy full political rights, often feels discriminated against, particularly with regard to language issues and education. Further, Lithuanian law mandates that personal names be spelled in the Lithuanian alphabet in official documents, forcing some Polish residents to alter the spelling of their names, which has led to tensions. See Marek Barwiński and Katarzyna Leśniewska, "The Contemporary Situation of Polish Minority in Lithuania and Lithuanian Minority in Poland from the Institutional Perspective," *Geographia Polonica*, Vol. 87, No. 1, 2014; Andrius Sytas, "Lithuania Government Kicks out Party of Poles from Coalition," Reuters, August 25, 2014a; E. L., "Spell It the Lithuanian Way: Judges Back Lithuania Against Poland," *Economist*, May 17, 2011.

⁷⁰⁶ Grigas, 2014.

⁷⁰⁷ Sytas, 2014a.

Relations with the United States and Europe

Lithuania has developed close security and economic ties with the United States, NATO, and the European Union since independence, and these ties have broad public support. Lithuania has been a consistent partner in U.S. and NATO activities over the past two decades.⁷⁰⁸ This relationship began with Lithuanian contributions to operations in Bosnia and Kosovo and expanded to include participation in the multinational efforts in both Afghanistan and Iraq.⁷⁰⁹ While the Lithuanian contribution in Iraq was modest, at less than 100 soldiers per year, in Afghanistan, Lithuania led a multinational Provincial Reconstruction Team (PRT) for eight years in Ghor province, the smallest nation to do so.⁷¹⁰

Lithuania also participates in the State Partnership Program together with the Pennsylvania National Guard, which has encouraged interoperability and joint training and deployments.⁷¹¹ U.S. engagement with the Baltic States is often pursued through e-PINE, a policy framework established in 2003 to enhance security and economic ties.⁷¹² Lithuania hosts the NATO Energy Security Centre of Excellence, started in 2012, which provides expertise and analysis of energy security issues.⁷¹³ Since 2004, Lithuania has also hosted the Baltic Air Policing mission, operating from Šiauliai airport.⁷¹⁴

Lithuania's close partnership with the United States has led to occasional friction. The Lithuanian *Seimas* continues to investigate whether the Central Intelligence Agency (CIA) ran secret detention facilities outside of Vilnius that were allegedly involved in the torture of prisoners.⁷¹⁵ This investigation is in addition to several others on the same issue that the

⁷⁰⁸ For an overview of the U.S.-Lithuanian partnership, see U.S. Department of State, "U.S. Relations with Lithuania," Bureau of European and Eurasian Affairs fact sheet, August 7, 2015.

⁷⁰⁹ IISS, 1997–2014.

⁷¹⁰ IISS, 1997–2014. For details on the Lithuanian PRT, see Deborah A. McCarthy, "Lithuanian-Led Provincial Reconstruction Team in Ghor Province: Mission Accomplished," Lithuanian Ministry of National Defence, 2013. It should be noted that Lithuanian soldiers suffered comparatively low rates of casualties in comparison with the other Baltic States, at roughly one-quarter the Latvian rate and one-tenth the Estonian rate (0.40 percent, 1.82 percent, and 4.67 percent killed-in-action to contingent size, respectively). The Estonian rate of casualties was among the highest of any troop-contributing country. However, the sizes of the contingents for each country (250 for Lithuania, 165 for Latvia, and 150 for Estonia) are small enough that the differences in relative casualties reflect very few incidents. For detailed information, see David P. Auerswald and Stephen M. Saideman, *NATO in Afghanistan: Fighting Together, Fighting Alone*, Princeton, N.J.: Princeton University Press, 2014, p. 4.

⁷¹¹ Headquarters, USEUCOM, "Pennsylvania-Lithuania 1993–2013," fact sheet, undated(b).

⁷¹² Aalto, Blakkisrud, and Smith, 2008, pp. 28–29.

⁷¹³ NATO Energy Security Centre of Excellence, home page, undated.

⁷¹⁴ Lithuanian Armed Forces, "NATO Air-Policing Mission," September 26, 2014.

⁷¹⁵ Andrius Sytas, "Lithuania Asks U.S. to Say If CIA Tortured Prisoners There," Reuters, December 10, 2014; "Lithuanian PM Expects Seimas to Continue Probe into CIA Prisons," *Baltic Course*, December 10, 2014.

Lithuanian government, members of the European Parliament, and human rights organizations have conducted.⁷¹⁶

Nonetheless, Lithuanian public support for NATO remains high, and Lithuania deployed special forces in support of allied objectives in Afghanistan. In a 2014 poll, fully 83 percent of Lithuanians support membership in NATO, and 68 percent would support a permanent NATO presence in the country.⁷¹⁷ While these levels likely reflect an increase in support due to the 2014 events in Ukraine, which will be discussed in greater detail later, support for membership in NATO in 2013 was still at 70 percent.⁷¹⁸

Lithuania is also an enthusiastic supporter of the European Union. The 2014 Eurobarometer survey indicated that 58 percent of Lithuanians trust the European Union, the highest level recorded for an EU member state.⁷¹⁹ Moreover, this support has been consistent over time, with negative views of the EU not rising above 11 percent of the population at any point in biannual surveys since 2004.⁷²⁰

This generally high degree of public support for the European Union has been accompanied by the rapid integration of Lithuania into its core institutions, including membership in 2004, the Schengen passport-free travel area in 2007, and the adoption of the euro in January 2015.⁷²¹ This institutional integration has led to economic integration as well, with the majority of Lithuania's trade involving other EU member states, Poland and Germany in particular, as shown in Figure 8.2. While trade with Russia remains high, most of this trade involves the reshipment of goods from other locations through Lithuania to and from Russia, including Kaliningrad.⁷²² The value of trade with Russia involving goods of Lithuanian origin is significantly lower.⁷²³

⁷¹⁶ "CIA Prisons Still an Issue," *Lithuania Tribune*, May 1, 2012.

⁷¹⁷ "Poll Shows Overwhelming Support for Permanent NATO Presence in Lithuania," *Delfi, by the Lithuania Tribune*, August 3, 2014; reported figures released by the Lithuanian Ministry of National Defence.

⁷¹⁸ "Poll Shows Overwhelming Support for Permanent NATO Presence in Lithuania," 2014; reported figures released by the Lithuanian Ministry of National Defence.

⁷¹⁹ European Commission, undated(b), p. 94.

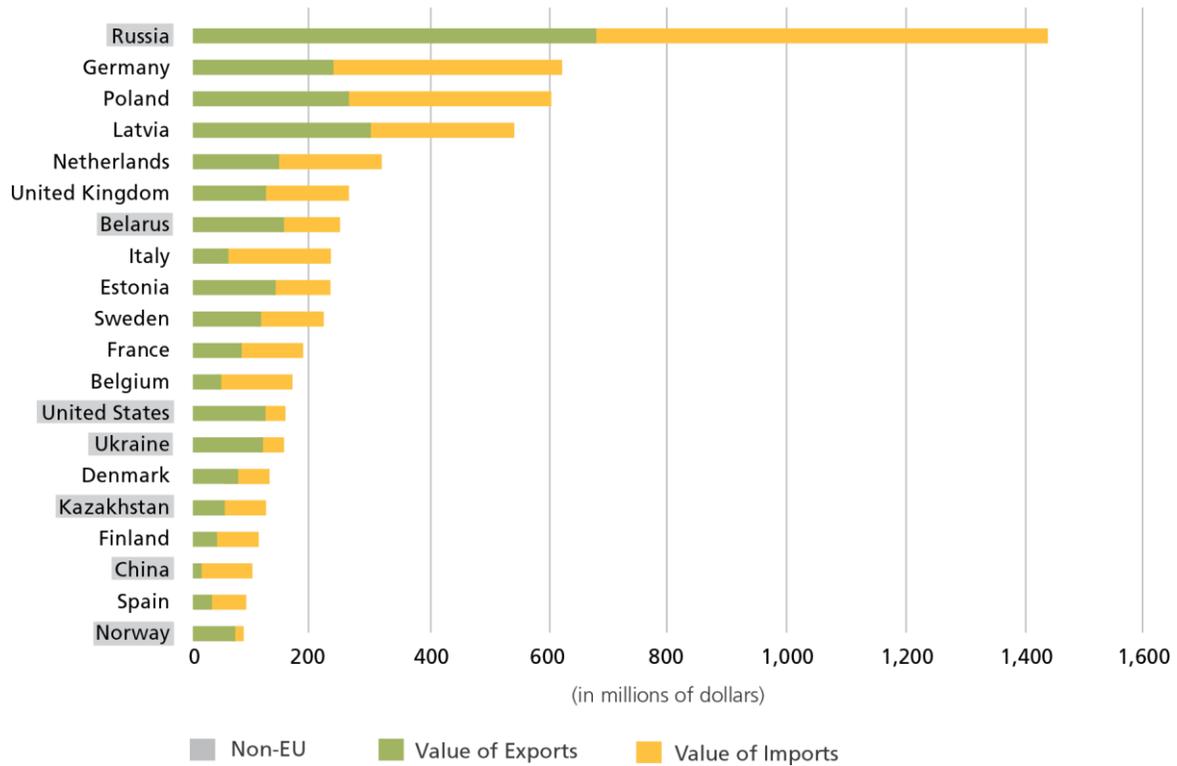
⁷²⁰ European Commission, undated(b).

⁷²¹ "Europe's Border-Free Zone Expands," 2007. Support for adopting the euro, particularly in light of the currency bloc's troubles in recent years, has been more ambivalent. See Jack Ewing, "As Lithuania Joins Eurozone, Relief and Hesitation," *New York Times*, December 30, 2014.

⁷²² Discussions with officials in Vilnius, March 2015. It should be noted that the reshipment of goods can still be an important economic activity, particularly in the transportation sector.

⁷²³ "Export of Lithuanian Products to Russia Grows 11.3 Percent," *Delfi, by the Lithuania Tribune*, December 11, 2014.

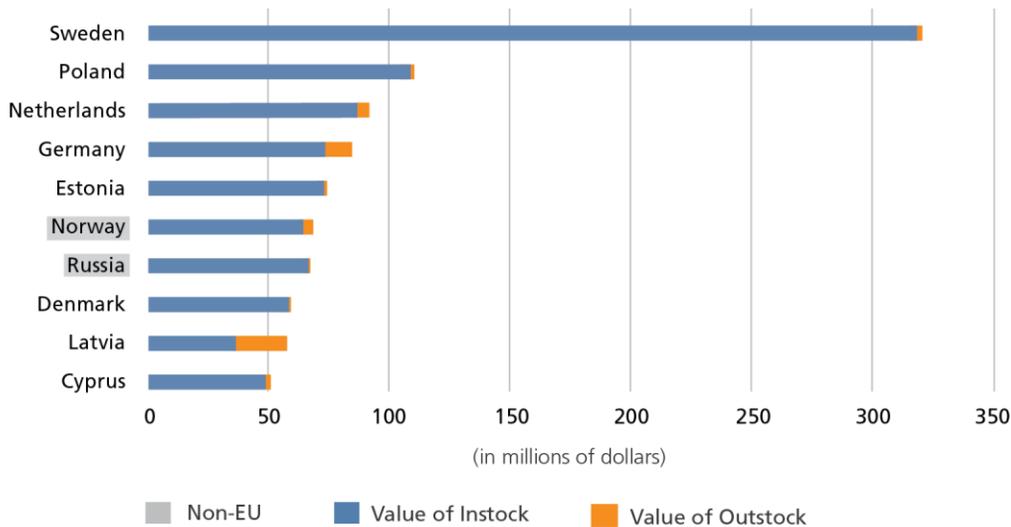
Figure 8.2. Top 20 Lithuanian Export and Import Partners (2014)



SOURCE: IMF, 2015a.

Investments are much more heavily tilted toward EU members, including Sweden, Poland, the Netherlands, and Germany in particular, as shown in Figure 8.3. Russian investments are at low levels given the countries' proximity and history.

Figure 8.3. Lithuania's Top 10 FDI Partners, by Instock and Outstock (2012) (US\$ millions)



SOURCE: UNCTAD FDI/TNC database, based on data from the Bank of Lithuania.

Although Lithuania is the least geographically isolated from the European Union of all the Baltic States, there are several areas in which the country remains relatively unintegrated with the rest of the European Union, particularly with regard to infrastructure. Transportation, electricity, and energy links remain largely oriented toward Russia, a legacy of the Soviet period, and plans to improve links with the rest of the European Union by constructing such links through Poland have been slow to develop.⁷²⁴

While Lithuania maintains close ties with many EU members, including its fellow Baltic States, its ties with neighboring Poland have been occasionally fraught, despite—or perhaps because of—their close economic, historical, and cultural links.⁷²⁵ While positive relations helped to ease Lithuanian accession to the European Union and NATO in 2004, Lithuanian imposition of greater restrictions on the use of the Polish language in Lithuania in 2010–2011 led to a rapid deterioration in relations, and by 2012 government officials were refusing to meet or even speak with one another.⁷²⁶ Tensions have eased somewhat since then, and even at their height they did not prevent the two countries from continuing to cooperate on NATO Baltic Air

⁷²⁴ “On the Baltic Slow Train,” 2013.

⁷²⁵ Galina Vaščenkaitė, “Lithuanian-Polish Relations After 2004: Good Old Cooperation in Regretfully Bad New Wrapping,” *Lithuanian Foreign Policy Review*, Vol. 32, 2014.

⁷²⁶ Barwiński and Leśniewska, 2014; “New Education Law; Poles Feel Threatened, Lithuanians in Favour,” *Lithuania Tribune*, March 21, 2011; Edward Lucas, “Poland and Lithuania: New Twists in an Old Story,” Center for European Policy Analysis, March 1, 2012a.

Policing or energy security issues, but Lithuania's policies toward its Polish minority remain an issue that has the demonstrated potential to spill over to its international affairs.⁷²⁷

Lithuania's ties with the Baltics and Nordic countries are also important.⁷²⁸ The Nordic states, and Sweden in particular (Figures 8.2 and 8.3), are close economic partners of the Baltic States. Security linkages among these states are limited somewhat by the fact that Sweden and Finland are not members of NATO. However, Lithuania does cooperate with Sweden and Finland as part of the NBG, formed under EU auspices.⁷²⁹ NORDEFECO provides a forum through which the Nordic states coordinate their military strategies, logistics, and procurement, in complement to the countries' existing relationships through the European Union and NATO.⁷³⁰ Closer links (including, potentially, membership) between NORDEFECO and the Baltic States have been discussed, albeit with concerns that such links have the potential to dilute the paramount importance of NATO and the relationship with the United States.⁷³¹

Lithuania's closest relationships with other EU members, however, are arguably its relationships with Estonia and Latvia. Estonia, Latvia, and Lithuania have all enjoyed generally positive relations since independence, despite occasional disagreements, and cooperate through a host of political and institutional arrangements such as the Baltic Assembly and the BCM, although the importance and effectiveness of these institutions is limited.⁷³² This cooperation extends to security matters as well, including the combined infantry BALTBAT and a common institution for officer education, the Baltic Defence College.⁷³³

While the importance of these Baltic partnerships should not be overstated—and they are much less important than Lithuania's relations with either the European Union or NATO—intra-Baltic cooperation does remain a potential avenue for better leveraging the very limited money and forces of the Baltic States to help “punch above their weight” in the future. Steps such as pooled procurement (already being undertaken in a limited capacity), specialization of capabilities, and improved regional infrastructure have the potential to modestly increase the effective capabilities of the very limited Baltic forces.⁷³⁴ No set of steps in this direction will

⁷²⁷ E. L., “Dialogue of the Deaf Between Vilnius and Warsaw,” *Economist*, February 10, 2012; “Lithuanian PM Hopes to Discuss Problems with Polish PM ‘as Soon as Possible’,” *Lithuania Tribune*, February 8, 2014.

⁷²⁸ Usually defined to include Denmark, Finland, Iceland, Norway, and Sweden.

⁷²⁹ Estonian Defence Forces, 2014a.

⁷³⁰ Saxi, 2013.

⁷³¹ Nurick and Nordenman, 2011. Breitenbauch, 2014.

⁷³² Rupnik, Pettai, and Zielonka, 2003, pp. 163–165. Galbreath, Lašas, and Lamoreaux, 2008, pp. 101–118. Ministry of Foreign Affairs of the Republic of Latvia, 2015b; interviews in Vilnius, March 2015. Maritime disputes have been a particular issue in the past. See Donaldson, Nogee, and Nadkarni, 2014, pp. 217–218.

⁷³³ Coffey, 2013; “The Baltic Battalion Is Prepared for the NATO Response Force Standby During the Exercise ‘Gungnir’ in Ādaži Training Area,” 2015; Corum, 2014.

⁷³⁴ “Baltic States Join Forces for Ammunition Procurement,” 2013.

enable the Baltics to fully guarantee their own security, but greater Baltic integration could help to moderately increase the utility of Baltic forces in the context of the broader NATO security commitment to the region.

Relations with Russia

Despite Lithuania's much smaller ethnic Russian population compared with Estonia or Latvia, Vilnius's relations with Moscow since independence have been rough.⁷³⁵ Like its Baltic neighbors, Lithuania harbors concerns that Russia has not fully accepted its independence, and remains concerned that Russian aggression may be a prelude to attempts to reconquer some or all of its territory.⁷³⁶ These concerns became elevated after the 2008 Russia-Georgia war and spiked again after Russia's 2014 invasion of Crimea, as discussed later.⁷³⁷

There are two additional perennial sources of concern in relations between Lithuania and Russia: the issues of Kaliningrad and energy dependence.⁷³⁸ An agreement between the two countries to allow Russia the right to transit troops across Lithuanian soil via train to the enclave of Kaliningrad—established as part of Russia's withdrawal in 1993—has frequently led to tensions in the past, and the movement of these troops remains a significant security concern for Lithuania today.⁷³⁹ Lithuania has suggested that it may be open to limiting access to Kaliningrad in response to Russian provocations, a step that would likely lead to a crisis.⁷⁴⁰

Russia has also attempted to use its exports of oil and natural gas to Lithuania as leverage for policy concessions.⁷⁴¹ For example, in 2006, Russia shut off crude oil deliveries to Lithuania in an attempt to force the government to reconsider the sale of a formerly Russian-owned refinery

⁷³⁵ Ole Nørgaard, *The Baltic States After Independence*, Cheltenham, UK: Edward Elgar Publishing, July 1, 1996, p. 157.

⁷³⁶ Two examples help to illustrate the durability of these concerns. First, after independence, Russia retained military bases in the Baltic States for several years and attempted to tie withdrawal of its troops to changes in Estonian and Latvian citizenship policies that disenfranchised recent Russian immigrants. Second, in 2009, Russia held a large-scale military exercise to simulate an invasion of the Baltic States, together with the use of nuclear weapons against Poland. See Simonsen, 2001; Lucas, 2012b.

⁷³⁷ It is important to note, however, that based on public opinion polls, most citizens of the Baltic States still consider the likelihood of an overt Russian attack on their territory to be small. For example, in a 2014 poll, only 5 percent of Estonians considered a large-scale military attack on the country to be very probable, although a further 22 percent did indicate it was rather probable. See: Estonian Defence Forces, 2014b.

⁷³⁸ Janina Šleivyte, *Russia's European Agenda and the Baltic States*, New York: Routledge, 2010, p. 156.

⁷³⁹ Richard J. Krickus, *The Kaliningrad Question*, New York: Rowman and Littlefield, 2002, pp. 62–63; Oldberg, 2015; interviews in Vilnius, March 2015.

⁷⁴⁰ Krickus, 2002, p. 70; Luke Baker and Justyna Pawlak, "Lithuania Warns Russia over Pressuring Its Neighbors," Reuters, October 2, 2013.

⁷⁴¹ Andrew E. Kramer, "Lithuanians Are Given a Taste of How Russia Plays the Oil Game," *New York Times*, October 28, 2006.

to a Polish company.⁷⁴² Lithuania is currently heavily dependent on imports from Russia for its energy needs, at roughly 70 percent of its total.⁷⁴³ Until 2009, Lithuania generated much of its electricity from the Ignalina nuclear plant, but EU regulators mandated its closure over safety concerns.⁷⁴⁴ Lithuania has since pursued the construction of alternative nuclear plants, but Russia announced similar plans for new plants in both Kaliningrad and Belarus, apparently in an effort to ensure that the Lithuanian plant would not be commercially viable.⁷⁴⁵ Lithuania's electrical grid also remains tied to the Russian grid, in the same manner as those of the other Baltic States.⁷⁴⁶

Efforts are ongoing to decrease the extent of Lithuania's energy dependence on Russia, including through the construction of the undersea NordBalt cable to allow electricity imports from Sweden and the recent opening of an LNG terminal in Klaipeda to provide an alternative source of gas.⁷⁴⁷ Of note, Russian ships have repeatedly interfered with the construction of the NordBalt cable.⁷⁴⁸ A similar link with Poland is also in the works and would connect not just Lithuania but all the Baltics to the Continent's electricity grid for the first time. The LNG terminal in Klaipeda, meanwhile, was used to import roughly 90 percent of the natural gas Lithuania used in 2015.⁷⁴⁹

Trade between Russia and Lithuania also remains important, as shown in Figure 8.2.⁷⁵⁰ These economic links largely persisted even after the 2014 imposition of EU sanctions and Russian

⁷⁴² Donaldson, Noguee, and Nadkarni, 2014, p. 222.

⁷⁴³ EIA, undated; European Commission, 2014b, p. 6.

⁷⁴⁴ James Kanter, "At Anchor off Lithuania, Its Own Energy Supply," *New York Times*, July 4, 2013.

⁷⁴⁵ Stratfor, "Lithuania Agitates Against Russian Nuclear Projects," *Forbes*, March 24, 2011.

⁷⁴⁶ Laats, 2015a. It should be noted, however, that Russia's ability to disrupt Lithuania's electrical grid without having similar effects on Kaliningrad is unclear, limiting the extent to which this represents a vulnerability for Lithuania (discussions with officials in Vilnius, March 2015).

⁷⁴⁷ Bryan Bradley, "Lithuania Approves Undersea Swedish Power-Link Construction Plan," Bloomberg, March 6, 2013; "Lithuania's LNG Terminal Starts Commercial Operations," *Delfi, by the Lithuanian Tribune*, January 2, 2015.

⁷⁴⁸ David Crouch, "Lithuania Accuses Russia of Disrupting Work on Baltic Power Cable," *Financial Times*, May 2, 2015.

⁷⁴⁹ Alla Dubrovyyk-Rokhova, "Lithuania's 'Floating Independence'," *The Day* (Kyiv), March 2, 2016; "Lithuania's LNG Terminal Starts Commercial Operations," 2015. It should also be noted that this LNG terminal represents a significant vulnerability for Lithuania in the event of a crisis with Russia. This has prompted Lithuania to conduct military exercises preparing for an attack on the terminal (Alistair Scrutton and Andrius Sytas, "Lithuania Stages 'Little Green Man' War Games, with Eye on Moscow," Reuters, May 6, 2015).

⁷⁵⁰ It should be noted, however, that the majority of trade in Figure 8.2 between Russia and Lithuania comes from transshipments, i.e., goods that are not of Lithuanian origin. The trade figures for Russia and Lithuania in Figure 8.2 therefore overstate the economic importance of links between these nations. For detailed information on Lithuanian-origin trade flows, see Lithuanian Department of Statistics, "The Main Indicators of the Country," Official Statistics Portal, 2013.

countersanctions.⁷⁵¹ While this trade provides an incentive for both sides to pursue cooperative relations, Russia has not shied away from using trade as a means to apply pressure to Lithuania in the same way that Russia exploits its neighbors' energy dependence. For example, in October 2013, Russia halted the import of dairy products from Lithuania—ostensibly over safety concerns—in apparent retaliation for Lithuanian support of the European Union's Eastern Partnership initiative.⁷⁵²

Russia's attempts to shape Lithuanian policy by applying pressure over the issues discussed earlier have engendered significant resentment in Lithuania and, if anything, appear to have hardened its opposition. This is reflected both at the governmental level, as will be discussed in greater detail later, as well as at the level of public opinion. In a 2011 survey, 53 percent of Lithuanians had favorable views of Russia, compared with 42 percent who viewed it unfavorably.⁷⁵³ While precisely parallel surveys in later years were not available, by April 2014, 73 percent of Lithuanians described Russia as hostile to Lithuania, by far the highest figure for any country.⁷⁵⁴

Defense Capabilities

Despite its troubled relationship with Russia, Lithuania has not taken steps to build its military into a force that could prevent or even significantly delay Russian aggression on Lithuanian soil. Its military capabilities are very modest. Its forces are small, and its military equipment is limited to a handful of basic vehicles and rotary-wing aircraft. Although its population is larger than those of the other two Baltic States—more than twice the size of Estonia's—Lithuania has never spent much on defense.⁷⁵⁵ For years, spending was less than 1 percent of GDP and, after increasing in the mid-2000s, declined precipitously after the 2008 financial crisis, as shown in Figure 8.4.

⁷⁵¹ "Russia Remains Lithuania's Biggest Trade Partner Despite Ukraine Crisis," *Baltic Times*, November 10, 2014a.

⁷⁵² Designed to forge closer ties between the European Union and other former Soviet republics, the Eastern Partnership is seen in Moscow as a direct challenge to the maintenance of Russia's influence in its 'near abroad.' See David Cadier, "Eurasian Economic Union and Eastern Partnership: The End of the EU-Russia *Entredeux*," in *The Geopolitics of Eurasian Economic Integration*, LSE Ideas Special Report 019, June 2014; Steve Gutterman and Andrius Sytas, "Russia Halts Lithuanian Dairy Imports Before EU Summit," Reuters, October 7, 2013.

⁷⁵³ Pew Research Center, "Confidence in Democracy and Capitalism Wanes in Former Soviet Union," *Global Attitudes and Trends*, December 5, 2011.

⁷⁵⁴ "Poll Says Most Lithuanians See Russia as Hostile," *Delfi, by the Lithuanian Tribune*, June 2, 2014.

⁷⁵⁵ IMF, 2015b.

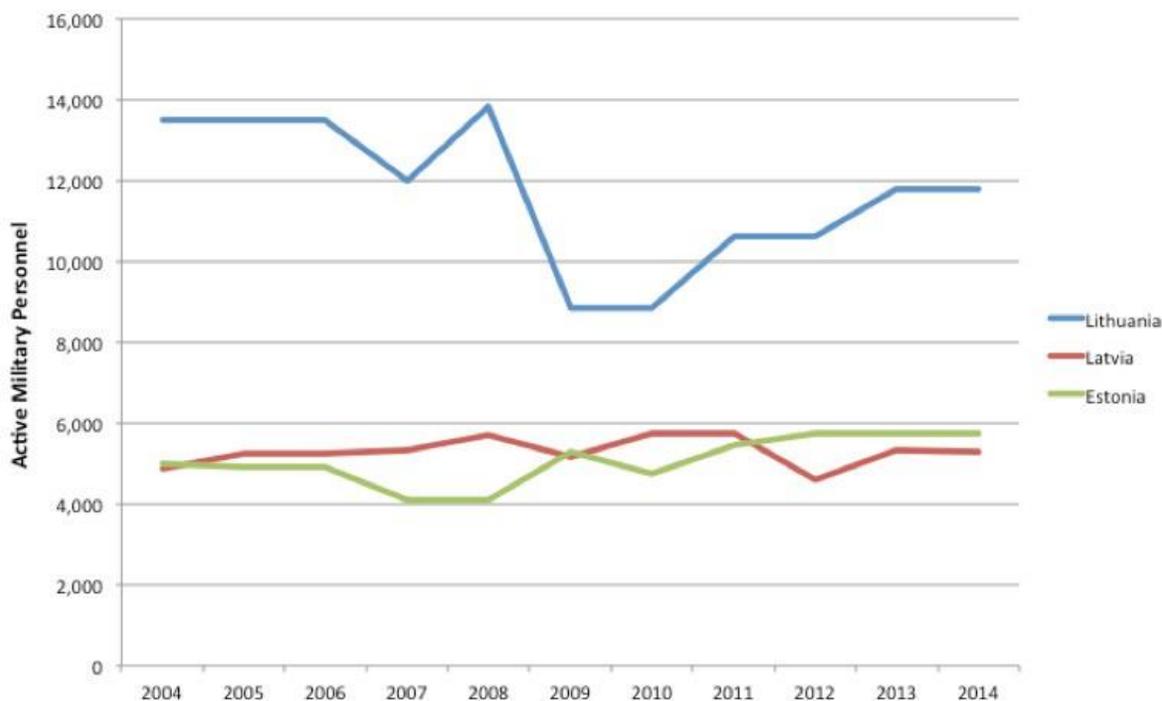
Figure 8.4. Lithuania’s Defense Expenditures in Constant (2011) US\$ Millions and as Percentage of GDP (1993–2014)



SOURCE: SIPRI, undated(b).

Lithuania’s armed forces are comparatively larger than those of Estonia or Latvia, in keeping with the country’s larger population and economy, as shown in Figure 8.5.

Figure 8.5. Active Military Personnel in Lithuania, Latvia, and Estonia (2004–2014)



SOURCE: IISS, 2004–2014.

Lithuania's active military includes roughly 11,000 personnel, with approximately 8,100 in the Army.⁷⁵⁶ Lithuania also has a modest reserve component, roughly 6,700 personnel, as well as 11,500 personnel in the paramilitary Border Guard and Riflemen Union units.⁷⁵⁷ Latvia and Lithuania ended their mandatory conscription policies in 2006 and 2008, respectively. Estonia maintained its policy, and Lithuania has recently reinstated conscription, as will be discussed later.⁷⁵⁸ Despite Lithuania's larger size, years of relatively small defense budgets, far preceding the 2008 financial crisis, have left it with military equipment roughly on par with that of much smaller Estonia. Lithuania has 126 M113A1 APCs, but no tanks or other similar vehicles, and a small number of mine countermeasure, logistics, and coastal patrol vessels.⁷⁵⁹

The Lithuanian Air Force has very limited capabilities. Lithuania has the only combat aircraft among the Baltic States, a single L-39ZA Albatros, but the aircraft has limited combat ability

⁷⁵⁶ Ljung et al., 2012, p. 71; IISS, 2014.

⁷⁵⁷ Ljung et al., 2012.

⁷⁵⁸ Ljung et al., 2012, pp. 43, 69; "Ukraine Crisis Relights Conscription Debate in Latvia," 2014.

⁷⁵⁹ IISS, 2014.

and is used entirely for training purposes.⁷⁶⁰ The country is planning to purchase two additional L-39ZAs, also for training purposes, although when the purchase would be completed remains unclear.⁷⁶¹ Lithuania also has limited mobility, search and rescue, and ISR capabilities in the form of its three C-27J Spartan tactical transports, nine Mi-8 helicopters, one AS 365 Dauphin helicopter, and a number of ScanEagle small UAVs.⁷⁶² The purchase of additional AS 365s is planned for future years to eventually replace the aging Mi-8 helicopters.⁷⁶³ Lithuania's air support infrastructure is relatively well developed. The Baltic Air Policing mission has been conducted since 2004 from Šiauliai Air Base, and 14 different NATO allies—including the United States—have made use of the base during that time.⁷⁶⁴ The Baltic Air Surveillance Network operates at Karmėlava, in the center of the country, and provides NATO air surveillance and C2 for the region.⁷⁶⁵

Lithuania's primary naval base is at Klaipėda, in the center of the country's western coast, and it has hosted NATO ships, including those from the United States.⁷⁶⁶ The country's primary land unit, the mechanized infantry "Iron Wolf" brigade, is based at Gaižiūnai, near the center of the country, which has also been the site of major security cooperation missions with the United States.⁷⁶⁷

Among the Baltic States, Lithuania has taken the greatest advantage of the FMS program, with sales since independence exceeding \$129 million in U.S. currency.⁷⁶⁸ The program has been used to purchase a range of items, including Javelin antitank and Stinger anti-aircraft systems.⁷⁶⁹ Lithuanian use of the IMET and CTFP training programs has also been extensive, at more than 1,500 personnel from 1992 to 2013.⁷⁷⁰

Lithuanians appear open to the proposed increased spending on defense to reach the 2 percent of GDP target, although the timing and nature of that increase are more contested. In a 2014 survey, 64 percent of Lithuanians felt that defense spending should be increased, although

⁷⁶⁰ IHS Jane's, "Lithuania—Air Force," *World Air Forces* web page, March 23, 2016b.

⁷⁶¹ IHS Jane's, 2015b; "Lithuania Plans to Buy More Jet Trainer Aircraft—Min of Defence," *Lithuania Tribune*, April 15, 2014.

⁷⁶² IHS Jane's, 2015b.

⁷⁶³ IHS Jane's, 2015b.

⁷⁶⁴ Lithuanian Armed Forces, 2014.

⁷⁶⁵ Coffey, 2013, p. 13.

⁷⁶⁶ "US Military Ship Arriving in Lithuania," *Lithuania Tribune*, July 3, 2014.

⁷⁶⁷ Lithuanian Armed Forces, "Mechanized Infantry Brigade 'Iron Wolf' (MIB IW)," May 18, 2012; Keith Anderson, "Bradleys, Strykers Arrival in Rukla for Atlantic Resolve," U.S. Army, October 3, 2014.

⁷⁶⁸ DSCA, 2013b.

⁷⁶⁹ Anne E. Derse, "U.S.-Lithuania Relations—Next Steps," speech delivered at Vilnius University Institute of International Relations and Political Science, Vilnius, Lithuania, March 25, 2010.

⁷⁷⁰ DSCA, 2013b.

only 10 percent felt that the increase should occur immediately.⁷⁷¹ In a separate survey, 50 percent of Lithuanians were also in favor of instituting mandatory military training, although only 33 percent supported the introduction of conscription.⁷⁷² Nonetheless, Lithuania's president has recently announced that conscription will be reintroduced for five years, citing the current tensions with Russia.⁷⁷³

As a result of Lithuania's limited military capabilities, the country continues to depend heavily on NATO for its security, and Lithuania has cultivated close military relations with the alliance and with the United States. Lithuania has thus been an eager participant in out-of-area operations, such as those in Afghanistan and Iraq, and, as a result of these deployments, it has gained significant experience with both operations and NATO interoperability.⁷⁷⁴ All the Baltic States, including Lithuania, rely heavily on European NATO members for their arms imports, having built their armed forces from the ground up after independence without a significant inheritance of Russian arms.⁷⁷⁵

NATO has deployed limited assets in Lithuania, seeking to provide forces sufficient to act as a "tripwire" and signal of NATO commitments, yet small enough not to threaten the security of such potential aggressors as Russia.⁷⁷⁶ As noted earlier, the Baltic Air Policing mission based at Šiauliai has been conducted by a number of NATO allies on a three-month rotational basis and typically consists of four fighters.⁷⁷⁷ In 2014, this mission was expanded to operate out of Ämari air base in Estonia as well.⁷⁷⁸ The United States has undertaken limited rotational deployments since 2014 in Lithuania and the other Baltics, including elements of the 173rd Airborne Brigade.⁷⁷⁹

Increasingly large-scale multilateral exercises have also been an important focus of cooperation between Lithuania and the United States and NATO. Exercise Saber Strike, led by the U.S. Army, has been undertaken annually since 2009 and now involves 4,500 military

⁷⁷¹ "Survey: Lithuanians Want to Spend More on Defence," Baltic News Service, April 14, 2014.

⁷⁷² "Half of Lithuanians Favor Compulsory Military Training," *Lithuania Tribune*, April 22, 2014.

⁷⁷³ Richard Milne, "Lithuania Reinstates Military Conscription for Young Men," *Financial Times*, February 24, 2015a.

⁷⁷⁴ As noted by Corum, "Due to the long period that the Baltic nations' forces have served in Iraq and Afghanistan, the majority of the officers and NCOs of the armed forces of the three nations have now served at least one rotation period of 6 months in a combat zone. Many of the career cadre have seen multiple tours in both Iraq and Afghanistan" (Corum, 2014, p. 14).

⁷⁷⁵ SIPRI, undated(a).

⁷⁷⁶ Nurick and Nordenman, 2011, p. 3; Granholm, Malminen, and Persson, 2014, pp. 62–63.

⁷⁷⁷ Kaljurand et al., 2012, pp. 57–58; Croft, 2014.

⁷⁷⁸ Croft, 2014.

⁷⁷⁹ Millham, 2014.

personnel from ten countries.⁷⁸⁰ In 2014, NATO organized two additional large-scale exercises, Steadfast Javelin I and II, which involved approximately 6,000 and 2,000 military personnel, respectively, and took place across the Baltics and Poland.⁷⁸¹

The heart of the security that NATO provides, however, lies in the contingency plans of the alliance to respond in force in the event that the security of Lithuania is threatened. According to press reports, by 2010, NATO had developed contingency plans for the defense of all the Baltic States and had identified the forces necessary to do so.⁷⁸² However, Lithuanian officials have expressed anxiety as to whether the decline in European defense budgets and the U.S. pivot to Asia would leave sufficient assets in the region to support those plans.⁷⁸³ It should be noted that these concerns were expressed prior to the 2014 events in Ukraine.

The Baltic States have also engaged in significant security cooperation among themselves, such as through the BALTBAT and the NBG, as was discussed previously, particularly in the event of a fast-moving crisis.⁷⁸⁴ The three nations have also engaged in limited pooling of defense procurement, although all of these initiatives remain secondary in importance to the relationship with NATO.⁷⁸⁵

Response to Crimea and the Ukraine Crisis

Lithuania has been the most strident of the Baltic States in its opposition to Russian actions in Ukraine and open support for the Ukrainian government. President Grybauskaitė has called Russia a “terrorist state” and strongly supported policies to aid the government in Kiev.⁷⁸⁶ Indeed, Lithuania has argued consistently and fervently for years in favor of steps to bring Ukraine closer to the European Union, and its reaction since Russia’s intervention continues this support.⁷⁸⁷ Lithuania has sent significant humanitarian aid to Ukraine, both officially and through civil society, and has even pledged to provide military aid and finalized the formation of a Lithuanian-Polish-Ukrainian brigade.⁷⁸⁸

⁷⁸⁰ U.S. Army Europe, undated(a).

⁷⁸¹ NATO, 2014a, 2014d.

⁷⁸² Ljung et al., 2012, pp. 48–49.

⁷⁸³ Ljung et al., 2012, pp. 48–49.

⁷⁸⁴ Coffey, 2013; Estonian Defence Forces, 2014a, discussions with officials in Vilnius, March 2015.

⁷⁸⁵ “Baltic States Join Forces for Ammunition Procurement,” 2013.

⁷⁸⁶ Rayvan Sabet-Parry, “Lithuania President Calls Russia ‘Terrorist State’,” *Baltic Times*, November 20, 2014.

⁷⁸⁷ Forbrig, 2015, p. 29.

⁷⁸⁸ Forbrig, 2015, p. 32. Andrius Sytas, “Lithuania May Supply Weapons as Part of Military Aid to Ukraine: Minister,” Reuters, November 26, 2014b.

Public support for these policies overall appears to be strong. President Grybauskaitė was reelected in May 2014 with 58 percent of the vote after taking a hard line against Russia.⁷⁸⁹ However, while Lithuania is less ethnically diverse than Estonia or Latvia, its smaller minority population, many of whom are Russian speakers, appears to hold different views on the Ukraine crisis. In a recent poll, 55 percent of Lithuanian speakers blamed Russia for the crisis in Ukraine, while that sentiment was shared by only 16 percent of non-Lithuanian speakers.⁷⁹⁰

Lithuania has taken considerable steps to increase its security, most notably the reintroduction of conscription. The policy, overwhelmingly approved by the *Seimas*, would require all males between the ages of 19 and 26 to serve in the armed forces, leading to an increase in the size of the military each year of between 3,000 and 3,500 personnel.⁷⁹¹ Lithuania also took the unusual step of publishing a survival manual in January 2015 instructing citizens what to do in the event that the country was invaded.⁷⁹² While these steps were taken in part for pragmatic reasons—Lithuania was having significant difficulties meeting military recruiting quotas for its existing units—they also represent part of a broader political effort to ensure that the Lithuanian population is engaged in the project of national defense and is in turn prepared to support steps such as increased defense spending over the long term.⁷⁹³

Lithuania is pursuing numerous options simultaneously for how to spend these increased defense budgets. This may include the purchase of roughly 100 light wheeled APCs, such as German Boxers, although negotiations are ongoing.⁷⁹⁴ In 2014, Lithuania purchased the short-range portable Grom air defense system from Poland and additional Javelin missiles from the United States.⁷⁹⁵ Overall, Lithuania increased defense spending substantially in 2015, up to 1.1 percent of GDP, part of a series of increases that aim to reach the 2 percent of GDP NATO goal by 2020.⁷⁹⁶

⁷⁸⁹ “Lithuania’s Dalia Grybauskaitė Wins Re-Election After Run-Off,” BBC News, May 25, 2014.

⁷⁹⁰ “Poll Reveals Divergent Opinions on Ukraine Crisis Among Lithuania’s Ethnic Groups,” *Delfi, by the Lithuania Tribune*, January 7, 2015.

⁷⁹¹ Milne, 2015a; Associated Press, “Lithuania to Reinstate Compulsory Military Service amid Ukraine Tensions,” *The Guardian*, February 24, 2015; Felicity Capon, “Lithuania Votes to Reintroduce Military Conscription,” *Newsweek*, March 20, 2015a.

⁷⁹² Damien Sharkov, “Lithuania Publishes Survival Manual in Case of Russian Invasion,” *Newsweek*, January 7, 2015.

⁷⁹³ Discussions with officials in Vilnius, March 2015.

⁷⁹⁴ Lithuania is also considering the purchase of 12 PzH-2000 type howitzers from Germany (Agence France-Presse, “Germany Offers Howitzers to Lithuania,” *Defense News*, April 15, 2015; “Germany Ready to Assist Lithuania in Tank Deal,” *Deutsche Welle*, February 23, 2015).

⁷⁹⁵ Collier, 2014.

⁷⁹⁶ Craig Caffrey, “Lithuania Plans 35% Increase in 2016 Defence Budget,” *IHS Jane’s Defense Weekly*, October 1, 2015; “Jittery over Russia, Lithuania Ups Military Spending by Third,” *AsiaOne*, October 2, 2014.

Lithuania also seeks medium- and long-range air defense capabilities—either of their own or via U.S. or NATO assets on their territory.⁷⁹⁷ Lithuania has expressed a strong interest in expanding the U.S. and NATO presence in the country to at least a battalion-sized deployment, whether through persistent rotational deployments or a permanent arrangement.⁷⁹⁸ In either case, additional support infrastructure would be needed, some of which is already under construction, including support facilities at the Šiauliai air base funded by \$13 million from the United States’ European Reassurance Initiative.⁷⁹⁹ Military logistics is another area where greater support may be urgently needed, as Lithuania begins to build the “logistics tail” needed to maintain the advanced equipment it is purchasing as part of its increased defense spending.⁸⁰⁰ Border and cybersecurity represent additional areas of significant vulnerability for Lithuania where U.S. engagement would be helpful, and such efforts have already begun through the Department of Homeland Security and other organizations.⁸⁰¹

Lithuania has also been involved in a number of multilateral efforts to enhance its security, involving NATO and the other Baltic States. An NFIU was created in Lithuania in 2015 to help ensure interoperability and coordination between Lithuanian and NATO forces, including the mooted NATO Very High Readiness Joint Task Force.⁸⁰² Lithuanian officials expressed a strong desire for a U.S. officer to lead the NFIU in Lithuania.⁸⁰³ Other NATO measures (such as the Baltic Air Policing) and exercises (such as Steadfast Javelin) have increased in size, and new measures (such as rotational deployments of NATO forces and an increased number of other exercises) have also been implemented.⁸⁰⁴ The Baltic States have also increased their cooperation on security matters, creating a Baltic Combined Joint Staff Element to help ensure coordination of military activities in the event of a crisis.⁸⁰⁵

Lithuania has also taken several steps to reduce its energy dependence on Russia, although the planning for many of these steps began well in advance of the crisis in Ukraine. Lithuania’s LNG terminal in Klaipėda, which began operations in 2015, represents the first alternative

⁷⁹⁷ Discussions with officials in Vilnius, March 2015.

⁷⁹⁸ Discussions with officials in Vilnius, March 2015; Sytas, Mardiste, and Croft, 2015.

⁷⁹⁹ Ministry of Foreign Affairs of the Republic of Lithuania, “Lithuania’s Foreign Minister Welcomes the Decision of the U.S. House of Representatives to Strengthen European Security,” December 8, 2014.

⁸⁰⁰ Discussions with officials in Vilnius, March 2015.

⁸⁰¹ Discussions with officials in Vilnius, March 2015.

⁸⁰² Bendavid, 2015; Deni, 2015; NATO Allied Joint Force Command Brunssum, “NFIU Lithuania,” fact sheet, 2016.

⁸⁰³ Discussions with officials in Vilnius, March 2015.

⁸⁰⁴ The umbrella operation for these efforts across Europe, Operation Atlantic Resolve, is summarized by Headquarters, USEUCOM, 2015. See also Croft, 2014; Millham, 2014; NATO, 2014a, 2014d.

⁸⁰⁵ “Baltics Sign Joint Military Command Agreement,” 2015.

source to Russian natural gas in the Baltics.⁸⁰⁶ Construction on an interconnector to enable a significant volume of natural gas from Klaipėda, already an important alternative for Lithuania, to reach Latvia was completed in 2015.⁸⁰⁷ Electricity links with both Sweden and Poland are also being constructed, with the Swedish link—NordBalt—in operation in 2016.⁸⁰⁸ While efforts to decouple Lithuania from the Russian electrical grid are not as advanced, Lithuania’s commitment to reorienting itself firmly toward the European Union over the long term to reduce this perceived vulnerability seems clear.⁸⁰⁹

Outlook

Lithuania will remain a vigorous supporter of greater U.S. and NATO engagement in the region in the years to come. The Lithuanian president is firmly committed to close ties, and her statements and policies to this effect have been broadly supported.⁸¹⁰ Lithuania’s strongly pro-NATO foreign policy orientation has deep historical roots and is unlikely to change over the short term, regardless of how the crisis in Ukraine develops or how other EU states respond.

There has historically been a significant gap between the threat that Lithuania has felt and the resources it has been willing to commit to its own defense. Lithuania has now begun to take some of the steps necessary to close this gap, but doing so will take years and a sustained commitment to prioritize defense spending in more-difficult budget environments, a long-term commitment that the country has yet to demonstrate. Over the next five years, however, the planned increases in defense budgets to approach 2 percent of GDP are likely.⁸¹¹ The United States, including the U.S. Air Force, has an important role to play in supporting Lithuania’s efforts, both by providing equipment and training—potentially including strengthening Lithuania’s medium-range air defense systems—and by helping to ensure the interoperability and complementarity of these new capabilities with NATO forces. A particular focus of interoperability efforts should include developing and gaining high-level buy-in for agreements on ROE and C2 arrangements for crisis situations among the United States, Lithuania, and other allies that operate air assets in the region, including those contributing to Baltic Air Policing.

Beyond helping Lithuania to improve its own defense capabilities, our analysis highlights three additional areas of focus for the United States over this time period. The first, and perhaps

⁸⁰⁶ “Lithuania’s LNG Terminal Starts Commercial Operations,” 2015.

⁸⁰⁷ Discussions with officials in Vilnius, March 2015; “New Lithuanian Gas Pipeline to be Kick-Started,” *Natural Gas World*, October 8, 2015.

⁸⁰⁸ Bradley, 2013; “Last Section of NordBalt Submarine Cable Manufactured,” *Delfi, by the Lithuania Tribune*, February 12, 2015; discussions with officials in Vilnius, March 2015.

⁸⁰⁹ Discussions with officials in Vilnius, March 2015.

⁸¹⁰ Discussions with officials in Vilnius, March 2015.

⁸¹¹ Discussions with officials in Vilnius, March 2015.

most important, is determining the extent of U.S. and NATO forward presence in Lithuania, including but not limited to the prepositioning of equipment such as armor. Any pressures to limit the scale of such a presence are unlikely to come from Lithuania, which would enthusiastically welcome almost any level of U.S. or NATO presence. Instead, the U.S. response will need to be based on a broader strategic calculation, including assessments of the response from other NATO allies, and the impact on Lithuania's own defense capabilities.⁸¹² The second area of focus is encouraging more-robust security partnerships between Lithuania and its neighbors, including not just Latvia, Estonia, and Poland, but also the Nordic countries, including non-NATO members Sweden and Finland. Lithuania's strong focus on its relationships with the United States and NATO is logical, given the capabilities that these partners can bring to bear, but improving the depth and breadth of Lithuania's partnerships with its neighbors through expanded joint exercises, institutional integration, and pooled or at least coordinated procurement can nonetheless make important military and political contributions to the stability of the region. U.S. engagement should be considered that helps foster greater integration along these lines, possibly by direct engagement with institutions such as the BALTBAT or the NBG, while emphasizing that such links in no way diminish the United States' bilateral security commitments to its NATO allies. Strong U.S. Air Force engagement aimed at strengthening links between Lithuania and the relatively well-developed air forces of Poland, Sweden, and Finland could be particularly helpful in this regard.

The third area of focus for the United States—as in so many other cases in the region—will be managing Lithuanian disappointment if U.S. engagement and presence falls short of hopes or expectations, while at the same time encouraging Lithuania not to take an overly confrontational approach toward Russia. Ensuring a continued united front within NATO may depend not only on encouraging reluctant allies to take deterrence of Russia seriously, but also on convincing allies such as Lithuania that alliance cohesion, even if less visible and robust than they might wish, is vital to the utility and long-term durability of NATO.

Notwithstanding these challenges, Lithuania is highly likely to remain a committed partner of the United States and NATO in the years to come and act as a leading voice within the European Union on the need to maintain economic sanctions and other measures to punish and deter Russian aggression in the region. Lithuania already feels that it is under attack from an ongoing Russian propaganda campaign, and while the potential for such a campaign to lead to any sort of antigovernment insurgency in Lithuania appears minimal given the demographic, economic, and political makeup of the country, Russia's actions have focused Lithuanian attention on the many vulnerabilities it has in the event that Russia were to decide to take aggressive actions against it.

⁸¹² See, for example, "Merkel in Latvia: Baltic Military Infrastructure Should Be Strengthened, But No Permanent NATO Bases," Estonian Public Broadcasting, August 19, 2014.

Part III. The Nordic Partners

Finland and Sweden, alongside Poland, possess the most powerful militaries in this report. They are advanced industrial economies, well integrated into the European Union with significant airpower. Both countries have moved away from their long-standing tradition of strict neutrality toward greater solidarity with Baltic and EU partners. Unlike their Nordic neighbors, Norway and Denmark, both are NATO partners, not allies. Tensions with Russia over the last few years, however, have gradually nudged them toward closer military relations with NATO, such that both now enjoy enhanced partnership status with the alliance. Both countries are also strengthening their ability to engage in territorial defense and better respond to regional crises.

Regardless of whether these Nordic partners become full members of NATO, they share a common interest in maintaining security and stability in the Baltic region. Given their geographical proximity and close linkages to the Baltic States, the interests of both could be severely damaged by a crisis over the Baltics, regardless of whether their own territory was threatened. There is also concern, voiced especially by the Swedes, that any conventional military conflict over the Baltics would impinge on their airspace and territorial waters and that Russia could seek to gain an operational advantage by forcefully taking territories such as Gotland Island or denying access to them. Thus, there is a real opportunity for the United States to strengthen defense cooperation with each country, to ensure that they are able to receive allied forces, defend their territory against attack, and contribute to air-to-ground and air-to-surface attack operations in the region.

Since 2014, engagement with both has been increasing—for example, through air exercises, such as Arctic Challenge, as well as new Ämari air base exercises. There is more that can and should be done, including increased participation of both countries in large and complex exercises and greater U.S. cooperation and training with both countries on key niche military capabilities. Tabletop exercises, scenario-based seminars, and even joint contingency planning should also be considered to help facilitate more-concrete policy discussions. As advanced economies, the Nordic partners also have a growing interest in space and cyber issues. Deepening engagement on these fronts—for example, through the National Guard’s State Partnership Program—could also offer medium- and long-term benefits. Across the board, there is now an opportunity to make these two countries all but members of NATO and strengthen their ability to contribute to regional defense, as well as their ability to support crisis operations elsewhere in the world.

Chapter Nine. Finland: Moving From Self-Reliance to Solidarity

Of all the countries in this report, the Republic of Finland has the longest border with Russia, stretching 1,340 kilometers (km) through largely uninhabited taiga forests and sparsely populated rural areas. Of all the economies in the European Union, Finland's is also the most closely intertwined with Russia and was the hardest hit by Russian countersanctions on agricultural products in 2014. Finland has been historically neutral, like its neighbor Sweden, with which it shares many cultural and political commonalities. Also like Sweden, Finland abandoned strict neutrality when it joined the European Union in 1995. Since then, Finland has remained militarily nonaligned while still participating in the Euro-Atlantic Partnership Council and Partnership for Peace (PfP) and engaging actively in international crisis missions under EU, NATO, and UN command.

Finland's defense expenditures remain modest as a percentage of GDP (see Table 9.1), but because Finland is a rich economy with a tradition of self-reliance, it has a fairly capable military that includes F-18s, Joint Air-to-Surface Standoff Missiles (JASSMs), large numbers of artillery, heavy armor, and other systems. The crisis in Ukraine has raised significant concerns about Russia's trajectory and increased Finnish public support for cooperation with and possible membership in NATO. Because of their long border with Russia, however, many Finns continue to be concerned that moving too close to NATO could do more to endanger their security than augment it. The fact that Finland has military capabilities of its own, unlike the Baltic States, also dampens—though by no means eliminates—the impulse for closer cooperation with NATO and the United States.

Table 9.1. Finland: Key Resource Base Statistics and Partner Ordinal Rankings

Concept	Unit Amount	NATO–Plus 2 Ordinal Ranking (Out of 29)
Total military expenditure, 2014 (current US\$ million) ^a	\$3,649	17th
Total military expenditure, 2014 (as percentage of GDP) ^b	1.4%	12th
Military personnel, active (excl. paramilitary), 2013 ^c	22,200	19th
Military personnel, active (incl. paramilitary), 2013 ^d	25,000	19th
Military personnel, deployed (incl. peacekeeping), 2013 ^e	364	21st
Gross domestic product, 2014 (current US\$ billion) ^f	\$271.2	15th
Gross domestic product, 2013 (per capita, current US\$) ^f	\$49,497	9th
Total estimated population, 2014 ^f	5,476,000	20th

NOTE: NATO–Plus 2 includes 27 NATO member states plus Sweden and Finland.

^{a, b} SIPRI undated(b).

^c IISS, 2014. Excludes 354,000 reserve personnel.

^d IISS, 2014. Paramilitary includes 2,800 personnel in the Border Guard and excludes 11,500 paramilitary reserve personnel.

^e IISS, 2014.

^f IMF, 2015b.

Key Background

Finland has a parliamentary system of government. National elections in April 2015 resulted in a change of government as Juha Sipilä, a 53-year-old self-made information technology millionaire, led his Center Party to victory on promises to get Finland's economy back on track. Sipilä formed a new coalition government with the center-right National Coalition Party and the populist Finns Party.

Sipilä's Center Party, which holds 49 seats in the 200-member parliament, traditionally has its power base in the countryside. It infuses elements of social liberalism with defense of rural and landowner interests.

To secure a governing coalition, Sipilä turned to the EU-critical Finns Party, which emerged as the second-largest party, with 38 seats in the new parliament. The party performed worse than in the 2011 election, when it spooked markets but won voters by criticizing financial bailouts for debt-ridden eurozone members. At that time its leader, Timo Soini, refused to join the pro-bailout government coalition. This time, however, he has entered government as foreign minister. His colleague Jussi Niinistö has become defense minister, positioning the Finns as the coalition government's lead voice on foreign and security policy.

The third party in the new governing coalition is the center-right National Coalition Party, whose pro-EU and pro-NATO leader Alexander Stubb led the last government as prime minister and has returned to government as finance minister. The party lost favor with voters on economic issues but retains 37 seats in the parliament.

The new coalition generated immediate headlines with two initiatives. The first is a plan to cut 6 billion euros from the budget by 2021 by freezing some benefit payments, increasing service charges, and cutting education and support for business. At the same time, Sipilä said he would increase the basic pension and would kickstart growth in the stalled Finnish economy by introducing 1.6 billion euros in infrastructure spending.

The second initiative is a more open stance toward NATO membership. The government's Joint Policy Position statement includes the option of applying for NATO membership "at any time." This marks a clear change of direction from the previous government, which agreed at its outset in 2011 not to embark on a process of joining NATO. While internal Finnish deliberations have for some time stressed that the option of membership was open to them, this is the first time the government has been prepared to say so publicly. Soini announced that the government will produce an unprecedented report on the costs and benefits of NATO membership—potentially presaging a national referendum on the issue—as part of a comprehensive review of Finnish foreign and security policy. The review will also encompass recommendations for future defense spending and issue policy guidelines for the maintenance, development, and use of Finland's conscript-based system of total defense. Moreover, the new government plans to amend legislation to permit military- and national security-run surveillance programs to collect signals intelligence outside Finnish borders and on communications passing through Finnish territory.

The leading opposition party is the center-left SDP, which saw its support drop to 34 seats in the new parliament. The SDP is against NATO membership and has resisted previous calls for a parliamentary working group on NATO. The party has emphasized the importance of defense cooperation with nonaligned Sweden, however, and has indicated that if Sweden would choose to join the alliance, the party would reconsider its own stance. Erkki Tuomioja, foreign minister in the last government, was outspoken in his opposition to sanctions on Russia and to possible NATO membership for Finland.

The opposition Green Party doubled its representation in the last elections to 15 seats, is in favor of deepening defense cooperation with Sweden and increasing the defense budget, but is against NATO membership. The party would reconsider its stance should Sweden join the alliance.

The opposition Left Alliance, with 12 seats in the parliament, is in favor of deepening defense cooperation with Sweden but against increasing the defense budget. The Left Alliance is strongly against NATO membership and has stated that potential Swedish membership would not change its stance.

The small Swedish People's Party is a strong advocate of Finnish-Swedish defense cooperation and of NATO membership. Its leader, Carl Haglund, was defense minister in the last

government. The party believes that Finland and Sweden should join the alliance at the same time.

The opposition Christian Democratic Party, with five seats in the parliament, supports a stronger military force for Finland. The party is officially against NATO membership, although some of its candidates openly advocate it. The party has also stated that if Sweden joins NATO, then so should Finland.

Sauli Niinistö, a member of the National Coalition Party, became president of Finland in March 2012. Under the Finnish constitution, the president is commander-in-chief of the Finnish Defense Forces. Niinistö favors Finnish membership in NATO, yet in his current role has sought to reflect the center of the debate. He has been an important bellwether of Finnish opinion on foreign and economic policies.

Finland's per capita income is among the highest in Europe and the world. It boasts a modern, generous welfare state, including essentially free medical care, a world-class education system, and well-maintained public and technological infrastructure; Finland has been a global pioneer in gender equality and ranks as the third-least corrupt country in the world.⁸¹³ While Finland has long been a top performer in the eurozone, its high quality of life is challenged by an aging population, high and rising labor costs, and the fluctuations of an export-driven economy. It was already experiencing difficulties in the years prior to the Ukraine crisis, and these have worsened since. The two pillars of its economy, the forestry sector and the technology industry—led by flagship company Nokia—have shrunk dramatically, while its biggest trading partners, Russia and the eurozone, have experienced their own economic turbulence. Finland has thus been mired in three straight years of recession, with unemployment of 10.3 percent in March 2015, at its highest level since 2003.⁸¹⁴ In 2014, Standard & Poor's lowered Finland's top triple-A rating one notch to AA+, citing growth problems and political indecisiveness. The country's economy was expected to grow 1.4 percent in 2016.⁸¹⁵

In 2014, Russia was the third-largest exporter of goods to Finland, falling from the top country for Finnish imports in 2013, and the third-most important national market for Finnish goods (see Figure 9.1). But overall, Finland's major commercial arteries are with its partners in the European Union (Figure 9.2), which accounts for about 58 percent of Finnish goods exports—\$42.4 billion in 2014—and for about two-thirds of all Finnish goods imports—\$52.1 billion in 2014. Finland's major EU trading partners are Sweden, Germany, and the Netherlands.⁸¹⁶ Of particular note are Finland's deepening linkages with Estonia, especially in cross-border e-services between the two highly developed digital societies. Finland has agreed to

⁸¹³ Transparency International, "Corruption Perceptions Index 2013," web page, 2013.

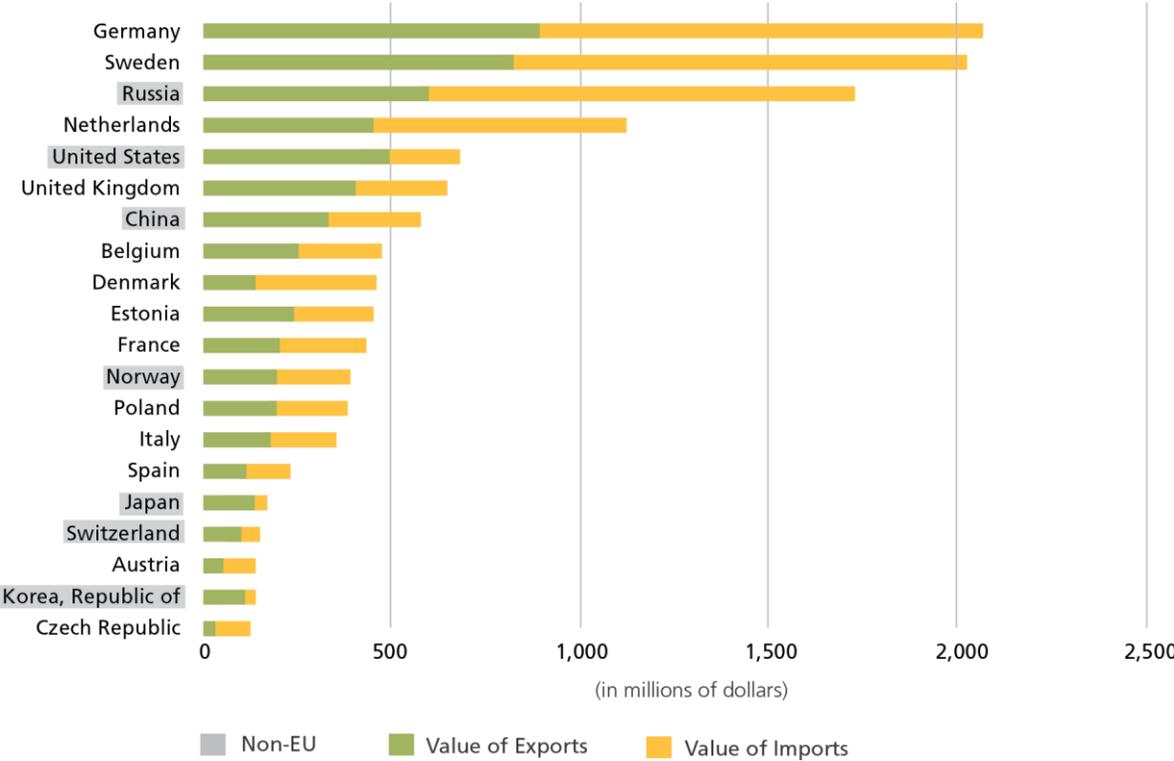
⁸¹⁴ Statistics Finland, "Unemployment Rate 10.3 Per Cent in March," April 23, 2015.

⁸¹⁵ European Commission, "Economic and Financial Affairs: Finland," database, undated(a).

⁸¹⁶ IMF, 2014.

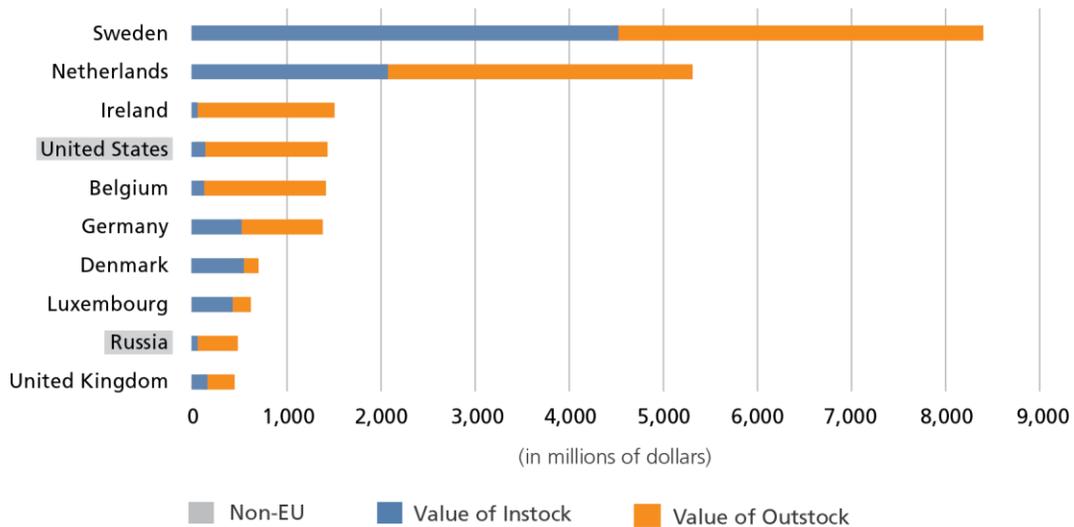
adopt Estonia’s X-Road, a sophisticated, secure, web-based data exchange that enables people, institutions, and enterprises to link and operate seamlessly across the entire country.

Figure 9.1. Top 20 Finnish Trade Partners (2014)



SOURCE: IMF, 2015a.

Figure 9.2. Finland's Top 20 FDI Partners, by Instock and Outstock (2012) (US\$ millions)



SOURCE: UNCTAD FDI/TNC database, based on data from the Bank of Finland and Statistics Finland.

Relations with the United States and Europe

The United States established diplomatic relations with Finland in 1919, following its 1917 declaration of independence from the Russian Empire. When Finland allied with Nazi Germany in 1944, the United States severed diplomatic relations but reestablished them after the war. Given Finland's strategic position, the country was of particular interest and importance during the Cold War—and subsequently. Before the Soviet Union dissolved in 1991, long-standing U.S. policy was to support Finnish neutrality while maintaining and reinforcing Finland's historic, cultural, and economic ties with the West.

The United States and Finland have enjoyed a close partnership and friendship. Finland participates in the Visa Waiver Program, which allows nationals of participating countries to travel to the United States for certain business or tourism purposes for stays of 90 days or less without obtaining a visa. Finland contributes actively to the advancement of technology and research, promotes international economic development, and is an international advocate for human rights and peaceful resolution of conflict.

The United States also welcomed Finland's integration into Western economic and political structures. In 1994, Finland joined the PfP. It became a full member of the European Union in 1995 and joined the EU's Economic and Monetary Union in 1999.

The United States ranked fourth as an importer of goods from Finland in 2014, accounting for \$4.9 billion, or 6.7 percent, of the total goods Finland exported to the world. The U.S. share rises to 15.95 percent of the global total after excluding intra-EU trade. U.S. imports from Finland include electronics, machinery, ships and boats, paper and paperboard, refined petroleum products, and telecommunications equipment and parts. The United States ranked 12th as an

exporter of goods to Finland in 2014. Finnish imports of U.S. goods in 2014 constituted \$1.9 billion, or 2.5 percent of the total amount imported from the world, and 7.9 percent when intra-EU imports are removed from the global total.⁸¹⁷ U.S. exports to Finland include machinery, telecommunications equipment and parts, metalliferous ores, road vehicles and transport equipment, computers, peripherals and software, electronic components, chemicals, medical equipment, and some agricultural products.

The European Union accounts for more than 80 percent of outward Finnish FDI, yet Finnish stocks of FDI in the United States in 2013 totaled 8.7 billion euros, three times greater than those in Russia and more than four times greater than those in China. The United States has invested significantly in Finland, taking into account both direct FDI and the fact that considerable U.S. FDI ending up in Finland goes through countries like the Netherlands, Ireland, and Belgium. U.S. stocks of FDI in Finland in 2013 totaled 6.3 billion euros, making the United States the third-largest source of FDI in Finland after Sweden and the Netherlands. U.S. FDI stocks in Finland were six times the size of equivalent Russian stocks.

The U.S. and Finnish knowledge economies have become increasingly intertwined in recent decades. U.S. investors have been particularly interested in Finland's specialized high-tech companies, as well as investments that take advantage of Finland's position as a gateway to Russia and the Baltic countries. U.S. companies operating in Finland directly employed 22,644 people, and Finnish enterprises operating in the United States directly employed 27,132 people in 2013.⁸¹⁸

The United States and Finland share similar goals and priorities with regard to many foreign and defense policy issues; differences reflect U.S. global responsibilities and Finland's regional perspective as a sparsely populated country sharing a long border and history with Russia, which has shaped popular perceptions about the value of nonalignment.

Finland participates regularly in the e-PINE, an informal network of U.S. officials and Nordic/Baltic counterparts in an 8+1 format (Norway, Estonia, Denmark, Finland, Iceland, Lithuania, Latvia, and Sweden, plus the United States). The initiative grew out of the Northern European Initiative (NEI), launched during the Clinton administration and renamed during the George W. Bush administration, to facilitate closer U.S. cooperation among northern European countries with differing institutional affiliations. In the early years of the NEI, the focus was on promoting Nordic and U.S. cooperation and mentorship with the Baltic States to facilitate their integration into Euro-Atlantic structures. Following Baltic membership in NATO and the

⁸¹⁷ Daniel S. Hamilton and Joseph P. Quinlan, *The Transatlantic Economy 2015: Annual Survey of Jobs, Trade and Investment Between the United States and Europe*, Washington, D.C.: Center for Transatlantic Relations, 2015; U.S. Bureau of Economic Analysis, "Finland—International Trade and Investment Country Facts," fact sheet, U.S. Department of Commerce, last updated July 2016; IMF, 2014.

⁸¹⁸ Hamilton and Quinlan, 2015; U.S. Bureau of Economic Analysis, 2016; IMF, 2014; UNCTAD FDI/TNC database, based on data from the Bank of Finland and Statistics Finland; Statistics Finland, 2014.

European Union, the focus has turned to overall cooperation, with particular attention to cooperative activities with transition countries in Eastern Europe.

Of the nine countries in this research, Finland and Sweden are the only that are not U.S. treaty allies, do not receive FMF funds from the United States, and do not participate in the National Guard State Partnership Program. Finland has had no personnel trained under IMET since 1996, and only 20 students trained under CTFP during the period 2010–2013. The United States maintains no bases in Finland, but Finnish and U.S. forces train together regularly as part of bilateral defense cooperation and under NATO’s PfP framework and have served together in a range of expeditionary missions under the auspices of the United Nations and the OSCE. U.S. and Finnish forces participate regularly in bilateral and multinational exercises. Under bilateral cooperation, forces from each country participate in training courses in the other country. U.S. forces, for instance, regularly participate in winter combat training in Finland.⁸¹⁹ The Finnish and Swedish air forces also join the U.S. Air Force in Europe in bilateral and trilateral training—for instance, the U.S. Air Force in Europe’s 510th Fighter Squadron training March 24–April 1, 2015, in international airspace and in Finland’s airspace over the Gulf of Bothnia.

U.S. and Finnish participation in multinational training includes the annual Northern Coast exercise, which rotates among various participating countries each year and was hosted by Finland in August and September 2014. The goal is to improve air, sea, and ground force interoperability in international crisis management tasks. In 2014 the United States, Finland, and Sweden were joined by 11 other NATO countries.⁸²⁰

Illustrative recent exercises that have included Finnish and U.S. participation include

1. Saber Strike 14 (Location: Baltics. Lead organization: USEUCOM)
2. Flaming Sword 14 (Location: Lithuania. Lead organization: USEUCOM)
3. Baltic Operations (BALTOPS) 14 (Location: Baltic Sea. Lead organization: USEUCOM)
4. Jackal Stone (Location: Germany. Lead organization: U.S. Special Operations Command Europe)
5. NATO/PfP Arctic Challenge Exercise (Location: Sweden, Norway, Finland)
6. BALTOPS 15 (Location: Baltic Sea. Lead organization: USEUCOM).

During the post–Cold War period, when threats seemed distant, Finland’s and Sweden’s “nonaligned-yet-close-to-NATO” approach enabled each country to be seen as a reliable, value-

⁸¹⁹ “Maanpuolustuskorkeakoulu,” [“Finnish National Defense University”] homepage, undated; Yle News, “Russia Moves First Troops to Arctic Base Near Finnish Border,” *Barents Observer*, January 15, 2015b. The United States and Finland operate a bilateral program of cooperation whereby forces from each country participate in training courses in the other country. Some of these are small—for instance, in January 2015, five U.S. Marines and three Army soldiers from Alaska participated in a winter combat training course arranged by the Jaeger Brigade of the Finnish Defence Forces in the Finnish Lapland village of Sodankylä. The Marines also spent some time in military training at the Finnish Army’s Guard Jaeger Regiment in the Helsinki island district of Santahamina during their stay. The joint Finnish-American exercises were first arranged in January 2014.

⁸²⁰ Ministry for Foreign Affairs of Finland, “The Northern Coasts Exercise Strengthens the Crisis Management Capability of the Finnish Navy,” Brussels: Mission of Finland to NATO, August 28, 2014.

added partner and to make the most of collaborative defense without roiling the strong domestic consensus against defensive pacts. In the current environment of threats closer to home, however, doubts have arisen about whether the self-reliance implied by nonalignment can really guarantee adequate defense—particularly in a period of austerity when the costs of sustaining modern welfare states while maintaining credible defense alone are forcing unpalatable choices. While a plurality of Finns still do not support NATO membership, the issue is more open to debate than in the past, and there are important signs of change.

Support for NATO membership is still a minority opinion but has been rising in Finland, where security was one of the main topics of the 2015 Finnish election campaign. Finnish President Sauli Niinistö has said that Finland needs to explore all possible security partnerships, including with the United States.⁸²¹ As a sign of the shifting mood, the Left Alliance was the only party to rule out NATO membership during the current parliament. A March 2015 poll found that around one-third of Finns would like to see a referendum held on the Finland-NATO membership issue.⁸²² In an April 2015 poll, 40 percent of respondents were against NATO membership, 30 percent for, and 30 percent undecided.⁸²³ Most parties agree that if Sweden were to join NATO, Finland could not remain a nonaligned gray zone between NATO and Russia.

The new coalition government is likely to keep the door to NATO open but not walk through it in the foreseeable future, use its forthcoming cost-benefit report on NATO membership to generate greater public understanding and support, raise the prospect of a future national referendum on the question, and, in the meantime, deepen practical ties with the alliance as well as with Sweden and other NORDEFSCO partners, the Baltic States and Poland.⁸²⁴

Relations with Russia

Finland was a Grand Duchy of Imperial Russia for 108 years, from 1809 until Russia's withdrawal from World War I in 1917 and Finland's emergence as an independent country. In 1939, the Soviet Union attacked Finland, seeking to readjust the border. In the ensuing Winter War, Finland inflicted heavy losses on Soviet forces but ultimately made concessions to stop the fighting. Then, in 1941, Nazi Germany attacked the Soviet Union. Finland, hoping to recapture its lost territory, chose to attack the Soviet Union, making democratic Finland a de facto ally of Nazi Germany. The Soviet Union attacked again in 1944. Tens of thousands of Finnish soldiers

⁸²¹ "Poll: Nearly a Third of Finns Uncertain About NATO," Yle News, April 11, 2015; Stefan Forss and Pekka Holopainen, *Breaking the Nordic Defense Deadlock*, Carlisle Barracks, Pa., U.S. Army War College, February 2015.

⁸²² Gerard O'Dwyer, "New Finnish Gov't Expected to Hike Spending," *Defense News*, April 26, 2015d.

⁸²³ Ann-Dorit Boy, "Nichts Mehr Ausschließen Wie Sich Finnland Vorsichtig der Nato Annähert," *Frankfurter Allgemeine Zeitung*, April 15, 2015; Rebecca Libermann, "Resurgent Russia Worries Finns, But NATO Not an Option," Yahoo News, April 16, 2015.

⁸²⁴ Gerard O'Dwyer, "New Finnish Government Raises NATO Stakes," *Defense News*, May 24, 2015e.

and countless civilians were killed, and Finland lost a tenth of its territory, although it ultimately maintained its independence.

After the Soviet Union and its allies defeated Nazi Germany, and as tensions then rose between the Soviet Union and the United States, Finland became an orphan of Cold War politics. The country was democratic, capitalist, and armed to the teeth against possible Soviet aggression but was not a part of the anti-Soviet alliance system. On the contrary, Finnish foreign policy was oriented toward accommodating the Soviet Union in ways that would preserve Finland's independence. As the Cold War ended and the Soviet Union imploded, Finland abandoned its political neutrality by joining the European Union in 1995. It was careful to retain its military stance of nonalignment but joined the PfP and has engaged in active collaboration with NATO.

Finland and Russia nevertheless still have long-standing and close economic ties. In 2013, Russia was the top single-country exporter of goods to Finland; more than 15 percent of Finnish imports—largely key production inputs, such as oil—came from Russia. In 2014, Russia was the third-most important exporter of goods to Finland. Finnish imports of goods from Russia hit \$15 billion in 2008 and again in 2011 and hovered above \$13 billion in 2012 and 2013.

Russia is the third-most important country market for Finnish goods; about 8 percent of Finnish exports head for Russian markets. Finnish exports of goods to Russia peaked at \$11.2 billion in 2008 but collapsed by fully half to \$5.6 billion in 2009 in the wake of the Great Recession, inching back to \$6.9 billion only in 2013 and falling again to \$6.0 billion in 2014. In part due to Western sanctions on Russia, Finnish exports sank by more than one-third in the first quarter of 2015.

Finland is also positioned as a Russian logistics receiving and transfer point for Russian goods. There are six border crossings between Finland and Russia.⁸²⁵ The two main crossing points are located in southeastern Finland at Vaalimaa (Russian side: Torfyanovka) and Nuijamaa (Russian side: Brusnichnoe). Vaalimaa is the busiest customs and border crossing between the European Union and Russia. Eighty percent of those crossing the border are Russians, many on the hunt for Finnish products and duty-free goods. More than 5 million Russian tourists spent an estimated 1.2 billion euros in Finland in 2013, and some 400,000 usually spend the Christmas and New Year holidays there.⁸²⁶ While visas are required for Russian citizens visiting Finland, Helsinki pursues a very generous visa policy toward Russian nationals. The Finnish consulate in St. Petersburg is the largest of all Schengen state consulates in terms of visa applications (1,022,443 category C Schengen visas issued in 2012, 97.9 percent

⁸²⁵ Finnish Border Guard, "Border Crossing Points," undated.

⁸²⁶ "Venäläisten Matkailu Suomeen Kasvoi 5,2 Miljoonaan Matkaan Vuonna 2013," ["Russian Tourism to Finland Increased by 5.2 Million Journey in 2013"], Rusgate, July 4, 2014.

of them multiple-entry).⁸²⁷ Since 2008, Finnish tourists who arrive in St. Petersburg from Helsinki, or in Vyborg from Lappeenranta by ship, have been able to stay in Russia for 72 hours visa-free.

More than 7,000 trucks pass through Finland's border stations into Russia each day. Finland was set to complete in 2016 a 60 million-euro upgrade of its road and information technology infrastructure for all of its border crossing points with Russia. It is introducing a Vehicle Reservation Border Pass, a preclearance e-system for Russia-bound trucks equipped with radio frequency ID, dedicated short-range communication transponders, unique number container tags, and unique e-Seals. The system is designed to operate like barrier-free toll roads; trucks buy an electronic tagging device and reservation number for a prebooked crossing at designated customs posts.⁸²⁸

Finland is a net energy importer and relies significantly on Russian energy. It has no significant domestic reserves of any fossil fuels except peat, and its electricity generation is not sufficient, without supplemental imports, to meet demand. With its energy-intensive industries and its cold climate, Finland's energy consumption per capita is the highest of all members of the IEA.⁸²⁹

The government's energy strategy aims to strengthen Finland's energy security, to move progressively toward a decarbonized economy, and to deepen its integration in the wider European market. Finland has a very ambitious renewable energy program, with a view to meeting 38 percent of its final energy consumption from renewable sources by 2020. Since Finland is the most forested country in Europe, biomass will play a central role in meeting the target. It is also one of a few IEA countries with plans to expand its nuclear capacity, and the parliament has approved the construction of two more nuclear power plants. If all planned projects are completed, the share of electricity produced by nuclear could double by 2025, reaching around 60 percent. Finland also participates in the Baltic Energy Market Interconnection Plan, which aims for further regional integration through EU-supported infrastructure projects.

Oil is a main energy source for Finland and accounted for 25 percent of the country's total energy supply in 2012. Finland does not produce oil domestically and relies exclusively on crude

⁸²⁷ European Commission, *Overview of Schengen Visa Statistics 2009–2012*, Directorate-General Home Affairs, 2012, p. 22. Visa-free travel for Finns also applies to Kaliningrad, Sochi, and other Russian ports. Visa-free travel for Russians has not been supported by the European Union.

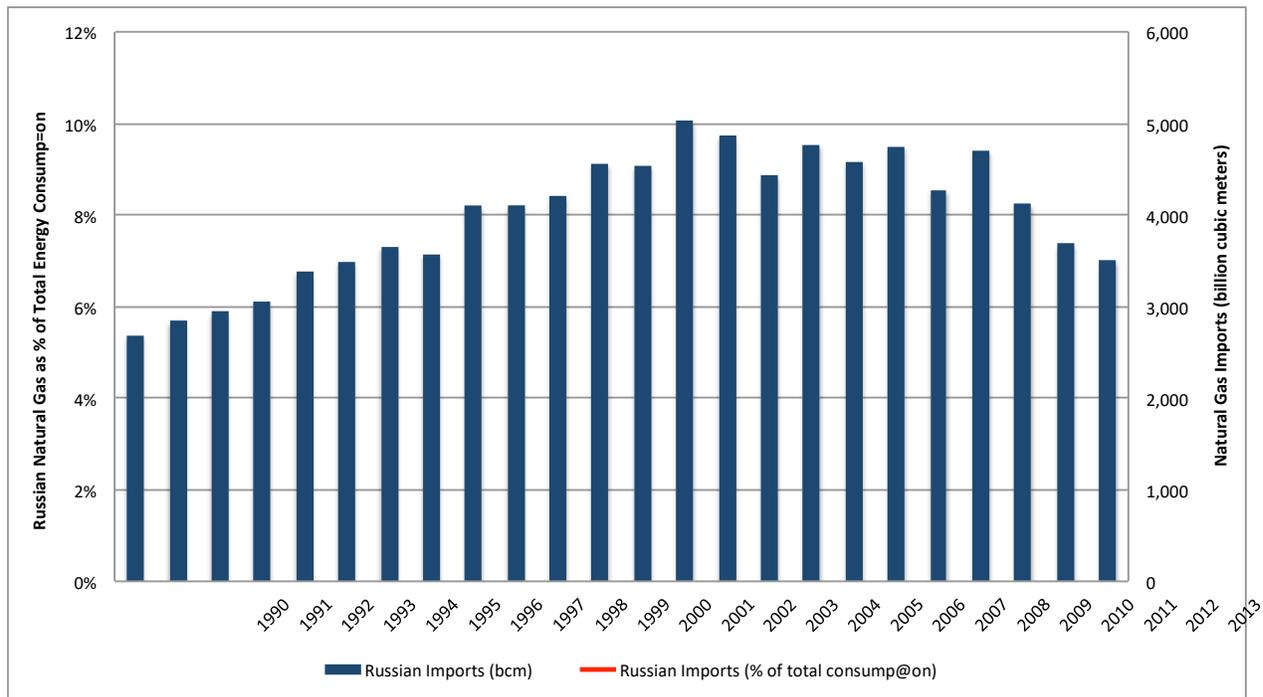
⁸²⁸ Russia reportedly budgeted 105 million euros for the six years from 2007 to jointly finance EU border cooperation programs. See Alexander Rogan, "Major Upgrade of All Finnish-Russian Border Crossings," *Russia Supply Chain*, January 7, 2013.

⁸²⁹ IEA, 2014b.

oil imports. Approximately 89 percent of Finland’s total import of crude oil is from the Russian Federation.⁸³⁰

Natural gas composed about 8.8 percent of Finland’s total energy consumption in 2012. Finland imports all of the natural gas it consumes from Russia (Figure 9.3). A stress test carried out in 2014 by the European Commission on the European gas network indicated that of all EU states, Finland, Estonia, and Bulgaria would suffer the most should Russia cut off natural gas supplies to Europe. Finland would run out of natural gas immediately, due to its complete lack of gas reserves. Finland has addressed its gas dependence, however, by constructing an elaborate system of obligatory switching to oil and other energy sources for all Finnish gas-fired power generation and heating units, and by imposing a high alternative fuel stock obligation. Taken together—and assuming well-executed logistics—these measures could replace all imported gas volumes without curtailing demand.⁸³¹

Figure 9.3. Finland’s Dependence on Russian Natural Gas Imports (1990–2013)



SOURCE: Eurostat, undated.

⁸³⁰ IEA, 2014b, p. 173.

⁸³¹ European Commission, 2014c; European Commission, “Stress Tests: Cooperation Key for Coping with Potential Gas Disruption,” October 16, 2014d; Anna-Liina Kauhanen and Aleksi Teivainen, “Stress Test: Finland Among the Most Vulnerable to Gas Supply Cut-Off,” *Helsinki Times*, October 17, 2014.

Other developing scenarios call for EU member state solidarity in the event of supply interruptions. The European Commission has recommended that Finland and its EU partners agree to a joint Emergency Plan and a joint Preventive Action Plan covering sensitive issues, such as the volumes of gas to be shared and their destination; ensure the feasibility of fuel switching during emergencies by removing logistical and other obstacles affecting the replacement of stocks; continue work on the development of local LNG terminals in Turku, Pori, and Tornio; and accelerate progress on a 100 million–euro gas pipeline interconnector being planned between Finland and Estonia, currently scheduled for completion in 2018.

Baltic Sea waters that are part of Finland’s Economic Zone are also host to 375 km of subsea pipeline for the Nord Stream natural gas connector—the longest subsea pipeline in the world—running from Vyborg in the Russian Federation to Greifswald in Germany. After environmental and economic reviews, Finnish authorities issued permits for construction of the Finnish section of the pipeline in 2010. Nord Stream began producing in 2011, and additional routings are being considered.⁸³²

Despite EU sanctions on Russia and Finland’s concerns about its gas dependence on Russia in light of Moscow’s provocative activities, Finland and Russia are deepening their energy cooperation; in 2014, state-supported companies signed cross-border deals developing nuclear, hydroelectric, and electric power.

In December 2014, the Finnish Parliament, supported by the Finnish government, approved an application by Finnish nuclear power company Fennovoima for the construction of a 1,200-megawatt nuclear reactor in the northern Finnish city of Pyhäjoki, sourced from Russia’s state-owned company Rosatom, which will also take a stake in the project. The parliament’s approval was conditioned on Finnish companies retaining at least a 60-percent stake in Fennovoima. The new unit is expected to begin output in 2024 at a cost of up to 7 billion euros. Other bilateral energy projects are also under way. State-supported Finnish company Fortum plans to invest 4.2 billion euros in Russia by the end of 2015 to restructure its joint venture with a Gazprom subsidiary operating hydro and thermal power plants in northwest Russia and heating networks in St. Petersburg. Russian operations account for 22 percent of Fortum’s sales and 15 percent of its profits.

Finland imports about 20 percent of its electricity, mainly from Sweden and Russia, but with small amounts from the grids of Norway and Estonia. Estonia, in turn, imports electricity from Russia. Despite Finland’s electricity import needs, in November 2014, Finnish company Fingrid signed a deal with Russia’s Federal Grid Company of Unified Energy System to start electricity exports to Russia. Until now, cross-country transit of electricity via 400-kV interconnectors has

⁸³² “Controversial Project Launched: Merkel and Medvedev Open Baltic Gas Pipeline,” Spiegel Online, November 8, 2011; Brett Young and Terhi Kinnunen, “Nord Stream Cleared to Start Construction in April,” Reuters, February 12, 2010; “Ex-PM Paavo Lipponen to Serve as Adviser to Gas Pipeline Builder,” *Helsingin Sanomat*, August 15, 2008.

been possible only from Russia to Finland, but a new connector cable will enable electricity to be transmitted from Finland to support electricity supply security for Russia's St. Petersburg region.

Greater uncertainties beset the Arctic and the High North, with its shared borders and special neighborhood, due to the rapid rate of climate change, melting ice, and thawing tundra; the pace of natural resource development; the nature and rate of public and private investments; changing transportation patterns; and potential security challenges presented by greater engagement in the region by Arctic and non-Arctic states alike.

Finland is an Arctic country and has been active in international northern and Arctic undertakings. It advanced an initiative for an EU "Northern Dimension" in 1999 as a standing initiative among the European Union, Russia, Norway, and Iceland to support stability and sustainable development in the region through practical cooperation in areas ranging from the environment, nuclear safety, health, and energy to transport, logistics, trade, investment, and research. Belarus participates in practical cooperation. The United States and Canada are observers.

Finland also initiated the Arctic Environmental Protection Strategy, signed by ministers of eight Arctic states in 1991 in Rovaniemi, Finland, and later enveloped by the establishment of the Arctic Council, now recognized as the most important multilateral institutional framework in the region. The United States chairs the Arctic Council from 2015–2017.

Finland's Arctic Strategy, adopted in 2010 and updated in August 2013, sets forth Finnish interests in environmental protection, sustainable economic development, secure marine traffic, better transport and infrastructure, and support for indigenous peoples.⁸³³

Finland has participated in regular military and emergency exercises among Arctic states, such as the Cold Response, which brings together NATO members and PfP countries, and the Barents Rescue among emergency officials in Norway, Sweden, Finland, and Russia. Chiefs of Defense of the Arctic states have held regular discussions, and a broader gathering of military officers of the Arctic states has convened regularly in the context of the *Arctic Security Forces Roundtable*, but the former was canceled in 2014 and the latter took place without Russian participation, in response to Moscow's provocative activities in Ukraine and beyond. Important confidence-building measures, such as bilateral and multilateral military exercises, have also been suspended for an indefinite period, increasing the risk of misperceptions and misinterpretations of military activities in the region.⁸³⁴

⁸³³ Finnish Prime Minister's Office, *Finland's Strategy for the Arctic Region 2013: Government Resolution on 23 August 2013*, Prime Minister's Office Publications 16/2013, August 23, 2013.

⁸³⁴ SIPRI, undated(b); See also Heather Conley, "A Role for NATO in the Arctic?" in Ann-Sofie Dahl and Pauli Järvenpää, eds., *Northern Security and Global Politics: Nordic-Baltic Strategic Influence in a Post-Unipolar World*, New York: Routledge Global Security Studies, 2014; Paal Sigurd Hilde, "The 'New' Arctic—the Military Dimension," *Journal of Military and Strategic Studies*, Vol. 15, No. 2, 2013.

With no Arctic ports at hand, Finnish exporters rely on ports along the Baltic Sea. The opening of Arctic maritime routes, however, has prompted Finnish authorities to consider new transport networks and corridors crisscrossing Northern Finland to connect with Sweden and Norway. A connection via Russia remains a less likely option, yet there is discussion of an investment between 700 million and 1 billion euros to improve rails on the Russian side of the border to facilitate transport to the port of Murmansk.

Finland has a long history of building Arctic vessels for the Soviet Union and Russia. The two nuclear-powered icebreakers Taimyr and Vaigash, based in Murmansk, were built in Finland in the 1980s. Finnish workers also built Russia's Mir deep-water submarine that Arthur Chilingarov used when he planted the Russian flag on the seabed at the North Pole in 2007.

Finnish interest in the High North has also been spurred by growing Russian military activity. In December 2014, Moscow introduced significant changes to the regional military command, including the establishment of "North," the joint strategic command on the basis of the Northern Fleet.⁸³⁵ In January 2015, Moscow began to move a new Arctic brigade to a naval air base in Russia's Murmansk Oblast, located 3 km northwest of the town of Alakurtti and 60 km from the border city of Salla in Finnish Lapland. Russian media have reported that the brigade would likely comprise 7,000 soldiers, and the air base will house a newly created Northern Fleet signals intelligence unit, charged with tracking military, maritime, and air movements and activities, supporting developments in the Arctic and the High North. By 2016, another brigade is slated to be established on the Yamal peninsula. According to press accounts, 13 airfields, one air force test range, and ten radar sites and direction centers will be opened in the region in coming years.⁸³⁶ Russian military exercises in the Arctic region have also intensified; a March 2015 exercise featured up to 40,000 troops, more than 55 ships and submarines, and 110 planes and helicopters. Russia is modernizing the Northern Fleet's strategic nuclear submarines, and the first Borei-class submarine, Yury Dolgoruky, joined the fleet in 2013.⁸³⁷

Defense Capabilities

Even though Finland has been engaging actively with NATO, EU, and UN partners, it remains militarily nonaligned. Its basic defense and security documents are premised on the assumption that it will have to take care of its own defense. Finnish military doctrine is based on the concept of "total defense," whereby economic, cultural, communicative, and psychological

⁸³⁵ Ekaterina Klimenko, "Russia and the Arctic: An End to Cooperation?" *Swedish Wire*, March 27, 2015.

⁸³⁶ Klimenko, 2015; Yle News, 2015b.

⁸³⁷ The exercises came as Norway undertook its own military exercises in the northern Finnmark region involving some 5,000 troops—and as Finland tested new NH90 helicopters in Lapland ("Russian Troops near Finnish Border Placed on Combat Readiness," Yle News, March 17, 2015).

resources are harnessed and prepared to underpin diplomatic and military efforts to protect the values and welfare of the society and its citizens in the event of emergencies and conflicts. The main objective is to establish and maintain a military force capable of deterring any potential aggressor from using Finnish territory or applying military pressure against Finland. Territorial defense includes dispersed mobilization, training of conscripts for wartime units, and flexible readiness for response to a spectrum of threats and dangers.

Finland's central strategic guidelines for comprehensive security are set out in the government's report on *Finnish Security and Defence Policy 2012*.⁸³⁸ The MoD, together with the general staff, also produced a *Defence Forces Reform Concept* document in February 2012 to frame a three-year program of budget savings and defense reorganization.⁸³⁹ The government has also issued a series of documents setting out rationale and guidelines for societal security—*Securing the Functions Vital to Society* (2003, 2006);⁸⁴⁰ *Security Strategy for Society* (2010);⁸⁴¹ *Finland's Cyber Security Strategy* (2013);⁸⁴² *Internal Security Programme* (2013);⁸⁴³ and *Safeguarding the Security of Supply* (2013).⁸⁴⁴ A parliamentary assessment group released an important report entitled *Long-Term Challenges of Defence* in 2014,⁸⁴⁵ and the Swedish and Finnish Ministries of Defense released a joint report on deepened defense cooperation in early 2015.⁸⁴⁶ The new coalition government has announced it will update and align these reports to changing security dynamics in northern Europe and beyond.⁸⁴⁷

⁸³⁸ *Finnish Security and Defence Policy 2012*, Prime Minister's Office Publications, January 2013.

⁸³⁹ Commander of the Finnish Defense Forces, *Defence Forces Reform Concept*, briefing slides, Government Palace, Helsinki, February 8, 2012.

⁸⁴⁰ *Government Resolution on Securing the Functions Vital to Society*, Finnish Ministry of Defence, Helsinki, November 27, 2003; Security and Defense Committee, *The Strategy for Securing the Functions Vital to Society*, Government Resolution, Finnish Ministry of Defence, Helsinki, November 23, 2006.

⁸⁴¹ *Security Strategy for Society*, Government Resolution, Finnish Ministry of Defence, Helsinki, December 16, 2010.

⁸⁴² *Finland's Cyber Security Strategy*, Government Resolution, Secretariat of the Security and Defence Committee, Helsinki, January 24, 2013.

⁸⁴³ Tarja Mankkinen, *A Safer Tomorrow Internal Security Programme*, briefing slides, Finnish Ministry of the Interior, presented in Rovaniemi, Finland, May 15, 2013.

⁸⁴⁴ *Safeguarding the Security of Supply*, Finnish Statute Book 857/2013, Helsinki: Government of Finland, December 5, 2013.

⁸⁴⁵ *Long-Term Challenges of Defence*, final report of the parliamentary assessment group (summary), Parliament of Finland, Helsinki: Parliamentary Office, May 2014.

⁸⁴⁶ Finnish Defence Forces and Swedish Armed Forces, *Final Reports on Deepened Defence Cooperation Between Finland and Sweden*, February 17, 2015.

⁸⁴⁷ When Finland joined the European Union in 1995, it issued a landmark report entitled *Security in a Changing World, Guidelines for Finland's Security Policy*, which approached Finnish foreign and security policy within the country's new EU framework, which meant abandoning neutrality while retaining military nonalignment (Ministry

Beginning in the early part of this century, Finland and its Nordic neighbors began to frame total defense within a broader emphasis on societal resilience under the overall concept of “societal security,” which encompasses planning to prevent, respond to, and recover from a spectrum of serious disturbances to vital societal functions, ranging from terrorism to disruption of power supplies, telecommunications, information, transport, food, and finance. Finland’s approach is premised on both “whole-of-government” and “whole-of-society” approaches to preparedness; public and private actors are expected to be able and willing to work together along guidelines set forth by the government. Homeland defense willingness stands at around 80 percent, one of the highest rates in Europe.⁸⁴⁸ There are no special emergency authorities, such as the U.S. Federal Emergency Management Agency or Russia’s Ministry of Emergency Situations. Instead, each authority regularly trains for crises and has been given a combination of normal and emergency powers it needs to keep functioning in any conceivable situation. In a war, all resources of the society may be diverted to serve the national survival. The legal basis for such measures is found in the Readiness Act and in the State of Defence Act, which would come into force through a presidential decision verified by parliament in case of a crisis.⁸⁴⁹

With Finns divided over the potential benefits of NATO membership, Finnish leaders have also worked to strengthen the role of the European Union as a security actor. They are acutely aware of the challenges currently faced by the European Union’s Common Security and Defense Policy and do not expect rapid progress. President Niinistö has publicly stated that the European Union may be insufficient as a defense policy choice for Finland.⁸⁵⁰ Nonetheless, Finnish decisionmakers take seriously their EU responsibilities as set forth in the Lisbon Treaty’s solidarity clause (Article 2.2.2) and its mutual assistance clause (Article 42.7). In Finland’s view, these clauses oblige EU member states to assist each other in the event of an armed attack or civilian disaster. Although these clauses initially caused great concern in militarily nonallied Finland, they have since become key cornerstones of Finnish security policy and are referenced in the country’s key security and defense policy documents. Finland has taken concrete steps to operationalize these clauses, and in his New Year’s speech on January 1, 2015, President Niinistö said that it would be inconceivable for the European Union to simply look on if the territorial integrity of one of its member states were violated. Niinistö has also proposed that EU member states could deepen their defense cooperation by jointly developing capabilities to

of Foreign Affairs of Finland, *Security in a Changing World, Guidelines for Finland’s Security Policy*, report to Parliament, June 6, 1995).

⁸⁴⁸ IHS Jane’s, “Finland,” *Jane’s World Armies*, 2008.

⁸⁴⁹ Parliament of Finland, The State of Defence Act, 1083/1991, July 22, 1991.

⁸⁵⁰ Tuomas Iso-Markku, “The EU as a Source of Security: Finland Puts Its Trust in the Mutual Assistance Clause, But Has No Illusions About the Common Security and Defence Policy,” FIAA Comment, Finnish Institute of International Affairs, February 10, 2015.

counter hybrid warfare.⁸⁵¹ Finland also participates in the European Union’s NBG, which includes more than 2,400 soldiers and officers from seven European countries (Sweden, Norway, Finland, Estonia, Latvia, Lithuania, and Ireland), is capable of being on site in a crisis area within ten days of an EU decision, and should be able to conclude its duties within 30 to 120 days.⁸⁵²

Finland and its Nordic neighbors are taking steps to readapt their armed forces to defensive capabilities after each had tailored its forces primarily for crisis management and international operations. Now that territorial defense has returned as a high priority, Denmark, Norway, and Sweden are finding it difficult to adjust as they discover they lack boots on the ground, adequate reserves, infrastructure, and mobilization capabilities. Finland is the only Nordic country that can still generate substantial trained combat forces and is considering formation of a “spearhead force” mirroring that of NATO, but its forces are underequipped.⁸⁵³ Such efforts are taking place in a context, however, in which Denmark, Norway, Iceland, and the Baltic states are NATO members, and Finland and Sweden are not, which sets limits to the most-effective and most-efficient possibilities for northern European defense.

Given acute security challenges and budgetary pressures, Finland and Sweden each realize there is no delaying intensified defense cooperation. Each is betting that by thickening the web of defense relationships it has with the other, as well as with its regional, EU, and NATO partners, it will generate an adequate insurance policy against Russian encroachment. But because neither country is a full ally, each is also paying a high premium for that insurance policy without any assurance that it will pay out should it become necessary to redeem it. Meanwhile, some allies remain reluctant to accord either country equivalent access or participation for fear of diluting the distinction between allies and partners when it comes to core issues of collective defense.⁸⁵⁴

Faced with their own challenges, as well as this broader context of concerns, Finland and Sweden have turned to each other. In February 2015, the two countries agreed to a joint program of deepened cooperation covering all aspects of peacetime activities, including mutual use of bases, combined antisubmarine warfare and other exercises, exchange of officers, intelligence sharing and secure communications links, joint area surveillance operations, common C2 capabilities, a “partly integrated Finnish-Swedish air force,” and creation of a combined Finnish-Swedish Brigade Framework and a joint Naval Task Group. Each is working to change its laws to offer and receive assistance to/from each other, as well as other partners and NATO, as per the Host Nation Support arrangements each signed at the 2014 NATO Wales Summit.

⁸⁵¹ Iso-Markku, 2015.

⁸⁵² Försvarsmakten [Swedish Armed Forces], “Nordic Battlegroup NBG15,” web page, undated(a).

⁸⁵³ Forss and Holopainen, 2015.

⁸⁵⁴ See Daniel S. Hamilton, Andras Simonyi, and Debra L. Cagan, eds., *Advancing U.S.-Nordic-Baltic Security Cooperation: Adapting Partnership to a New Security Environment*, Washington, D.C.: Center for Transatlantic Relations, 2005.

Finland and its Nordic partners are also pushing ahead with an unprecedented level of practical collaboration through NORDEFECO. Since NORDEFECO was established in 2009, it has evolved from an intra-Nordic forum for exchange and dialogue to an increasingly operational platform for enhanced cooperation, including with the Nordic defense industry. Under the 2014 Norwegian and 2015 Swedish chairmanships, NORDEFECO has been developing joint Nordic situational awareness initiatives to strengthen air and sea cooperation and improve early warning systems; improve common defense sector capacity-building; and form joint units that could be available to NATO, EU, or UN missions. In February 2014 the Finnish air force deployed to Iceland for the first time to join forces from Sweden, Norway, and the Netherlands at the Iceland Air Meet to improve interoperability with both NATO and non-NATO members.

The five countries have also made it clear why they are deepening their collaboration. In April 2015, the defense ministers of Denmark, Finland, Norway, and Sweden and the foreign minister of Iceland published a joint declaration in the Norwegian newspaper *Aftenposten* in which they condemned Russian aggression against Ukraine and the illegal annexation of Crimea as violations of international law, declaring Russia's conduct, including along Nordic borders, to be "the gravest challenge to European security" that forces a more coordinated Nordic preparedness against possible crises or incidents.⁸⁵⁵

Amid growing tensions in the region and concerns about cost-efficiencies and greater effectiveness, the traditional Nordic frame is also being expanded progressively to include the Baltic States. In fall 2014, Nordic and Baltic countries approved a new plan to deepen their defense cooperation and readiness and to open concrete NORDEFECO projects to Baltic participation. In November 2014, the Nordic and Baltic countries were joined by Germany, Great Britain, the Netherlands, and Poland to discuss extended defense cooperation throughout northern Europe.⁸⁵⁶ The 2015 Swedish presidency of NORDEFECO has also pushed for Nordic-Baltic support to Georgia and Ukraine and a modular-style Nordic-Baltic Battlegroup modeled on the European Union's Swedish-led standby NBG. The 1,600-strong NBG already comprises forces from Finland, Norway, Estonia, Latvia, and Lithuania.

Finland and Estonia are also considering cooperation regarding air and cyber capabilities. The Ämari air base in northern Estonia now hosts a component of the Baltic Air Policing mission, and Finland and Sweden could repeat the Iceland Air Meet approach at the Ämari base. In practice, Finnish and Swedish jets would conduct exercises with NATO members, but a NATO member would conduct actual identification flights. Taken together, these policies represent a significant shift in the security landscape of northern Europe. It remains to be seen, of course, whether they are adequate to the challenges posed by Russia's belligerent behavior and

⁸⁵⁵ Sveinung Berg Bentzrød, "Russian Aggression: Nordic States Extend Their Military Cooperation," *Aftenposten*, April 9, 2015.

⁸⁵⁶ The first tangible result of such enhanced consultations was to be a military exercise entitled Arctic Challenge, to take place on Swedish and Norwegian territories at the end of May 2015 and including the United States.

the instabilities generated by the post-Soviet earthquake that continues to rumble across wider Europe.

Finnish Defense Forces participate actively in PfP activities and its Planning and Review Process. Finland views PfP engagement as important to improving interoperability of Finnish and NATO forces. According to the Finnish MoD, about 800 officials from Finland participate in just under 250 PfP events per year.

While Finland is not a NATO member, cooperation is becoming ever closer. Finland has participated in NATO Response Force readiness since 2012, for example, and in 2015 dispatched a crisis management unit to the NATO Response Force (NRF) pool. Of particular importance was NATO's 2014 decision to deepen its partnership with Finland and Sweden through an Enhanced Opportunities Program (EOP) and individual agreements between both Finland and Sweden with NATO regarding Host Nation Support mechanisms. The EOP offers Finland, Sweden, and advanced partners Australia, Georgia, and Jordan possibilities to be included in advanced NATO exercises; regular policy consultations on regional security; involvement in NATO's Smart Defense and Connected Forces initiatives; and NATO discussions of new initiatives, among other elements. It offers potential for Swedish and Finnish participation in NATO's High Readiness Force Headquarters Multinational Corps Northeast, based in Szczecin, Poland, which is set to become central to NATO Readiness Action Plan efforts to exercise C2 in the full range of alliance missions in NATO's northeastern region, including the VJTF, or Spearhead Force, as well as NATO Force Integration Units in the Baltic States and Poland. The EOP resulted in part from Finnish and Swedish efforts, including a joint paper presented to NATO suggesting ways to enhance their respective partnerships with the alliance. While some allies, including Norway and the Baltic States, express concerns that integrated reliance on partners rather than allies could undermine NATO's collective defense provisions, both Sweden and Finland have become NATO's highest value-added partners on a range of operational missions and exercises.

In addition to the Enhanced Opportunities Program, Finland also signed Host Nation Support Memoranda of Understanding with NATO enabling joint air, sea, and ground training exercises and military cooperation, and providing assistance from NATO forces on the territory of the two Nordic countries upon their invitation in situations related to disasters, disruptions, or threats to security. For both Finland and Sweden, the Memoranda are important steps toward facilitating and thereby increasing their respective capability to be part of NATO training, exercises, and operations. The two parliaments must still adopt the necessary legislation to implement the arrangements, and that is anticipated for 2016. Nonetheless, it is already possible today for either country to sign a technical agreement for a specific time-limited activity—for example, an exercise—on Finnish or Swedish territory.

Finland has extended its defense policy to encompass UN- or OSCE-approved expeditionary missions as a tool to prevent the spillover of cross-border risks from regional conflicts and failing states. Participation in such missions is voluntary, and highly popular. Finnish troops

serve around the world in UN, NATO, and EU missions. Between 2000 and 2010, Finland contributed between 400 and 1,200 military personnel annually to international operations in the Balkans. In Lebanon, it contributed 341 personnel in 2014 and 205 in 2013, and in the early part of the century made regular commitments of troops. Minor deployments of less than 100 personnel during this period included Central African Republic/Chad, Cyprus, Georgia, India/Pakistan, Kuwait/Iraq, Liberia, Mali, Moldova, Nepal, Sudan, and Uganda. It has also contributed roughly between 50 and 200 troops annually to operations in Afghanistan since 2002.

A maximum of 2,000 Finnish peacekeepers can be deployed simultaneously to different parts of the world. In 2014, more than 1,200 members of the Finnish Defense Forces participated in 12 UN, NATO, or EU crisis management operations in the Middle East and Africa, including the joint UN and Organisation for the Prohibition of Chemical Weapons mission in the Mediterranean to eliminate Syrian chemical weapons and the EU-led operation in the Central African Republic. Numerically, Finland's largest contribution is to the United Nations Interim Force in Lebanon, where Finland operates at battalion level (Table 9.2).

Table 9.2. Number of Persons in Finnish Expeditionary Crisis Management Operations

Mission	2012	2013	2014
Kosovo	21	21	21
Bosnia and Herzegovina	8	8	8
Afghanistan	174	133	92
Liberia	2	2	4
Atalanta	4	15	12
EUTM Somalia	6	5	5
Lebanon	117	205	341
EUTM Mali		8	11
UN Mali		1	3
FINCON Syria		1	10
Central African Republic			17
Military observers	25	22	23
Total	357	421	547

SOURCE: The Finnish Defence Forces, *Annual Report 2014*, Defence Command Public Information Division, 2015.

NOTES: Figures are annual report figures based on an annual average. Finland participated in the operation in the Mediterranean to remove Syria's chemical weapons capability from January to September, and, as of February, in one new operation in the Central African Republic (EU). At the end of 2014, Finland's total strength in international operations was 535 soldiers. EUTM = European Union Training Mission; FINCON = Finnish Consulate.

Between 2012 and 2015, Finland undertook its most significant defense reorganization since World War II,⁸⁵⁷ achieving 200 million euros in savings by aligning budgets with missions and bringing important changes to the country's peacetime (around 8,000 all-volunteer cadre NCOs and officers) and wartime mobilized organizations (96 percent reservists). Among the most relevant changes: An entire level of command was eliminated; new types of units were created; the army instituted a new land warfare doctrine;⁸⁵⁸ and the wartime size of the military was reduced from 350,000 to around 230,000, just over 4 percent of the population. Information was updated on 900,000 reservists, all of whom were contacted personally and informed of their specific roles in case of partial or total mobilization.⁸⁵⁹ All branches of the service were affected.

As a result of these changes, Finland's active military personnel declined from 29,300 in 2009 to 22,200 in 2014. The current active force comprises 16,000 army (21,500 in 2009); 3,500 navy (5,700 in 2009); and 2,700 air force (4,700 in 2009). Extended with conscripts and reservists, the standard readiness strength is 34,700 people in uniform (27,300 army, 3,000 navy, and 4,400 air force). Under universal male conscription, all men above 18 years of age serve either six, nine, or 12 months. About 27,000 conscripts are trained annually. Eighty percent of the males complete the service.⁸⁶⁰ Alternative nonmilitary service and volunteer service by women are possible. Unlike in many other countries, women are permitted to serve in all combat roles, including front-line infantry and special forces. Finland maintains a small active military because it can readily call upon its former conscripts. As mentioned above, Finland can mobilize a military 230,000 strong in the event of a crisis.

Finland focuses its military deterrent on its ground forces, backed up by local territorial defense units, which train to use the country's heavily forested terrain and numerous lakes to wear down an aggressor, instead of attempting to hold the attacking army on the frontier.⁸⁶¹ The Army carries most of the responsibility for this task. The Army's wartime strength is 150,000 soldiers (265,000 in 2008).⁸⁶² Army units are mostly composed of reservists, with career soldiers manning command and specialist positions. The border guard has the responsibility for border security in all situations. During a war, it would contribute to the national defense partially integrated into the army. One projected use for the border guard is guerrilla warfare in

⁸⁵⁷ Juha Rannikko, Vice Admiral, Chief of Defence Command, *The Finnish Defence Reform*, briefing slides, June 11, 2012; Charly Saloniuss-Pasternak, "Finland Continues to Prepare for Its Defence," Finnish Institute of International Affairs, May 25, 2015.

⁸⁵⁸ "Maavoimien Uudistettu Taistelutapa" ["Finnish Army Land Warfare Doctrine Reform"], Finnish Defence Forces video, with English subtitles, February 18, 2013.

⁸⁵⁹ Felicity Capon, "Finnish Military Preparing 900,000 Reservists for 'Crisis Situation'," *Newsweek*, May 1, 2015b.

⁸⁶⁰ IISS, 2004–2014.

⁸⁶¹ IHS Jane's, 2008.

⁸⁶² Finnish Defence Forces, 2015.

areas temporarily occupied by the enemy. Finland's ground-based air defense systems are operated by the army.

The role of the navy is to repel all attacks carried out against Finnish coasts and to safeguard the country's territorial integrity. Maritime defense relies on combined use of coastal artillery, missile systems, and naval mines to wear down an attacker.

The primary air force missions are to control Finnish airspace, deny air superiority to any invader and to protect ground and naval forces, as well as objects of national importance, in conjunction with the ground-based air defense. The air force has 62 F/A-18 Hornets (55 F/A-18C and 7 F/A-18D), and these combat aircraft are not capable of engaging in close air support or area attacks. The air force also has two C295M transport aircraft that provide tactical airlift support and a third C295M has been converted to a signals intelligence aircraft and can contribute to surveillance and intelligence gathering. The C295Ms mostly carry out domestic air mobility missions, although they have supported international operations in the past.⁸⁶³

The readiness of the air force and the navy is high even during peacetime. While the air force has not deployed extensively outside of Finland, it did establish an expeditionary air unit, the Finnish Rapid Deployment Force Fighter Squadron in 2009. If called upon, the unit would possess approximately 250 personnel and could operate up to six F/A-18 aircraft in international crisis operations.⁸⁶⁴ The locations of major Finnish air bases are shown in Figure 9.6.

Recent Finnish defense reform efforts have streamlined air force operations and reduced the Finnish Air Force's peacetime strength to approximately 2,000 salaried personnel and 1,300 conscripts. Different air force schools were combined into one air force academy in Tikkakoski. Fighter capabilities are now located on two bases—in Kuopio and Rovaniemi. Research, test flight, and transport aircraft activities are now centralized in Pirkkala. Three brigade-level units were disbanded as a result of the reform: the Training Air Wing, the Air Force Aircraft and Weapon Systems Training Wing, and the Air Force Materiel Command, which was merged with a new Defense Forces Logistics Command. The 3rd Sector Operations Centre and Fighter Squadron 21 were also disbanded. Command functions were merged into the newly formed Air Operations Center, situated within the Air Force Command and tasked to plan and lead air space control.⁸⁶⁵

Finnish defense expenditures of 2.67 billion euros in 2014 and 2.66 billion euros budgeted for 2015 represent roughly 1.3 percent of GDP, compared with 1.6 percent in 1988, the last year before the Iron Curtain parted (Figure 9.4). This puts Finland among the top one-third in Europe, yet spending on military equipment has halved since 1990.⁸⁶⁶ Expenditures are projected to

⁸⁶³ IHS Jane's, "Finland—Air Force," *World Air Forces* web page, May 23, 2016d.

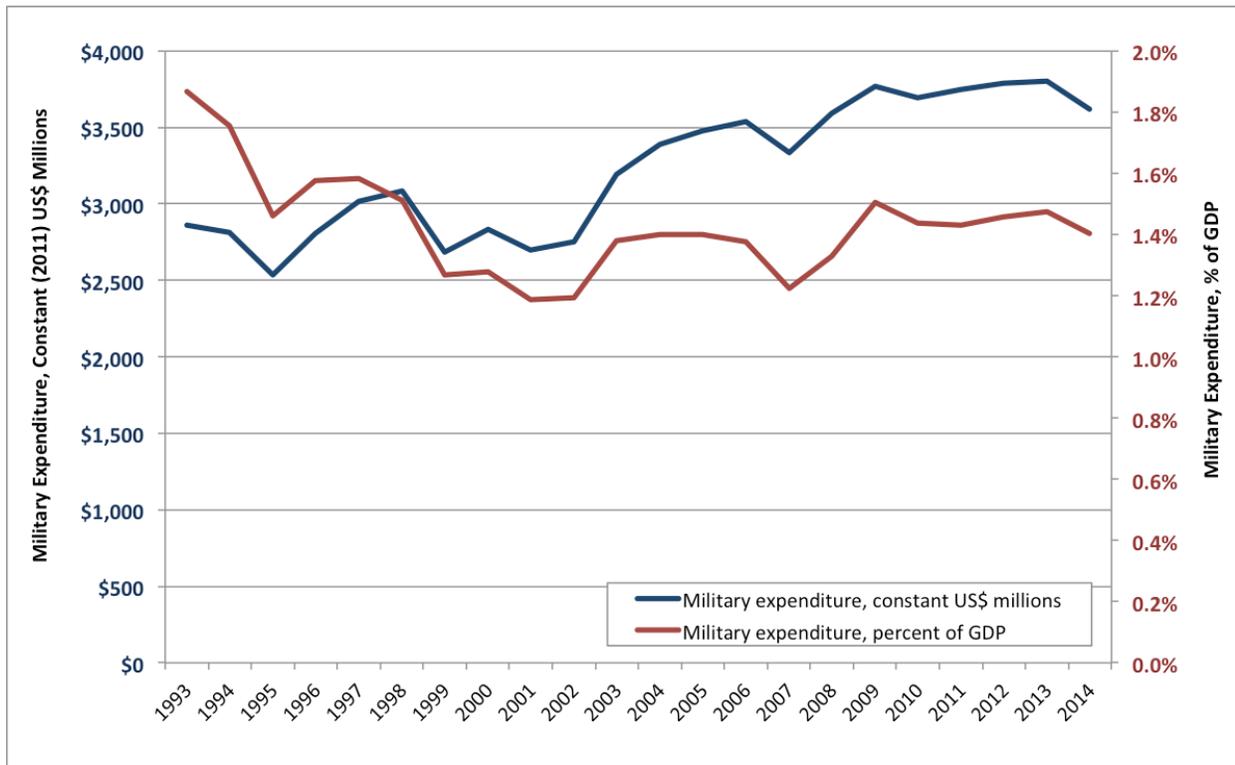
⁸⁶⁴ IHS Jane's, 2016d.

⁸⁶⁵ IHS Jane's, 2016d.

⁸⁶⁶ SIPRI, undated(b); IISS, 1990–2014; Ministry of Defence of Finland, "Share of Defence Budget of GDP," web page, undated(a); Tobias Etzold and Christian Opitz, "Between Military Non-Alignment and Integration: Finland

remain steady in 2015, although the major parties constituting the new governing coalition all pledged to boost defense spending during the new legislative period.⁸⁶⁷ Unlike the case in most of the nine countries in this report, however, military spending in 2011 dollars rose from \$2.7 billion in 1988 to \$3.6 billion in 2014 and in current dollars has roughly doubled. On a per capita basis, that translates into a 1.7-percent increase in military expenditures. Of the nine countries in this study, Finland’s defense spending was the third largest in 2014—distantly following Poland’s (\$10.5 billion in current dollars) and Sweden’s (\$6.6 billion in current dollars).

Figure 9.4. Finnish Defense Expenditures in Constant US Dollars and as Percentage of GDP (1988–2014)



SOURCE: SIPRI, undated(b).

Since the end of the Cold War, Finland’s major arms purchases have been aircraft from the United States (namely, a \$3-billion order in 1992 for 64 F/A-18C/D Hornets), APCs built in

and Sweden in Search of a New Security Strategy,” Berlin: German Institute for International and Security Affairs, *SWP Comments* 25, April 2015.

⁸⁶⁷ Ministry of Defence of Finland, “Share of Defence Spending of Total State Expenditure,” web page, undated(b).

Finland, and armored vehicles from Sweden, the Netherlands, and Germany.⁸⁶⁸ During the Cold War, Finland imported aircraft from the Soviet Union, Sweden, and the United Kingdom. In the past quarter-century, virtually nothing has been imported from Russia; Finland has been systematically replacing its Cold War–era Russian weapons with Western ones.⁸⁶⁹ Since 1990, Finland has imported 52 percent of its arms from the United States (\$2.81 billion); 41 percent from other EU/NATO members (\$2.22 billion); 6 percent from Russia (\$310 million); and 1 percent from the rest of the world, namely Israel and South Africa (\$61 million). Measured in U.S. dollars in constant 1990 prices, between 2010 and 2013, Finland purchased arms valued at \$139 million from Italy; \$87 million from France; \$72 million from the United States; \$41 million from Sweden; and \$32 million from Norway.

Over the past ten years Finland’s major foreign outlays for weapon systems have been for aircraft, missiles, sensors, and ships.⁸⁷⁰ In 2012, Finland became the second international customer to purchase long-range cruise missiles from the United States for its Hornet fighters. The missiles will be acquired from Lockheed Martin with a total cost of almost 180 million euros.⁸⁷¹ In 2014, new precision weapons were added to the Hornets’ weaponry: joint direct attack munition, joint standoff weapons, and AGM-158 JASSM. Finnish Army defense materiel procurements in 2014 included Leopard 2A6 main battle tanks bought from the Netherlands and FIM-92 Stinger shoulder-fired short-range surface-to-air man-portable air-defense systems missiles from the United States to replace Russian-made SA-18s.⁸⁷² (See Figure 9.5.)

⁸⁶⁸ Patria, “Patria Handed Over the First Refurbished and Upgraded Xa-180 Armoured Personnel Carrier to the Finnish Defence Forces,” press release, December 11, 2014. Much of the equipment procured from Germany in the early 1990s was former German Democratic Republic equipment, i.e., Soviet platforms, including 237 tanks.

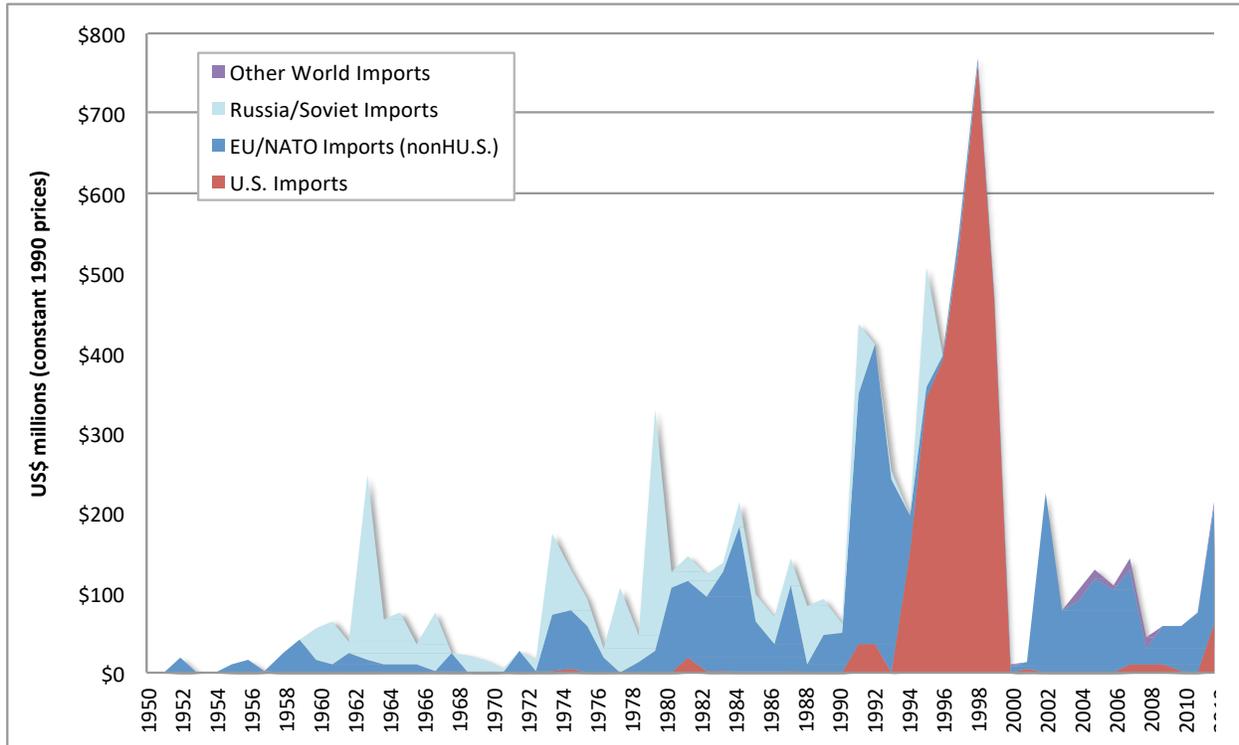
⁸⁶⁹ “Air Defense: Finland Flees the Soviets,” *Strategy Page*, February 22, 2014.

⁸⁷⁰ SIPRI, undated(a).

⁸⁷¹ Lockheed Martin Corp., “Lockheed Martin Receives JASSM Contract for Integration,” press release, December, 2012; Finnish Broadcasting, “Finland to Purchase Missile System for Hornet Fighters,” *DefenceTalk.com*, March 5, 2012; “Stealthy JASSM Cruise Missiles for Finland’s Hornets,” *Defense Industry Daily*, June 10, 2013.

⁸⁷² “Air Defense: Finland Flees the Soviets,” 2014; Finnish Defence Forces, 2015.

Figure 9.5. Finnish Arms Imports, by Supplier (1950–2013) (US\$ millions, constant 1990 prices)



SOURCE: SIPRI, undated(a).

Finland’s major military inventory reflects its emphasis on ground forces and includes 100 Leopard 2A4 main battle tanks, 110 BMP-2 and 102 CV90 armored infantry fighting vehicles, and 613 APCs of various types. It also has 55 F/A-18C and 7 F/A-18D Hornet fighter ground attack aircraft.⁸⁷³ Figure 9.6 shows current major air bases.

The military procurement budget shrank some in 2015, yet there is growing acceptance that Finland’s military needs modernization. A March 2015 poll found that almost 60 percent of Finns favor reinforcement of the defense budget.⁸⁷⁴ The new governing coalition estimates that it may need to boost defense spending 5 to 15 percent from 2016 to 2024, with a particular focus on strengthening the military’s procurement capability ahead of big-ticket purchases, including the acquisition of a new fighter type and up to 64 aircraft to replace the air force’s aging 62 F/A-18 Hornets bought from the United States in the 1990s.⁸⁷⁵

⁸⁷³ IISS, 2014.

⁸⁷⁴ O’Dwyer, 2015d.

⁸⁷⁵ O’Dwyer, 2015e; Parliament of Finland, *Ulkoasiainvaliokunnan Mietintö* [Report by the Foreign Affairs Committee], January 2013b; Parliament of Finland, *Puolustusvaliokunnan Lausunto* [Statement by the Defence Committee], April 2013c; Parliament of Finland, *Tulevaisuusvaliokunnan Lausunto* [Statement by the Committee on the Future], January 2013a.

Figure 9.6. Major Finnish Air Bases in Operation (2014)



Looking forward, Finland is working to enhance its ground attack capabilities by providing its fleet of F/A-18s (its only combat aircraft) with improved targeting systems, standoff air-to-ground precision weapons, and electronic support systems. These upgrades are scheduled for completion by 2018 and will be compatible with NATO requirements. They will enable Finland to deploy fighter aircraft in support of NATO or other multinational crisis management or air policing operations. Upgrades made earlier in the 2000s enable the F/A-18 to conduct air-to-ground operations. The F/A-18 is a multirole aircraft, but it is not capable of close air support or other ground-attack operations. The F/A-18 will begin leaving service in 2025, but a replacement aircraft has not yet been chosen. Finland also previously considered acquiring SAC but does not seem to be moving forward with any plans to do so, given its participation in NATO SAC.⁸⁷⁶

Finland's military-relevant infrastructure reflects its position as a militarily nonaligned, advanced industrial economy with a relatively sparse population living in a large land area, much of it in the High North, including a 1,300-km border with Russia. The southern part of the

⁸⁷⁶ IHS Jane's, 2016d.

country encompasses most of the Finnish population; its capital, Helsinki, and other major cities; and highly developed infrastructure. The population thins and infrastructure becomes less developed heading north. For instance, Finland boasts 450,000 km of roadways, yet only 78,000 km are paved. It is host to about 8,000 km of waterways, 6,000 km of railways, and 1,700 km of gas pipelines.⁸⁷⁷

Response to Crimea and the Ukraine Crisis

Finland's open criticism of Russia over Ukraine has been uncharacteristic of its traditional unconventional approach to its larger neighbors. Finland joined EU and NATO member states in condemning Russia's actions in 2014, working with its partners to bolster the besieged Ukrainian government, and supporting efforts for a peaceful resolution to the crisis. Finland claims a special patrimony for the OSCE, particularly its core document, the Helsinki Final Act of 1975,⁸⁷⁸ and is keen to ensure that the OSCE remains relevant to ongoing security challenges in Europe, including Ukraine. Finland has been forthright in its criticism that Russian actions are violations of the Final Act, including its clauses regarding the sanctity and peaceful change of borders.

Finland thus participates in Western sanctions against Moscow, despite its strong economic links with Russia and some domestic voices arguing against them. Finnish food producers have been hit particularly hard by the sanctions and tit-for-tat import bans imposed by the Kremlin. The weakened Russian ruble has also hit Finnish company revenues in Russia.⁸⁷⁹

Russia's provocative activities have been a particularly rude awakening for Finland. President Niinistö has said that relations between Russia and Western nations are now more "strained" than at any time since the end of the Cold War. A poll published in *Helsingin Sanomat* in March 2014 showed that 61 percent of Finns either completely or somewhat agreed with the statement that "Russia is now a greater threat to Finland."⁸⁸⁰ New Prime Minister Sipilä has affirmed continued Finnish support for sanctions against Russia.

In addition to their concerns over Ukraine, Finns have been unnerved by provocative Russian military activities closer to home. Preceding tensions over Ukraine, Russian aircraft—bombers, fighters, and transport/surveillance craft—repeatedly violated Finnish airspace in 2013, forcing Finnish fighters to scramble to intercept the aircraft. Violations have subsequently occurred across Finland's territory, from the north to the south—signs that Russia is testing its own capabilities and the nature and limits of Finnish response.⁸⁸¹ Finland's air traffic control has had

⁸⁷⁷ CIA, *CIA World Factbook 2014*, Langley, Va., 2014.

⁸⁷⁸ "Conference on Security and Co-Operation in Europe Final Act," Helsinki, 1975.

⁸⁷⁹ Richard Milne, "Finland and Russia Deepen Energy Ties," *Financial Times*, December 2, 2014.

⁸⁸⁰ Libermann, 2015.

⁸⁸¹ Juhana Rossi, "Finland Chases Off Suspected Submarine," *Wall Street Journal*, April 28, 2015.

to instruct civilian airplanes to evade Russian military jets flying with their transponders turned off.⁸⁸² Major Russian military exercises have been held very close to the Finnish border.⁸⁸³

Finland has responded, in part, by increasing the size and tempo of its own military exercises. For instance, up to 8,000 reservist troops from all regiments of the Finnish defense forces conducted an unusually large-scale military exercise in the border district of Pielinen Karelia in June 2015.⁸⁸⁴

Outlook

Finland is drawing ever closer to the United States and its Western partners, as both an active member of the European Union and an enhanced partner for NATO. The new government under Prime Minister Sipilä is likely to bolster Finnish defense spending, enhance Finnish military procurements from the United States and Western suppliers, deepen bilateral military cooperation with the United States, and strengthen Finland's role as a high value-added partner for NATO.

The United States has a strong interest in ensuring that Finland adds value to regional defense cooperation and becomes an even higher value-added partner for NATO. The United States can advance this interest in 15 areas.

First, regular and visible demonstrations of greater U.S.-Finnish cooperation and interoperability will be important, in terms of their reassurance effect on allies and partners, their deterrence effect on Russia, and their practical value for both prevention and preparedness in the event of a crisis. Although Finland is not a NATO ally, in the event of a regional crisis, the U.S. and allied military forces may need to operate together with partners over Finnish airspace, and possibly deploy on Finnish territory. A number of actions can be taken now to develop greater interoperability and lay the legal, political, and operational groundwork for such eventualities. The United States should thus maintain a visible and consistent rhythm of exercises and training. Such exercises should include comprehensive responses to complex civil-military scenarios. Additional bilateral training options should be considered—for instance, for winter operations. Using the icebreaking capacity of Finland, Sweden, and Estonia in joint training exercises would be a unique contribution to understanding real-time operations in ice-covered waters.

Second, it will be important to continue to work through the operational implications of Finnish Host Nation Support mechanisms. The United States, Finland, Sweden, and allies should

⁸⁸² Yle News, "Finland's Air Traffic Control Directed Civilian Planes to Evade Russian Military Aircraft," Radio Canada International, December 15, 2014.

⁸⁸³ "Russian Troops near Finnish Border Placed on Combat Readiness," 2015.

⁸⁸⁴ The number of one-off military exercises held in Finland is growing. In 2014, a total of 4,000 troops took part in such training; in 2015, that number was slated to increase threefold ("Finland Plans Large-Scale Military Exercise on Russian Border," Yle News, August 30, 2014; Tony Ohberg, "Thousands of Soldiers Join Exercise in North Karelia," *Finland Today*, June 15, 2015).

work through the practical scenarios, arrangements, and preparations that should guide such actions. Planners could also consider how such arrangements, currently limited to peacetime scenarios, might need to be adapted in a complex regional crisis to facilitate a rapid allied response to unforeseen and quickly unfolding events. Preparing now for potential U.S. use of Finnish air, land, and sea spaces can also help to address Russia's growing focus on anti-access/area-denial (A2/AD) capabilities designed to prevent NATO reinforcements from reaching frontline allies. The possibility that allied forces could access the full Nordic space would considerably enhance such capabilities.

Third, lift the e-PINE agenda and extend it to defense. The e-PINE is a unique and useful vehicle for the United States and the eight Nordic-Baltic countries to discuss regional and global issues. Yet e-PINE could be better utilized. Current e-PINE discussions could be lifted to annual or biannual consultations at foreign-minister level. They could be extended to cooperation among defense officials in an informal 8+1 format—a complementary Defense Partnership in Northern Europe (d-PINE) track—and to practical projects that could facilitate U.S. engagement in regional Nordic-Baltic projects, or to initiate new forms of cooperation, especially related to energy, cybersecurity, and e-governance. U.S.-Nordic-Baltic cooperation could also focus on maritime cooperation in the Baltic Sea, including lessons for other regions, such as the High North.⁸⁸⁵

Moreover, given the stakes involved in Ukraine and other countries in wider Europe, it is important to reanimate the vision of Europe whole and free and to use it to drive the e-PINE and d-PINE agendas. Perhaps the most effective counter to Russian intrusion into Ukraine, for instance, is to work with Ukrainians to make their transition to a more representative, effective, and prosperous democracy a success. Baltic states offer relevant experience in open society transition; Nordic states and the United States offer extensive expertise in championing democracy and human rights around the world. Practical cooperation can show public opinion in transition countries that closer partnership can do real things for real people and can reassure government leaders that reforms can be worth the political risks involved.

Fourth, advance a U.S.-Nordic-Baltic Arctic agenda. The U.S.-Nordic relationship will be central to maintaining a stable and peaceful Arctic region. The Baltic States, located on a regional sea with heavy commercial marine traffic, also have key maritime security and environmental interests synergistic with an evolving maritime Arctic. The Arctic Ocean and the Baltic Sea waterways should be safe, secure, and open to all.⁸⁸⁶

⁸⁸⁵ See Daniel S. Hamilton, "Don't Retrench on Me: Why and How the United States Must Engage," and Michael Polt, "Europe Whole, Free and at Peace: A Washington View," both in Hamilton, Simonyi, and Cagan, eds., *Advancing U.S.-Nordic-Baltic Security Cooperation: Adapting Partnership to a New Security Environment*, Washington, D.C.: Center for Transatlantic Relations, 2014.

⁸⁸⁶ See Lawson Brigham, "Nordic-Baltic-American Cooperation in the Arctic: A United States View," and Leiv Lunde, "High North-Increasing Tension? A Nordic Perspective," both in Hamilton, Simonyi, and Cagan, 2014.

Fifth, consider established National Guard partnerships with Finland and Sweden. As rich countries, neither Finland nor Sweden have had a partnership. Yet as part of a strategy of forward resilience, Finland's and Sweden's robust traditions of total defense and societal security would make them value-added partners with U.S. National Guard units and other government agencies in terms of mutual exchange of good practice and learning, with a particular focus on how to apply such practices together to project resilience forward to third countries. Just as the PfP has been recast to enable high-value contributions from such partners as Finland and Sweden, so too could the National Guard Partnership program be enhanced to focus on whole-of-government and societal security efforts, and to include subject matter experts across the full range of government roles and missions.

Sixth, strengthen defense relations with trade initiatives. For example, consider a U.S.-Nordic-Baltic defense trade initiative. There is currently no future-year U.S. Navy program funding to produce and field a next-generation unmanned maritime system. Joint development of such a system, focused on antisubmarine operations and mine clearing, would harness scarce resources and address a common need. It could offer a pilot project to assess the potential for additional cooperative defense trade initiatives with Nordic and Baltic governments and enhance the overall technology transfer environment.⁸⁸⁷ Alternatively, consider an industry-led "shadow TTIP" agreement for the defense sector. The U.S.-EU TTIP currently under negotiation has the potential to transform transatlantic markets and set global standards in a range of industries. The United States and European Union have excluded the "sensitive defense" industry from TTIP negotiations. Yet TTIP can be a test vehicle to discuss bigger transatlantic defense market issues. Nordic defense industries have unique technological niches in certain areas that could be of interest to U.S. industries. Nordic countries are open to transatlantic defense integration and already have strong bilateral relations with the United States.⁸⁸⁸

Seventh, work with Finland as part of allied/partner efforts to develop A2/AD strategies for northern and central Europe. Russia is busily working to bolster its A2/AD capabilities. One strategic nightmare facing U.S. defense planners is that Russia could block access to central European countries, particular the Baltic States, in a crisis. The key to effective A2/AD is air and missile defense and related advanced capabilities that could impose high costs on attempts at aggression. Finland has already acquired the JASSM stealth cruise missile; additional advanced capabilities could be encouraged, particularly as the new government sets the stage for major defense purchases in coming years.⁸⁸⁹

⁸⁸⁷ See Greg Suchan, "Nordic-Baltic Defense Trade: An American View," in Hamilton, Simonyi, and Cagan, 2014.

⁸⁸⁸ See Michael Mohr and Erik Brattberg, "U.S.-Nordic Defense Industry Cooperation: Adding Value to the Transatlantic Partnership," in Hamilton, Simonyi, and Cagan, 2014.

⁸⁸⁹ See Edward Lucas, A. Wess Mitchell, Peter B. Doran, Jakub Grygiel, Robert Kron, Octavian Manea, Andrew A. Michta, and Keith C. Smith, "Central European Security After Crimea: The Case for Strengthening NATO's Eastern Defenses," Washington, D.C.: Center for European Policy Analysis, March 25, 2014.

Related to this, encourage Finnish-Swedish capability development and training on Sweden's Gotland Island, which occupies a central geographic position in the Baltic Sea. In the event of conflict, Russia's occupation of this island, together with the Kaliningrad Oblast, would give it the potential to control sea traffic into and out of the eastern and northern Baltic Sea, isolating the Baltic States and blocking Finnish sea routes. The Swedish government proposed in March 2015 to reestablish a permanent military presence on the island by 2018, with enhanced ground, sea, and air capabilities. The February 2015 Finland-Sweden defense cooperation agreement includes the establishment of a joint naval unit to observe the Baltic Sea traffic. Using Gotland as a permanent joint exercise area for Finnish-Swedish naval and aerial units could enhance readiness and deterrence. And, because Finland and Sweden both take part in the NATO Response Force and the NBG, Gotland could be an excellent place for exercises and training (that could include U.S. participation) in future crisis management operations.

Eleventh, encourage enhanced Finnish participation at Ämari air base and in Baltic Air Policing. U.S., Finnish, Swedish, and other allied forces already train and exercise at Ämari air base in Estonia. The United States has an interest in improving intelligence sharing and interoperability, including by engaged Finnish and Swedish contributions to Baltic Air Policing, while being mindful of concerns by some NATO allies that participation by nonmembers Finland and Sweden cannot replace allied engagement in such missions. If current air policing evolves into broader regional air defense systems, it will be important to develop—also with Finland and Sweden—ROE, robust communications links, and C2 procedures.

Twelfth, make Finland a NATO Premier Interoperable Partner (PIP). Northern Europe can be the proving ground for a redefinition of NATO's partnerships. NATO's Enhanced Opportunities Program (EOP) and tighter Finnish-Swedish defense collaboration underscore how northern Europe is breaking new ground with respect to modernization of NATO's partnerships. NATO's Partnership for Peace, now more than 20 years old, has proven its value, but its basic hub-and-spokes model needs revision. Over the course of operations in Afghanistan and elsewhere, some partners proved themselves more capable than some allies. Yet the alliance has not always been able to extract full benefit from such value-added partners. Partners are each linked to NATO but are not always optimally linked to each other. Different partners have different aspirations with regard to the alliance. Some want to be members, others want to be interoperable, still others prefer little more than dialogue. Until the Wales Summit initiatives, the partnership framework did not address such distinctions well. And while the Wales package was a good step, more could be done.

Looking to NATO's 2016 Warsaw Summit, NATO might consider modernizing the EOP further. For northern European partners Sweden and Finland, this might include an enhanced role as PIPs via an opt-in model⁸⁹⁰ that brings both countries into detailed planning for the Readiness

⁸⁹⁰ See Hamilton, 2014; and Hans Binnendijk, Debra L. Cagan, and Andras Simonyi, "NATO Enlargement and Enhanced Partnership: The Nordic Case," in Hamilton, Simonyi, and Cagan, 2014.

Action Plan; includes them in the Very High Readiness Joint Task Force, or Spearhead Force; and provides for structured and regular consultations at the political, military, and intelligence levels with the North Atlantic Council, the Military Committee, the International Staff, and the International Military Staff. This would occur routinely on all levels, including ministerials and summits. These would not be plus-one arrangements, but a practical and regular part of doing business at NATO headquarters, Supreme Headquarters Allied Powers Europe, Allied Command Transformation in Norfolk, and Multinational Corps Northeast in Szczecin. Consultations would cover all relevant matters related to operational connectivity, capability development, capacity building, and prevention and thematic issues of political significance—and they would offer early involvement in policy discussions relevant to operations; a role in planning and decision-shaping relating to exercises, education and training; and full access to NATO Smart Defense programs and to the Connected Forces Initiative. Each could also engage more closely in NATO and EU pooling and sharing efforts.

Thirteenth, encourage extension of NORDEFECO to the Baltic States. The United States should encourage Finland and its Nordic partners to extend NORDEFECO to the Baltic States as a way of cementing the prominent role of Sweden and Finland as premier partners of NATO; strengthening the NATO aspect of Nordic-Baltic security; enabling greater interoperability among regional forces; facilitating security cooperation with Washington; and opening opportunities for greater cooperation with Poland, Germany, and other allies. Upstream contributions could include defense planning, professional military education cooperation, and training facilities. Downstream activities could include training and exercises and defense capacity building in third countries.⁸⁹¹

Fourteenth, enlist Finnish support to project resilience elsewhere in the region. Finland is a particularly valuable partner when it comes to Western efforts to address Moscow's hybrid warfare tactics. Effective responses will require traditional efforts at deterrence to be supplemented by modern approaches to resilience—building the capacity of society to anticipate, preempt, and resolve disruptive challenges to its critical functions. This is an agenda particularly well suited to Finland and its Nordic partners, given their strong traditions of societal security and total defense. Of all the countries in this survey, Finland has the deepest experience with total defense approaches and their practical implementation. The United States, its allies, and partners should encourage Finnish engagement with Baltic and central European allies, as well as Ukraine, Moldova, and Georgia as partners, to develop practical efforts to enhance societal resilience and resistance to encroachment or efforts at destabilization from individuals, groups, Mother Nature, or intentional state actors. In practical terms, this means encouraging Finland to work with partner countries to bolster their border control capabilities, law enforcement, special operations forces, intragovernmental communications, and communications links with regional partners and with NATO. Leveraging Finnish assistance in this area of security also avoids

⁸⁹¹ Breitenbauch, 2014.

concerns by Baltic states that security engagement by partners-yet-not-allies Finland and Sweden could hollow out NATO's mutual security arrangements.

Finland and its Nordic neighbors have a strong incentive to do what they can to “project resilience forward” to the Baltic States, Ukraine, and other countries in wider Europe, since their own strong efforts may mean little if neighboring systems are weak. Good practice in civil security as identified via Nordic cooperation in the so-called “Haga” process, for instance, could be extended to the Baltic States, perhaps also engaging Poland and Germany.⁸⁹² Concerns that the Baltic States may be indefensible distract from practical efforts that can be undertaken to make them indigestible. Such efforts will require a comprehensive approach, including special operations forces, police and border guard training, and agreement on political as well as military responses. It highlights the need for the United States and its allies and partners to make “forward resilience” a new common focus for security cooperation.⁸⁹³

An array of civilian, military, and civil-military responses is needed to deal with hybrid threats. Any country facing attack from hybrid operations must have the capabilities to respond effectively. But NATO allies and EU partners can share good practices and relevant experience to support national preparedness.

NATO has long recognized the importance of civil and military efforts working in tandem. Militaries utilize civil affairs teams. Just as NATO has created Readiness Response Teams to respond to cyber challenges and Provincial Reconstruction Teams to bring together military and civilian capabilities in Afghanistan, it should also consider—together with the European Union—the formation of Resilience Support Teams deployable upon request to allies and partners dealing with hybrid challenges. Given Finland's experiences with total defense and societal security traditions, its interest in implementing the European Union's Defense and Solidarity clauses, and its interest in enhancing regional security (including with NATO), the United States should enlist Finnish support to advance this initiative, particularly through EU Councils.

Fifteenth, prepare the ground for possible Finnish membership in NATO. The most straightforward way to strengthen Nordic-Baltic defense capabilities and to enhance security throughout northern Europe would be for Sweden and Finland to join NATO. Each country

⁸⁹² Alyson J. K. Bailes and Carolina Sandö, *Nordic Cooperation on Civil Security: The “Haga” Process, 2009–2014*, Reykjavik, Iceland: Centre for Small State Studies, University of Iceland, FOI-R—3944—SE, 2014.

⁸⁹³ For more on the international aspects of resilient networks, see Daniel Hamilton and Mark Rhinard, “All for One, One For All: Towards a Transatlantic Solidarity Pledge,” in Patyk Pawlak, ed., *The EU-US Security and Justice Agenda in Action*, Paris: European Union Institute for Security Studies, December 2011; Daniel S. Hamilton, Bengt Sundelius, and Jesper Grönvall, eds., *Protecting the Homeland: European Approaches to Societal Security—Implications for the United States*, Washington, D.C., Center for Transatlantic Relations, 2005; Bengt Sundelius, “Beyond Anti-Terrorism: Ensuring Free and Resilient Societies,” in Daniel S. Hamilton and Frances G. Burwell, eds., *Shoulder to Shoulder: Forging a Strategic U.S.-EU Partnership*, Washington, D.C.: Center for Transatlantic Relations, December 2009.

would be more secure as a full NATO member, and NATO would be better with Sweden and Finland as members. Already militarily integrated and interoperable from years of deployment experience and exercises, these countries have gone beyond the original PfP concept of partners—useful, but not necessary. In Afghanistan and Libya they were necessary. Sweden and Finland add logical geographic space to the alliance, which enhances NATO’s credibility with its Baltic members. These Nordic countries also add considerable experience in humanitarian assistance and in other operations where military force is not an option. From both the NATO perspective and that of Sweden and Finland, global challenges mean global partnerships, and both of these countries and NATO will benefit in the decades ahead from their continued integration and interoperability with such countries as Australia, New Zealand, and others that will remain active partners of the alliance.

Ultimately, however, the choice is theirs to make. Neither the United States nor other allied countries should be seen as pushing either country past the bounds of its domestic consensus. NATO could do more to reanimate the vision of Europe whole and free, however, and dispel any notion that the Open Door has become an empty phrase, by making clear that NATO’s door remains open to those willing and able to walk through it. In that context the alliance could declare that it would welcome Sweden and Finland for membership the moment they declare their willingness.

Moreover, as the new Finnish government moves ahead with its own cost-benefit study of NATO membership, the United States and other allies should engage in a diplomatic yet deliberate communication effort with Finnish interlocutors to generate greater awareness of benefits that can accrue through closer engagement with NATO and the United States; highlight Finland’s own interests in enhancing European security; and point to efforts it could take to bolster Western political cohesion and help project resilience and preparedness to third countries.

This strategic messaging effort should present Finnish interlocutors with the strategic situation as they face it today, including overlaps among NATO’s Article 5, the European Union’s Mutual Defense and Solidarity clauses, the Nordic declaration on solidarity, and the recent Swedish-Finnish agreements on closer defense cooperation. The most likely scenarios to trigger NATO’s Article 5 common defense commitment today are in northeast Europe, particularly the Baltic States. Should overt Russian aggression be launched there, the two Nordic nonaligned states would become involved in any event. That is inherent in their close political and military relationships with the Baltic states, and they are both bound by the European Union’s own Defense and Solidarity clauses. Their leaders admit as much. So, if they would defend their neighbors anyway, why not gain a clearer mutual agreement about common defense by joining the alliance?

It should be clear that Finland and Sweden are each paying a high insurance premium as NATO partners without any assurance that they would be able to redeem that premium in the event of aggression. Nor are they at the NATO table when decisions about European security may be made. To borrow a phrase from the American Revolution, there is “taxation without

representation.” By joining the alliance, they would develop a strong say in its future decisionmaking.

Many Swedes and Finns may believe that NATO would defend them because they were never part of the Soviet empire, because they are EU members, and because they are culturally fully part of the West. That assessment may or may not be correct, but it is useful to remind them that they may be betting their sovereignty on it.

Until Finland or Sweden decides to initiate discussions on NATO membership, the United States and its allies should continue to give deeper practical content to the cooperative mechanisms already in place, and to elevate each as a PIP.⁸⁹⁴

⁸⁹⁴ Hamilton, in Hamilton, Simonyi, and Cagan, 2014; and Binnendijk, Cagan, and Simonyi, in Hamilton, Simonyi, and Cagan, 2014.

Chapter Ten. Sweden: Ever Closer to NATO

Sweden is one of the largest and richest countries in this report. Its location at the crux of the Baltic and North Seas gives it special strategic importance, especially from a naval and airpower perspective. Access to Swedish territory and airspace could be crucial when it comes to conflict scenarios in the Baltics.⁸⁹⁵ In particular, Gotland Island, which lies some 50 miles off the Swedish coast and 155 miles from Kaliningrad, offers a potentially valuable staging platform for air operations in the Baltic Sea.⁸⁹⁶ The island is also well positioned to control shipping and sea-lanes of communication in the Baltic Sea.

Sweden, however, like Finland, is not a member of NATO and has a tradition of nonalignment that dates back centuries. While it has had a historically contentious relationship with Russia, it has sometimes sought to alleviate tensions through accommodation of Russian interests. As an EU member, NATO partner, and proponent of Nordic and Nordic-Baltic cooperation, Sweden has moved away from its traditional policy of strict neutrality toward a position termed “nonalignment” and declared its “solidarity” with its Baltic and EU neighbors on security and defense. Nevertheless, its current policy is to eschew formal military alliances involving mutual defense commitments, including NATO.

Sweden is also not investing significantly in defense. Like many European countries, its defense capabilities have dwindled since the end of the Cold War. Its GDP is tenth highest in NATO+2 countries (NATO plus Finland and Sweden), but its defense expenditure as a percentage of GDP ranks 18th out of 29 countries (see Table 10.1). Similarly, Sweden has the 17th largest population, but the size of its active military personnel ranks 23rd of 29 if paramilitary is excluded, and even lower if paramilitary forces are included.

Over the course of the last few years, tensions between Sweden and Russia have grown, with repeated Russian affronts to Swedish air and sea sovereignty, the crisis in Ukraine, and deep reservations about Russia’s political trajectory among the Swedish populace. While Stockholm does not see a direct threat to its territory from Moscow, it worries that Russia is destabilizing the region by lowering the threshold for using force. Russian aggression has led to increases in defense spending coupled with an active and enthusiastic effort to build closer cooperation with the United States and NATO.

While there are no guarantees that building a stronger relationship will be frictionless, and the question of Swedish membership in NATO is likely to remain contentious, there is a chance

⁸⁹⁵ Karlis Neretnieks, “Sweden and the Stability in the Baltic Sea Region,” Stratfor, June 25, 2013.

⁸⁹⁶ Neretnieks, 2013. For a different perspective arguing that the value of Gotland has diminished, given the range of Russian air defense systems at Kaliningrad, see Bruce Acker, “Gotland’s Strategic Significance,” *Folk och Försvar*, October 4, 2013.

for closer cooperation on defense and security issues that would benefit deterrence and security in the region. It should not be missed.

Table 10.1. Sweden: Key Resource Base Statistics and Partner Ordinal Rankings

Concept	Unit Amount	NATO–Plus 2 Ordinal Ranking (Out of 29)
Total military expenditure, 2014 (current US\$ million)	\$6,573	12th
Total military expenditure, 2014 (as percentage of GDP)	1.2%	18th
Military personnel, active (excluding paramilitary), 2013	15,300	23rd
Military personnel, active (including paramilitary), 2013	16,100	24th
Military personnel, deployed (including peacekeeping), 2013	372	20th
Gross domestic product, 2014 (current US\$ billion)	\$570.1	10th
Gross domestic product, 2014 (per capita, current US\$)	\$58,491	4th
Total estimated population, 2014	9,714,000	17th

SOURCES: SIPRI, undated(b); IISS, 2014 and 2015; IMF, 2015b.

Key Background

Politically, Sweden is a parliamentary democracy and home to political parties spanning the spectrum (Table 10.2). On the left are the former communists, such as the Left Party. On the right are groups such as the Sweden Democrats, a populist, far-right, anti-immigration party. From 2006 to 2014, Sweden was governed by the Alliance for Sweden, which brought together four center-right parties—the Moderates, Centre, Liberals, and Christian Democrats. The Moderate Party led the Alliance as the largest center-right party. It favors free markets, privatization, and lower tax rates. The Moderates as well as the center-right Liberals are in favor of working more closely with NATO and eventual NATO membership.⁸⁹⁷

Table 10.2. Swedish Political Parties and the 2014 Election

	Left (V)	Social Democrats (SDP)	Greens (MP)	Christian Democrats (KD)	Centre (CP)	Liberals (FP)	Moderates (M)	Sweden Democrats (SD)
2014 election vote share (%)	5.7	31.0	6.9	4.6	6.1	5.4	23.3	12.9

⁸⁹⁷ “Moderate Party Launch New Foreign Policy,” Radio Sweden, October 24, 2011; “Liberals: Sweden Must Join NATO,” *Local*, May 13, 2009.

The September 2014 national elections ushered in a new era with the victory of a center-left minority government led by the SDP and its allies, the Green Party and Left Party.⁸⁹⁸ The SDP, a classic European socialist party, is Sweden's oldest party and advocates egalitarianism and a substantial government role in economic affairs. It draws support from trade unions and the labor movement.⁸⁹⁹

On foreign policy, the SDP and its allies staunchly uphold Sweden's nonalignment, oppose NATO membership, and can be critical of America's global role.⁹⁰⁰ In general, the SDP has prioritized social and economic security over defense, but the party proved willing to back a significant increase in Swedish military outlays in its 2015 budget. That increase was a direct response to Russian provocations and a growing recognition of the weak state of Sweden's territorial defense.⁹⁰¹ SDP Prime Minister Stefan Löfven argued that Swedish foreign policy has been "too passive" and that his country needs to be more active, while still upholding Sweden's traditional deference to the United Nations and human rights issues.⁹⁰²

While the SDP has the major role in shaping Swedish foreign policy today, its minority share in the government means that it still has to negotiate with the opposition to pass certain types of legislation, including the budget, scuttled by the center-right parties in 2014. The center-left and center-right blocs have also agreed "to coordinate policy on pensions, defence, and energy."⁹⁰³ This suggests there may be some continuity in Swedish defense policy since the Alliance (and pre-2014 governing coalition) will have some input. Sweden may thus continue to deepen engagement with the United States and NATO despite reservations—especially about NATO membership—that may still exist in the center-left governing coalition.

⁸⁹⁸ The Greens are a formal member of the coalition, while the Left Party is providing support in parliament. See Charles Duxbury and Anna Molin, "Sweden's Left Victorious in Elections," *Wall Street Journal*, September 14, 2014.

⁸⁹⁹ Socialdemokraterna Framtidspartiet [Swedish Social Democratic Party], *The Swedish Social Democratic Party: An Introduction*, Stockholm, undated.

⁹⁰⁰ In the 2010 elections, the red-green alliance of the SDP, Greens, and Left Party embraced the position—mainly penned by a Left Party strategist—that Sweden should demand that the United States close all of its foreign bases. See "US Must Close Foreign Bases: Opposition," *Local*, May 25, 2010; "Moderate Party Launch New Foreign Policy," 2011.

⁹⁰¹ The SDP's leftist coalition partners—the Greens as well as the Left Party—are opposed to close cooperation with NATO in either NATO-led operations or as part of the NATO Rapid Response Force. See Justyna Gotkowska, *Any Changes? The Future Agenda of Sweden's Security Policy*, Warsaw: Ośrodek Studiów Wschodnich, No. 126, January 28, 2014, pp. 3–4.

⁹⁰² Alistair Scrutton and Johan Sennero, "Sweden's Palestine Statement Signals Start of Weightier Global Role," Reuters, October 7, 2014.

⁹⁰³ Daniel Dickson, "Sweden's Centre-Left Parties Agree Deal to Keep Minority Government in Office," *Independent*, December 28, 2014; for more details of the deal, see also Daniel Dickson and Johan Sennero, "Swedish Centre-Left Do Eight-Year Deal with Opposition to Avert Snap Election," Reuters, December 27, 2014.

Relations with the United States and Europe

Sweden remains nonaligned, but it has embedded itself within a network of security relationships that includes the European Union, NATO, the United States, and the Nordic and Baltic states. These sometimes highly visible partnerships have shifted Sweden away from the neutrality of the Cold War. Sweden opted for a more limited military concept of nonalignment in 1992 and declared solidarity with its neighbors in 2009. Experts have highlighted tensions between close Swedish relations with the West and its policy of nonalignment.⁹⁰⁴

For centuries, Sweden has been a neutral power. In 1812, after losing Finland to Russia, Sweden adopted a policy of neutrality: Sweden would place its “own security above any striving for influence, above any idealism, and above any notions of solidarity with neighbours or like-minded or suppressed nations.”⁹⁰⁵ Since then, Sweden has successfully kept itself out of wars.

How Stockholm translated this tradition into practice has varied with time. During the Cold War, for example, Stockholm maintained a foreign policy of “double doctrines.” Privately, it signed top-secret agreements with NATO countries and was sometimes referred to as the “17th member” of NATO.⁹⁰⁶ Publicly, Sweden positioned itself as an impartial mediator between the East and the West, and its policy of neutrality applied to involvement in interstate conflicts, but not to United Nations peacekeeping operations.⁹⁰⁷ In other words, while neutrality was central to how Swedes defined themselves, they have also proven clear-eyed and pragmatic when it comes to external threats.

Since the end of the Cold War, Sweden has forged strong relations with the West, especially its European neighbors. Sweden reoriented its foreign policy toward Europe and joined the European Union in 1995. It has contributed to all EU crisis management operations and

⁹⁰⁴ The most important of these agreements were those with the United States, which allowed the possibility of reception of U.S. troops in Sweden in the event of a serious conflict. See Justyna Gotkowska, *Sitting on the Fence: Swedish Defence Policy and the Baltic Sea Region*, Warsaw: Ośrodek Studiów Wschodnich, March 30, 2013; Magnus Christiansson, “Solidarity and Sovereignty: The Two-Dimensional Game of Swedish Security Policy,” *Baltic Security and Defence Review*, Vol. 12, No. 2, 2010; Karen Devine, “Neutrality and the Development of the European Union’s Common Security and Defence Policy: Compatible or Competing?” *Cooperation and Conflict*, Vol. 46, No. 3, September 2011; Mike Winnerstig, “From Neutrality to Solidarity? Sweden’s Ongoing Geopolitical Reorientation,” in Hamilton, Simonyi, and Cagan, 2014a; Jan Oberg, “Sweden’s Elites More Loyal to NATO Than to Their People,” Inter Press Service, May 6, 2014.

⁹⁰⁵ Robert Dalsjö, “From Self-Sufficiency to Solidarity: The Transformation of Sweden’s Defence and Security Policies,” *Strategic Management of Military Capabilities: Seeking Ways to Foster Military Innovation*, Tokyo, Japan: International Symposium on Security Affairs, October 26, 2012.

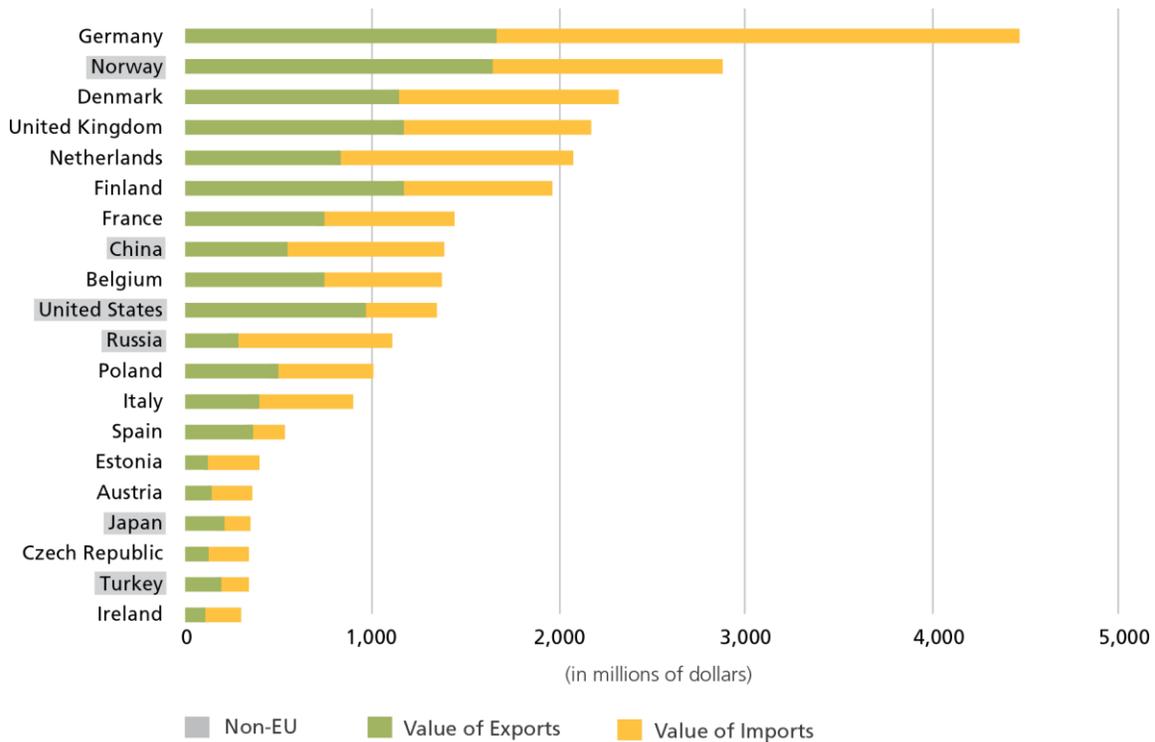
⁹⁰⁶ Ann-Sofie Dahl, “Sweden, Finland and NATO: Security Partners and Security Producers,” in Robert Nurick and Magnus Norenman, eds., *Nordic-Baltic Security in the 21st Century: The Regional Agenda and Global Role*, Washington, D.C.: Atlantic Council, September 2011.

⁹⁰⁷ Gotkowska, 2013, p. 11.

participates in the European Defense Agency’s efforts to rationalize military resources across EU member states.⁹⁰⁸

Sweden has opted to stay out of the eurozone, but its membership in the European Union is crucial to its economy. Swedish trade with the European Union exceeded \$207 billion in 2014, accounting for 65 percent of the country’s total trade with the world.⁹⁰⁹ Figure 10.1 displays the top Swedish trade partners in 2014, with non-EU countries highlighted in gray. In terms of individual countries, Sweden’s top two trading partners are Germany and Norway.

Figure 10.1. Top 20 Swedish Trade Partners (2014)



SOURCE: IMF, 2015a.

Sweden is also deeply financially invested in the European Union and vice versa. Cumulative FDI in Sweden from the European Union was a staggering \$281 billion in 2012 (78 percent of all FDI to Sweden).⁹¹⁰ Cumulative Swedish FDI in the European Union stood at \$232 billion in 2012 (60 percent of all Swedish cumulative FDI). Figure 10.2 displays Sweden’s top ten foreign

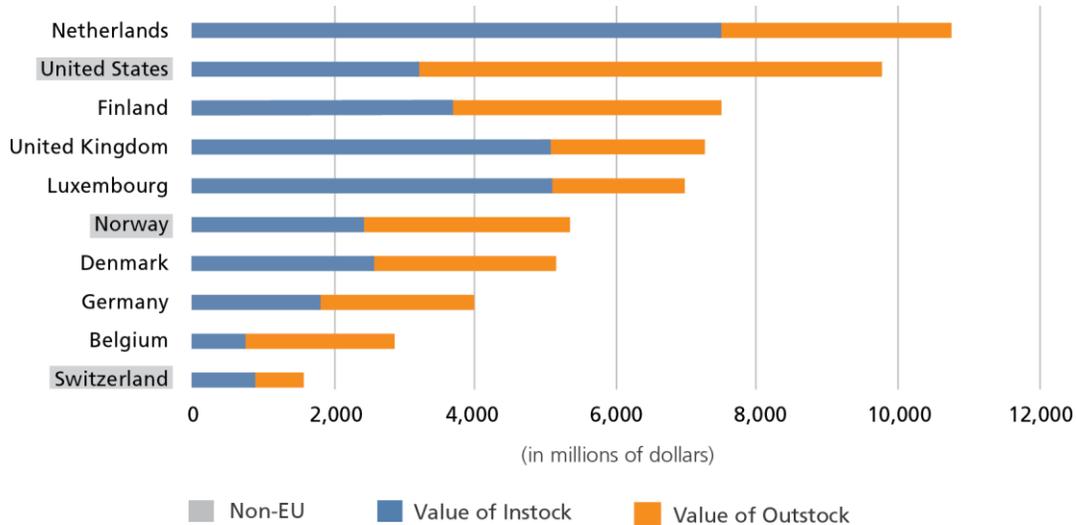
⁹⁰⁸ Swedish Ministry of Defence, *International Defence Cooperation: Efficiency, Solidarity, Sovereignty*, Report from the Inquiry on Sweden’s International Defence Cooperation, Stockholm, October 2014b, p. 35.

⁹⁰⁹ IMF, 2014.

⁹¹⁰ UNCTAD FDI/TNC database, based on data from Statistics Sweden.

direct investment partners. Its top two partner countries in terms of overall foreign direct investment are the Netherlands and the United States.

Figure 10.2. Sweden’s Top 10 FDI Partners, by Instock and Outstock (2012) (US\$ millions)



SOURCE: UNCTAD FDI/TNC database, based on data from Statistics Sweden.

Sweden’s post–Cold War integration with Europe has been a break with its long-standing policy of strict neutrality. It is described in Sweden as a shift from neutrality to nonalignment. In late 1991, then–Swedish Prime Minister Carl Bildt declared that “the term ‘policy of neutrality’ can no longer adequately be applied as an overall description of the foreign and security policies we wish to pursue within the European framework.”⁹¹¹ Instead, he argued for a more limited concept of military nonalignment:

The hard core of our security policy is still non-participation in military alliances, with an obligation to maintain an adequate independent defence capability to enable us to remain neutral in the event of a war in our immediate vicinity.⁹¹²

In 2002, in another important shift, the Social Democrat government dropped the use of the term “neutrality” from its key foreign policy declaration. Sweden would remain militarily nonaligned but not strictly neutral. Nonalignment would enable the country to participate in international security cooperation, including military operations abroad with the European Union

⁹¹¹ Gunilla Herolf and Rutger Lindahl, “Sweden: Continuity and Change,” in Hanna Ojanen, Gunilla Herolf, and Rutger Lindahl, *Non-Alignment and European Security Policy: Ambiguity at Work*, Finnish Institute of International Affairs, 2000, p. 177.

⁹¹² Herolf and Lindahl, 2000, p. 178.

or NATO. Swedish Foreign Minister Anna Lindh emphasized that Sweden could never remain neutral if an EU member or other neighbor were ever attacked.⁹¹³

Sweden has also made a formal, unilateral declaration of “solidarity” with its neighbors and European partners. At the root of that declaration is the recognition that Sweden is not an island unto itself, and its security thus depends on security and stability in Europe in general. In December 2007, Sweden and other EU members signed the Lisbon Treaty. Swedish analysts interpreted the treaty’s Article 42 as more than just symbolic solidarity and viewed European Union members as having some obligation to come to each other’s defense.⁹¹⁴ Soon afterward, two official Swedish documents in 2008 and 2009 explicitly cited the need to provide military support to neighboring countries under attack. A declaration of solidarity found in the second document—Sweden’s March 2009 defense bill—was adopted by the Swedish Parliament in January 2010. The declaration stated that it is “impossible” for Sweden to see how military conflicts in its immediate surroundings could only affect one country. Sweden would thus “not remain passive should a disaster or an attack afflict another member country or Nordic country.” The upshot was that, despite the lack of formal defense guarantees, Sweden would provide the necessary support to its regional partners in the event of a crisis.⁹¹⁵ The policy also noted that Sweden expected other countries to provide Sweden with similar support if needed.⁹¹⁶

Sweden has subsequently taken a leadership role in the EU’s NBG, first developed for peace and crisis management operations in 2008. The battlegroup has never deployed, but as of early 2015, it includes approximately 2,500 troops across all member countries, with Sweden contributing 1,900 troops.⁹¹⁷

Sweden’s bilateral relationship with the United States is built on shared values, mutual interests, cultural ties, and trade and investment. Sweden’s trade with the United States reached approximately \$13 billion in 2013.⁹¹⁸ The same year, firms such as truck and construction equipment manufacturer Volvo and telecommunications giant Ericsson made the United States Sweden’s top destination for FDI, with some \$65 billion invested.⁹¹⁹ U.S. investment in Sweden

⁹¹³ “Sweden to Adopt New Security Policy Doctrine—Drops Neutrality,” *Helsingin Sanomat*, February 12, 2002.

⁹¹⁴ Mike Winnerstig, “The EU’s and NATO’s Security Guarantees—Credibility and Effects,” in Bo Hugemark, ed., *Friends in Need: Towards a Swedish Strategy of Solidarity with Her Neighbors*, Stockholm: Royal Swedish Academy of War Sciences, 2012.

⁹¹⁵ Some in the Swedish defense policy community, however, have questioned whether Sweden will act to create the capabilities to make the declaration meaningful in operation terms.

⁹¹⁶ Bo Hugemark, “Historical Background to the Swedish Declaration of Solidarity,” in Bo Hugemark, ed., *Friends in Need: Towards a Swedish Strategy of Solidarity with Her Neighbors*, Stockholm: Royal Swedish Academy of War Sciences, 2012, p. 9.

⁹¹⁷ Torbjörn Larsson, “Nordic Battlegroup 2015,” Swedish Armed Forces, 2015.

⁹¹⁸ IMF, 2014.

⁹¹⁹ For Swedish contribution to jobs in the United States, see Embassy of Sweden, “Swedish Companies Create Jobs in America: A Look at Swedish Economic and Business Ties with the US,” Washington, D.C., 2013.

was nearly \$32 billion.⁹²⁰ Politically and culturally, the two countries support democracy, human rights, and freedom of speech. Militarily, Washington works closely with Stockholm bilaterally and through the latter's involvement in NATO's Partnership for Peace program.

If Sweden is not a member of NATO, its relationship is close and growing stronger. Sweden has also been a key member of NATO's PfP program since it was created in 1994. Under successive center-right and center-left governments, Sweden has participated in every NATO operation with a UN mandate since the end of the Cold War, as well as several major exercises with NATO countries.⁹²¹ Sweden contributed, for example, to peacekeeping operations in Bosnia and Herzegovina (since 1995), Kosovo (since 1999), and Afghanistan (since 2003).⁹²² In 2011, Sweden further contributed to NATO's military operation in Libya—Operation Unified Protector—and deployed eight Gripen aircraft to enforce the no-fly zone (although these aircraft did not participate in air-to-ground attacks).⁹²³ This marked the first Swedish deployment of combat aircraft abroad since the 1960s and demonstrated Sweden's growing willingness to engage in NATO-led military operations with a humanitarian component, given strong UN backing.⁹²⁴

Sweden has increasingly come to see NATO as critical for European security and for the development of Swedish military capabilities. A 2013 Swedish Defence Commission document characterized cooperation with NATO as “vital to the development of relevant, modern, flexible, and usable Swedish armed forces, both for national defence and for Sweden's capability to carry out operations in and beyond its neighbourhood.”⁹²⁵

As NATO planned to wind down its ISAF in Afghanistan and transition to Resolute Support Mission post-2014, Sweden began to look for ways to maintain and enhance its relationship with NATO. In late 2013, Sweden joined the NRF's Response Forces Pool and participated in NATO Exercise Steadfast Jazz that sought to test and train the Response Force.⁹²⁶ Its participation in the

⁹²⁰ UNCTAD FDI/TNC database, based on data from Statistics Sweden.

⁹²¹ Swedish Ministry of Defence, 2014b, p. 8; Ann-Sofie Dahl, “Sweden and NATO: More Than a Partner? Reflections Post-Libya,” NATO Defence College paper, June 2012, p. 8.

⁹²² Sweden contributed significant personnel to each of these operations, with personnel levels reaching a height of 1,000 people for Bosnia and Herzegovina, more than 750 people for Kosovo, and more than 600 people for Afghanistan.

⁹²³ NATO, “Relations with Sweden,” November 8, 2014e.

⁹²⁴ For more details on Sweden's involvement in Libya, see Robert Egnell, “The Swedish Experience: Overcoming the Non-NATO-Member Conundrum,” in Karl P. Mueller, ed., *Precision and Purpose: Airpower in the Libyan Civil War*, Santa Monica, Calif.: RAND Corporation, RR-676-AF, 2015.

⁹²⁵ Swedish Ministry of Defence, *Vägval i en Globaliserad Värld [Choices in a Globalised World]*, Stockholm: Defence Commission, Ministry Publication Series Ds 2013:33, 2013, pp. 218–219.

⁹²⁶ For more about the NATO Response Force and its goals to train NATO allies and partners, see NATO, “The NATO Response Force,” media backgrounder, October 2013.

NRF is slated to increase with time and will give it more opportunities to train and exercise with NATO.⁹²⁷

Sweden has also lobbied NATO to formalize its position as a very close partner and to differentiate itself from the other 40 NATO partners. At the Wales Summit in 2014, Sweden was identified as one of five countries for an Enhanced Opportunities Partners Program.⁹²⁸ The program affords more regular and structured engagement with NATO and greater opportunities for cooperation. Sweden also wants to continue to deepen bilateral cooperation with the United States and participate in NATO's most sophisticated and complex exercises to increase operational effectiveness as well as interoperability.⁹²⁹

Also in 2014 Sweden, along with Finland, signed a Host Nation Support Agreement. The agreement allows NATO to deploy military assets to Swedish soil for a range of military missions—including for exercises or a regional crisis or conflict—provided approval and invitation from the Swedish government is forthcoming.⁹³⁰ There is broad support in the Swedish parliament for this agreement, and Sweden will complete its study of how to serve as a host for NATO forces and submit a report to NATO in 2016. The agreement is a strong step forward in defense cooperation.

Sweden is also in the process of revising legislation that currently prevents Swedish military participation in exercises for purposes beyond peace operations. Stockholm aims to relax the stipulations to allow participation in a broader variety of exercises.

Greater willingness to partner with NATO is also reflected in public opinion. Historically, Swedes have been largely skeptical of NATO, worried that joining the military alliance would drag Sweden into far-flung conflicts that may not necessarily align with Swedish foreign policy. From 1994 to 2012 (see Figure 10.3), the share of Swedes who rejected NATO averaged 45 percent of the population, approximately a third did not have strong opinions either way, and 21 percent favored membership in NATO. In other words, a preponderance of Swedes preferred to stay out of NATO, a 24-percentage-point difference on average in popular attitudes between those who were wary of NATO versus those who wanted to join.

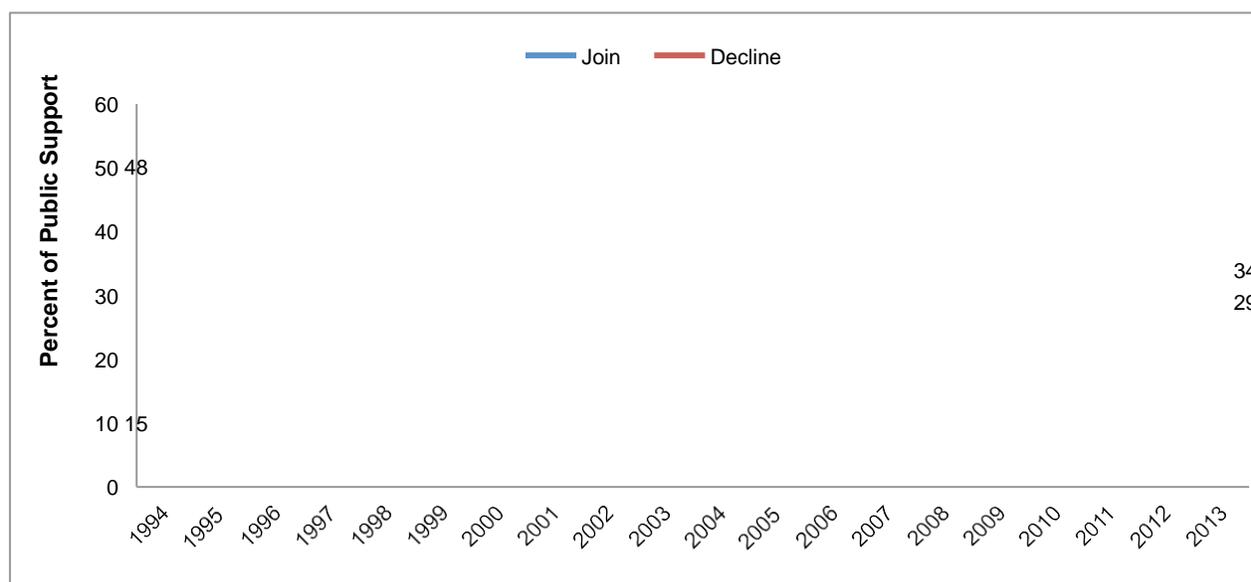
⁹²⁷ Swedish Ministry of Defence, 2014b, p. 43.

⁹²⁸ The five countries are Australia, Finland, Georgia, Jordan, and Sweden (Swedish Ministry of Defence, 2014b, p. 45).

⁹²⁹ Swedish Ministry of Defence, "Försvaret av Sverige: Starkare Försvar för en Osäker Tid [The Defence of Sweden: Stronger Defence for Uncertain Times]," May 15, 2014a, p. 97.

⁹³⁰ Charles Duxbury and Juhana Rossi, "Sweden and Finland Forge Closer Ties with NATO," *Wall Street Journal*, August 28, 2014; NATO, "Finland and Sweden Sign Memorandum of Understanding with NATO," Mons, Belgium: Supreme Headquarters Allied Powers Europe, September 5, 2014b.

Figure 10.3. Swedish Public Views on Joining NATO



SOURCE: Ulf Bjereld, “Svensk NATO-Opinion i Förändring?” in Annika Bergström and Henrik Oscarsson, eds., *Mittfåra & Marginal*, Göteborgs universitet: SOM-institutet, 2014.

Since 2013, this gap has narrowed substantially. In 2013, 34 percent of Swedes preferred not to join NATO, with 29 percent in favor—narrowing the gap from 24 percentage points to 5 percentage points. In 2014, at least one public opinion poll showed that—for the first time—more Swedes preferred to join NATO than not. The poll, conducted by Novus TV4 around the time of Sweden’s unsuccessful submarine hunt and statements by the Chief of Defense about the weak state of Sweden’s territorial defenses, found that 37 percent favored NATO membership, and 36 percent opposed it.⁹³¹ While other—perhaps more credible—polls in June 2014, October 2014, and January 2015 suggested that there were still more Swedes opposed to NATO membership, the upward trend is clear.⁹³² Public opposition to joining the alliance is eroding as more Swedes become aware of their diminished military capabilities, especially given new Russian assertiveness.

⁹³¹ Mats J. Larsson, “Utred Svenskt Natomedlemskap” [“Investigate Swedish NATO Membership”], *Dagens Nyheter*, October 29, 2014.

⁹³² The June 2014 German Marshall Fund survey results found that 39 percent supported joining, while 54 percent did not. An October 2014 poll conducted by Sifo found 40 percent for joining and 42 percent for staying out of NATO. The January 2015 poll by *Dagens Nyheter*, a major Swedish newspaper, found 33 percent supported joining, while 47 percent were against the idea. See “More Swedes Show Support for NATO,” *Local*, January 9, 2015; Karin Thurfjell, “Stödet för Natomedlemskap Växer” [“Support for NATO Membership Is Growing”], *Svenska Dagbladet*, November 30, 2014; The German Marshall Fund of the United States, 2014a.

There is still a long way to go before Sweden joins NATO, however. A Swedish bid for NATO membership would almost certainly require a national referendum. Swedish neutrality, moreover, still has an attractive strategic logic for many. Neutrality offers Sweden the hope of better managing tension with Russia and maintaining more freedom in its overall security and defense policy. It is also widely recognized that, because of their closer relationship, Sweden would be hard pressed to join NATO without Finland joining, and this further diminishes the prospects. Perhaps most of all, the ruling Social Democrats have a long-standing skepticism of NATO that dates back to the Vietnam War. Social Democratic leaders are no doubt fearful of the impact a debate over Swedish NATO membership would have on the party. Their debate over EU membership in the early 1990s was rancorous and exposed major internal rifts; a debate over NATO promises to be even worse.⁹³³ Because it is such a large and important party, the Social Democrats' position on NATO is likely to pose a significant hurdle to NATO membership for Sweden, certainly while it is leading the government, and potentially even were it to lose power in the 2018 elections.

Sweden thus seeks to bolster its weaknesses in territorial defense by strengthening interoperability, regularly exercising with NATO, and ensuring the proper groundwork is laid for cooperation with the alliance that would effectively result in “everything but” formal membership.

A major thrust of Swedish defense cooperation in recent years has been in its immediate vicinity through Nordic and Baltic security cooperation. Sweden seeks to deepen the capacity of the Nordic and Baltic countries to cooperate in their common defense and thereby shore up the security of the subregion as a whole. The post–Cold War era brought an end to divergent Nordic security policies and opened a new page for regional defense collaboration.

Several cooperative efforts on armaments, capabilities, and other areas were brought together in 2009 under NORDEFECO. Unlike NATO, NORDEFECO is not a military alliance and does not have a command structure. It is a cooperative arrangement that facilitates voluntary activities and views itself as complementary to NATO. Cooperation may involve two or more Nordic countries. National governments make the final decision to implement or realize NORDEFECO initiatives. NORDEFECO does not have a headquarters or office but provides a platform for regular networking and meetings between the ministries of participating countries.⁹³⁴

Sweden, Norway, and Finland are core members of NORDEFECO, and all five Nordic countries—Denmark, Finland, Iceland, Norway, and Sweden—are part of the comprehensive political and military cooperation framework. They are working together bilaterally and multilaterally in “security policy, operations, training and exercises, capability development and

⁹³³ Despite the party's general skepticism toward NATO, a minority of the party, including some prominent parliamentarians, is more open to the idea of joining NATO.

⁹³⁴ Ann-Sofie Dahl, “NORDEFECO and NATO: ‘Smart Defense’ in the North?” Research Paper No. 101, Research Division, NATO Defense College, Rome, May 2014, p. 5.

armaments” to improve cost efficiency and increase operational capability.⁹³⁵ Experts point out that NORDEFECO provides the greatest value to Sweden and Finland, the two nonaligned countries, because NATO is likely to remain the preferred and first option for the other three.⁹³⁶ In 2015, Sweden assumed the rotating chairmanship of NORDEFECO.

Sweden is leading Nordic efforts to partner with the Baltics. The Baltic countries are now regularly included in NORDEFECO meetings and, in November 2014, NORDEFECO agreed to further broaden collaboration to make more of its projects open to its Baltic neighbors.⁹³⁷ Sweden’s leaders have rejected claims that NORDEFECO challenges NATO by pulling the three Scandinavian NATO allies (Denmark, Norway, and Iceland) into a different security grouping, insisting that subregional cooperation actually strengthens NATO.⁹³⁸

NORDEFECO aims to enhance cooperation with the Baltic States on “secure communications, cyber defence, armaments, training and exercises and on capacity-building.”⁹³⁹ It established a Cyber Warfare Collaboration Project that will interact with NATO’s Cooperative Cyber Defence Centre of Excellence (CCDCE) based in Tallinn, Estonia. The project will focus on training against cyber threats to Nordic and Baltic militaries, governments, and industries.⁹⁴⁰ The organization also aims to deploy advisory teams to the Baltic countries to help them plan and conduct international peace operations and financial operations, as well as restructure their armed forces.⁹⁴¹ Looking forward, one of Sweden’s main objectives as NORDEFECO chairman is to examine the possibility of assembling a modular Nordic-Baltic Battlegroup.⁹⁴²

In April 2015, defense ministers from all five Nordic countries issued a joint statement calling for increased military cooperation in response to Russian aggression against Ukraine that represents “the gravest challenge to European security.” The statement pushed for more joint exercises, joint industrial production, joint exchange of intelligence and information, and joint processing of cyber material. These activities seek to achieve a more credible deterrence of Russian actions in the Nordic-Baltic region through commitments and exercises. While the Nordic activities will occur within a Nordic (not NATO) context, all the cooperation and exercises will be conducted according to NATO standards.⁹⁴³

⁹³⁵ Nordic Defence Cooperation, *Annual Report 2014*, Norwegian Ministry of Defense, February 2015, p. 6.

⁹³⁶ Dahl, 2012, p. 10.

⁹³⁷ Gerard O’Dwyer, “Nordic-Baltic States to Deepen Cooperation,” *Defense News*, November 30, 2014.

⁹³⁸ Dahl, 2014, p. 3.

⁹³⁹ Nordic Defense Cooperation, 2015, p. 13.

⁹⁴⁰ Gerard O’Dwyer, “Joint Cyber Training New Nordic Priority,” *Defense News*, April 24, 2015c.

⁹⁴¹ Nordic Defense Cooperation, 2015, pp. 10–11.

⁹⁴² Nordic Defense Cooperation, 2015, p. 40; Gerard O’Dwyer, “Sweden Proposes Aggressive Nordic Defense,” *Defense News*, February 10, 2015b.

⁹⁴³ Bentzrød, 2015.

Bilaterally, Sweden cooperates more with Finland than does any other country. Sweden and Finland share a long water and land border and have worked to facilitate operations across that border in peacetime and wartime. By linking their militaries closely, they hope to strengthen their overall defense and deterrence. In February 2015, Sweden and Finland signed an historic defense cooperation agreement that allows for common use of military bases, a hotline and secure communications, more naval and air force training as well as the capacity to transfer operational control of units from one country to another, and combined units for crisis management operations. The agreement applies during peacetime and crises, and the countries have agreed to engage in bilateral contingency planning.⁹⁴⁴ Swedish Chief of Armed Forces General Sverker Göransson has even raised the possibility of “placing the Swedish and Finnish navies under a joint operational management structure” within the next ten years.⁹⁴⁵

In March 2015, Sweden also deepened peacetime military cooperation with Denmark by agreeing to greater exchanges between their marine corps and air forces, and information-sharing and access to each other’s territorial airspace and waters during peacetime.⁹⁴⁶

Relations with Russia

Sweden and Russia have a long history of mutual distrust, which in recent years is compounded by significant differences in cultural and political outlooks. Defending itself against a Russian invasion has been a major Swedish preoccupation since Sweden was defeated by Russia in 1709, a moment that marked the end of centuries of Swedish hegemony in the Baltic region. The two countries fought a number of wars with each other until Sweden lost Finland to Russia in the early 19th century. Russia granted Finland considerable autonomy and essentially created a buffer zone between Sweden and itself. The two countries have not been involved in a major war against each other since.

During the Cold War, Moscow sometimes doubted Sweden’s neutrality but preferred it to Swedish membership in the Western bloc.⁹⁴⁷ A number of incidents—including Soviet downing of Swedish military aircraft over international waters in the Baltic Sea in 1952 and submarine intrusions into Swedish waters in the 1980s—increased tensions between the two countries, but Sweden remained neutral nonetheless.⁹⁴⁸

⁹⁴⁴ Finnish Defence Forces and Swedish Armed Forces, 2015.

⁹⁴⁵ O’Dwyer, 2014.

⁹⁴⁶ Emma Lofgren, “Sweden Is Not Any Closer to Joining Danes in NATO,” *Local*, March 3, 2015.

⁹⁴⁷ Maxim Korobochkin, “Soviet Views on Sweden’s Neutrality and Foreign Policy, 1945–50,” in Helene Carlback, Alexey Komarov, and Karl Molin, eds., *Peaceful Coexistence? Soviet Union and Sweden in the Khrushchev Era*, Moscow: Centre for Baltic and East European Studies, Institute for Universal History, 2010.

⁹⁴⁸ Krister Wahlbäck, “Khrushchev and Swedish Foreign Policy, 1953–1964. Preliminary Theses,” in Carlback, Komarov, and Molin, 2010; Gordon H. McCormick, *Stranger than Fiction—Soviet Submarine Operations in Swedish Waters*, Santa Monica, Calif.: RAND Corporation, R-3776-AF, 1990; Ola Tunander, “Some Remarks on

After the Cold War, Sweden hoped for better relations with Russia. The end of the military threat from the Warsaw Pact, the emergence of new states in the Baltics that offered a buffer from potential Russian aggression, and positive trends in domestic Russian politics under Boris Yeltsin all contributed to Sweden's changed outlook.⁹⁴⁹ Stockholm noted, for example, that the dissolution of the Warsaw Pact meant that roughly half of the Pact's specialized vessels for landing in the Baltic Sea were no longer available.⁹⁵⁰ Sweden viewed the risk of a major war in Europe to be very small, although it did not rule out the possibility that Russia could someday adopt a more aggressive foreign policy.⁹⁵¹

This cautiously optimistic assessment of Russia continued to influence Swedish policy as Russia began to rebuild its military and grew more assertive, but the Russian invasion and occupation of Georgia in August 2008 reminded Sweden of the dangers of living close to an increasingly confident and aggressive power. Then-Swedish foreign minister Bildt pointedly compared Russian aggression in Georgia with Nazi Germany's attack on Central Europe.⁹⁵² The conflict raised concerns that Russia was becoming more authoritarian and willing to use force as it invested in military capabilities, even if, as elsewhere, that concern was not universal.⁹⁵³

Since 2013, however, Swedish fears of Russia have intensified in the face of Russian provocations and growing recognition of Sweden's weakness on territorial defense. After years of declining defense budgets and focus on crisis management operations, in January 2013, Chief of Armed Forces Göransson publicly declared that Sweden could defend its territory against an attack with limited objectives for only a week.⁹⁵⁴ His statement ignited a domestic debate on Swedish military capabilities. Two months later, Russia simulated a bomb run on Sweden with two nuclear-capable heavy bombers (Tu-22M3 Backfire) and four fighter jets (Su-27 Flanker). The aircrafts skirted Gotland Island and carried out mock attacks on targets near the Stockholm area and southern Sweden. The Swedish Air Force did not detect the intrusion and failed to

the US/UK Submarine Deception in Swedish Waters in the 1980s," Oslo, Norway: International Peace Research Institute, 2004.

⁹⁴⁹ Sveriges Riksdag [Swedish Parliament], *Totalförsvarets Utveckling till och med Budgetåret 1996/97 samt Anslag för Budgetåret 1992/93 [Defence Development for the 1996/97 Financial Year and the Appropriations for the 1992/93 Financial Year]*, Stockholm: Ministry of Defence, Proposition 1991/92, 1992.

⁹⁵⁰ Sveriges Riksdag, 1992; Nils Andren, "Is NATO an Option for Ex-Neutrals and Ex-Soviets on the Baltic?" in Piotr Dutkiewicz and Rober Jackson, eds., *NATO Looks East*, Westport, Conn.: Praeger Publishers, 1998, p. 143.

⁹⁵¹ Sveriges Riksdag, 1992.

⁹⁵² Dahl, 2011, p. 7.

⁹⁵³ Sveriges Riksdag [Swedish Parliament], *A Useful Defence*, Stockholm: Ministry of Defense, Government Bill 2008/2009:140, March 2009, pp. 24-25.

⁹⁵⁴ Royal Swedish Academy of War Sciences, "Det Operativa Dilemmat: Framtidens Försvar—Kan Vi Försvara Sverige en Vecka?" ["The Operational Dilemma: Future Defense —Can We Defend Ourselves for a Week?"], February 14, 2013.

respond, revealing serious weaknesses in its air defenses.⁹⁵⁵ While some described these provocations as akin to the Cold War, the Swedish Armed Forces publicly noted that the threat level Russia posed remained unchanged in late 2013.⁹⁵⁶ Then–Defense Minister Karin Enström characterized Russia as “behaving in a different way than before” but still refused to label Moscow as a greater threat.⁹⁵⁷

In late 2014, several foreign submarines—allegedly Russian—intruded into Swedish waters. None of Stockholm’s hunts for the submarines were successful.⁹⁵⁸ These actions generated more Swedish concern over Russian activities, and there was near-unanimous agreement that Sweden needed to increase its defense capabilities.

Domestic Swedish perceptions of Russia also feed the military tensions. According to the German Marshall Fund, the percentage of Swedes who viewed Russia very unfavorably jumped from 18 percent in 2012 to 31 percent in 2013. This was reinforced in 2014, when 35 percent of the public saw Russia as very unfavorable. Compared with other EU countries, Sweden has the largest portion of population with highly negative views of Russia.⁹⁵⁹

On the economic front, Sweden’s ties to Russia are considerable, although not as great as Finland’s. As threats waned in the post–Cold War era, Swedish trade with Russia flourished. In 2014, bilateral trade totaled more than \$11 billion, approximately 14 times the level in 1992. Major Swedish exports to Russia include automobiles, chemicals, and telecommunication equipment, while imports from Russia are largely raw materials.⁹⁶⁰ Swedish-Russian trade in 2013 accounted for approximately 3.5 percent of total Swedish trade with the world and, while less than Swedish trade with the United States, is growing as a proportion. Russia does not rank among Sweden’s top five import or export markets.

While there is very little Russian FDI in Sweden, one estimate puts total Swedish FDI and portfolio investments in Russia at \$17 billion (or 142 billion Swedish Krona [SEK]) in 2014, or approximately 4 percent of Sweden’s GDP. Around 400 Swedish companies have invested in Russia and have significant sales or profits in the country. Swedish bank claims in Russia also exceed 2 percent of Sweden’s GDP.⁹⁶¹

⁹⁵⁵ David Cenciotti, “Russia Simulated a Large-Scale Aerial Night Attack on Sweden,” *Business Insider*, April 23, 2013a.

⁹⁵⁶ “Sweden Sends Jets to Baltic After Russian Move,” *Local*, March 4, 2014.

⁹⁵⁷ “Russian ‘Attack’ Raises Questions over Sweden’s Readiness,” *Indian Defence*, May 3, 2013.

⁹⁵⁸ “Sweden Suspects up to 4 Subs Violated Its Waters—Report,” *RT*, January 25, 2015.

⁹⁵⁹ German Marshall Fund of the United States, *Transatlantic Trends: Topline Data 2014*, September 2014b.

⁹⁶⁰ “Economic Relations Between Sweden and Russia,” Embassy of Sweden in Moscow, web page, February 12, 2014.

⁹⁶¹ Danske Bank, “The Ukrainian Crisis: The Nordic Angle,” August 11, 2014, p. 9.

Sweden is dependent on foreign energy. It imports a significant amount of energy: 99 percent of its natural gas, 95 percent of its petroleum products, and 78 percent of solid fuels in 2013 (Table 10.3). None of its natural gas is imported from Russia; it imports gas almost exclusively from Denmark. Natural gas is relatively insignificant in Sweden’s overall consumption pattern—constituting 2 percent of total gross inland energy consumption in 2012. Rather, Sweden meets much of its energy needs with nuclear and renewable energy, as well as petroleum products.⁹⁶²

Table 10.3. Sweden’s Energy Import Dependence, by Commodity, 2001–2012 (percentage)

Import	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
All products	37.2	42.8	36.3	36.8	36.8	35.4	37.1	36.7	36.6	36.2	28.7
All solid fuels	83.9	97.0	89.0	97.2	86.9	92.7	93.5	70.2	102.2	94.4	78.2
All petroleum products	91.4	105.2	98	104	99.5	99.1	102.6	101.7	93.6	99.9	95.4
All natural gas products	95.6	94.5	95.3	95.1	95.5	97.3	97.1	98.1	98.8	99.2	99.1

SOURCE: Eurostat, undated.

Like all members of the European Union, Sweden was subject to EU-imposed sanctions on Russia after its aggression in Ukraine. This includes financial limitations on Russia and an arms embargo and ban on exports to Russia’s energy sector. Moscow responded by banning food exports from the European Union. As of late 2014, the sanctions had had little direct impact on Swedish trade with Russia, since the banned items were neither major Swedish imports nor exports to its neighbor.⁹⁶³ The potential for indirect impacts on trade are uncertain but could be substantial.⁹⁶⁴

Defense Capabilities

During the Cold War, Sweden focused on its own territorial defense. Its armed forces were among the largest in Europe: It could mobilize 800,000 troops and possessed a significant air

⁹⁶² Though Sweden imports significant levels of Russian crude oil and oil products, most of the imports are not consumed domestically but exported.

⁹⁶³ Russian food trade restrictions have relatively little impact on the Swedish economy and affect less than SEK 1 billion of Swedish exports (less than 0.03 percent of Swedish GDP and less than 0.1 percent of total good exports). See Danske Bank, 2014, p. 9.

⁹⁶⁴ Indirect effects could include a depressed demand for Swedish goods in its main export market, the euro area. A recession in Europe could significantly affect the Swedish economy. See Danske Bank, 2014, p. 9; “How the Current Situation in Russia Is Impacting on Swedish Trade,” press release, Port of Gothenburg, November 9, 2014.

force and navy.⁹⁶⁵ This force structure provided substantial capability for Sweden to defend itself against the threat of Soviet invasion or attack without having to rely on external assistance, providing credibility to the country's foreign policy of neutrality.

Sweden was cautious in its defense policy in the early 1990s. Its 1992 defense bill still focused on territorial defense, assessing the prospects for a major war in Europe to be very low in the near term, but with uncertainty in the long term. The armed forces were to continue to plan for an attack on Sweden. The military should assume that a potential aggressor—at one point named explicitly as Russia in the document—could use military force against Sweden to create favorable positions for itself during conflict. The aggressor could exploit Sweden as a transit and base area for military operations or to deny other countries the use of Swedish territory. In contrast to previous planning that envisioned an aggressor engaging in a potentially large and long conflict to conquer Sweden, the bill emphasized defending against a limited military attack with high-quality forces likely to maximize the use of military surprise.⁹⁶⁶

A banking crisis and subsequent recession in Sweden in the early 1990s, however, limited investment in defense.⁹⁶⁷ The government implemented military structural reorganization, relocation, and staff reductions to save money and entered into negotiations for defense upgrades. It recognized that new purchases would be costly, but suspension of such projects would have significant negative implications for the country's security and industrial talent.⁹⁶⁸

From 1992 until 2013, Swedish defense planning moved away from territorial defense and threats of direct military aggression. Its 1997 defense bill recognized that “the risk of war between two superpowers has now disappeared,”⁹⁶⁹ but unrest and political instability have risen, and there is an “increased risk of terrorist activity and widespread violence.”⁹⁷⁰ The 2000 defense bill laid out the need for a more expeditionary “modern, flexible and versatile defence” that could be “utilised for both the defence of Sweden and participation in international operations.”⁹⁷¹ It advocated that Sweden contribute more to European security and change its Armed Forces to be better suited for international crisis management.⁹⁷² The 2005 defense bill recognized that European integration and “Estonia, Latvia, Lithuania and Poland joining both the

⁹⁶⁵ Winnerstig, 2014a, p. 34–47.

⁹⁶⁶ Sveriges Riksdag, 1992.

⁹⁶⁷ Urban Bäckström, “The Swedish Experience,” speech delivered at the Federal Reserve Symposium, Kansas City, Kansas, August 29, 1997.

⁹⁶⁸ Sveriges Riksdag, 1992.

⁹⁶⁹ Swedish Ministry of Defence, *The Renewal of Swedish Defence: Phase 2*, unofficial shortened version of the Government Defence Bill 1996/97:4 Stockholm, 1996, p. 9.

⁹⁷⁰ Swedish Ministry of Defence, 1996, p. 14.

⁹⁷¹ Swedish Ministry of Defence, *The New Defence*, summary of Government Bill 1999/2000:30, Stockholm, November 25, 1999, p. 1.

⁹⁷² Swedish Ministry of Defence, 1999.

EU and NATO . . . decisively strengthened Sweden's security."⁹⁷³ The bill noted that "security is more than just the absence of military conflict," and "threats to peace and our security can best be averted collectively and in cooperation with other countries."⁹⁷⁴

A crucial post-Cold War change in Swedish defense policy occurred in 2009, when Sweden introduced plans to build a more flexible and effective force with improved expeditionary capabilities. This force was designed to respond rapidly to crises at home, in Sweden's immediate vicinity, and farther abroad. As noted above, the 2009 defense bill included Sweden's Declaration of Solidarity with its neighbors. An all-volunteer force, instead of one based on compulsory military service, would support this more functional military.⁹⁷⁵ During the Cold War, Sweden embraced conscription to have a capacity to call in 500,000 soldiers at short notice, and at its peak conscripted some 50,000 soldiers. The 2009 bill ended Swedish mandatory conscription in 2010 and moved the country toward a smaller, but more professionally trained, military.⁹⁷⁶ As of the mid-2010s, inadequate funding meant Sweden is struggling to achieve the goals set in 2009, and its armed forces cannot defend Sweden even for a week.⁹⁷⁷

More recently, provocative Russian behavior in Sweden's neighborhood has caused Stockholm to rethink its defense. Some Swedes argue that Russian actions prove that Swedish efforts to integrate Russia with the West have failed. Previously, Sweden assessed that there was almost no (or very low) possibility for conflict in the Nordic-Baltic region. Now, the Swedish government believes that there is considerable uncertainty and unpredictability with regard to Russian activities in the region. Sweden can no longer assume that armed aggression is not possible in its own neighborhood.⁹⁷⁸

Currently, Stockholm does not assess that Russia poses a separate and direct military threat to Sweden. Instead, any use of force against Sweden is likely to be part of a broader conflict, and the opponent will allocate only limited resources against Sweden.⁹⁷⁹ In the near term of three to five years, Swedish experts are most worried that incidents or accidents in the air or at sea could lead to a crisis between the two countries.⁹⁸⁰ Should such events occur, escalation would depend on how Sweden and Russia respond to each other, but it is unlikely that Russia will apologize or

⁹⁷³ Government Offices of Sweden, *Our Future Defence: The Focus of Swedish Defence Policy 2005–2007*, Stockholm, Ministry of Defence, Swedish Government Bill 2004/05:5, October 2004, p. 6.

⁹⁷⁴ Government Offices of Sweden, 2004, p. 7.

⁹⁷⁵ Sveriges Riksdag, 2009.

⁹⁷⁶ Agence France-Presse, "Military Service Comes to an End in Sweden," *Local*, July 1, 2010.

⁹⁷⁷ "Not Enough Money for Sweden's Defence," Radio Sweden, January 13, 2015.

⁹⁷⁸ Sveriges Riksdag, *Defence Policy Stance—Swedish Defence 2016–2020*, Stockholm: Ministry of Defense, Government Bill 2014/2015:109, 2015.

⁹⁷⁹ Sveriges Riksdag, 2015, p. 46.

⁹⁸⁰ Swedish Ministry of Defence, 2014b, pp. 15–16.

assume any responsibility for its behavior. Uncertain and unpredictable Russian behavior could also make managing such crises and incidents difficult.

While most believe that it is highly unlikely that Russia will use military force against the Baltic States, should Russia decide to do so, there is concern that Moscow would want access to Swedish air and sea space. This means Moscow could use military force to take Gotland Island or to prevent other countries from using Gotland as a base of operations. Russia could also seek to politically intimidate or coerce Sweden by engaging in some operations in the Stockholm area.

Russian military modernization has strengthened the country's military capability, and its armed forces are capable of coordinated deployments from peacetime locations. In earlier periods, Stockholm assumed that there would be advance warning of Russian actions; now Sweden believes that Russia is able to deploy rapidly and implement complex operations in its immediate neighborhood without much opportunity for advance detection.⁹⁸¹

In response to all these concerns, Sweden's April 2015 defense bill spelled out a new defense policy: Sweden is resuming total defense—both military and civil defense—to prepare for potential conflicts.⁹⁸² In response to heightened concerns over Russian behavior and military capabilities, Sweden is focusing on defense of its immediate area and aims in the next several years to have the capability to put its forces on high alert to be able to mobilize for a contingency within a week. Stockholm is reducing spending on international efforts to engage in peace operations and increasing unit readiness and training activities.⁹⁸³ Sweden is also augmenting its air and naval capabilities, as discussed in the next section.

Until 2013, there had been a general trend of declining Swedish defense spending since the end of the Cold War. Swedish defense spending dropped from more than \$8 billion in 1988 to less than \$6.5 billion in 2012 (see Figure 10.4). While its defense budget has gradually increased since 2012, current Swedish military spending is still lower than spending during the Cold War. Relative to GDP, Swedish defense spending has fallen from 2.5 percent in 1988 to 1.2 percent in 2014 and is expected to continue falling despite planned nominal increases in Sweden's defense budget. The country's post-Cold War reduction in military expenditure has been more drastic than those of most of the countries in its immediate area, including the Nordic countries.⁹⁸⁴

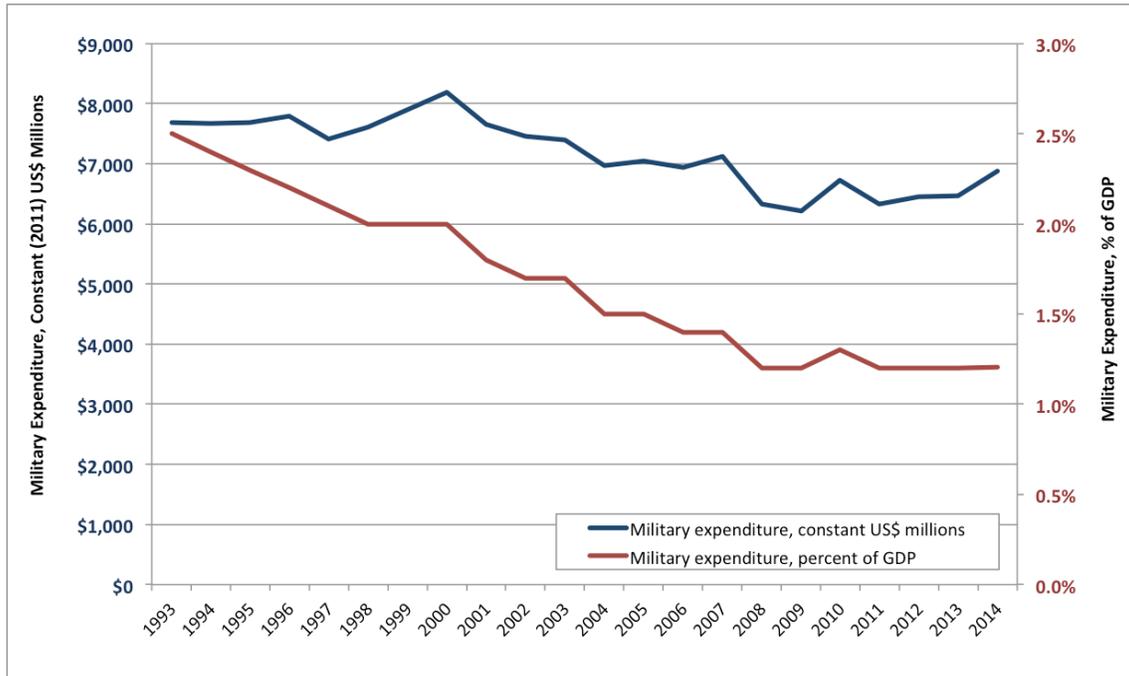
⁹⁸¹ Sveriges Riksdag, 2015.

⁹⁸² Sveriges Riksdag, 2015.

⁹⁸³ Försvarsmakten [Swedish Armed Forces], *Försvarsmaktens Årsredovisning 2014 [Defence Forces Annual Report 2014]*, February 2015, p. 31.

⁹⁸⁴ Peter Nordlund, Peter Bäckström, Karsten Bergdahl, and Janne Åkerström, *Försvarsmaktens Ekonomiska Förutsättningar—Anslagstilldelning, Kostnadsutveckling och Priskompensation [The Economic Condition of the Armed Forces—Budget Allocation, Cost, and Price Compensation]*, Stockholm: Swedish Armed Forces, No. FOI-R-3901-SE, June 2014, p. 7.

Figure 10.4. Swedish Defense Expenditures in Constant US\$ and as Percentage of GDP (1988–2014)



SOURCES: SIPRI, undated(b), for data from 1988 to 2013; 2014 data calculated from IISS, 2015.

The decline in military spending has translated into a shrinking military force, as well as shifting military capabilities. Table 10.4 shows that Sweden’s total active force of 15,300 in 2014 is 55 percent of its 2004 force size of 27,600, and only a fraction of the country’s ability to mobilize 800,000 people during the height of the Cold War.

Table 10.4. Swedish Military Personnel, 2004–2014

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total active	27,600	27,600	27,600	27,600	24,000	16,900	13,050	21,070	20,363	20,500	15,300
Army	13,800	13,800	13,800	13,800	10,200	10,200	5,900	7,332	6,718	5,550	5,550
Air force	5,900	5,900	5,900	5,900	5,900	3,600	4,300	3,770	2,796	3,300	3,300
Navy	7,900	7,900	7,900	7,900	7,900	3,100	2,850	3,423	3,069	3,000	3,000
Other (staff)	n/a	6,545	7,780	8,550	3,450						
Other (voluntary auxiliary organizations)	35,000	35,000	35,000	35,000	42,000	42,000	42,000	30,000	30,000	22,000	22,000
Reserve component	262,000	262,000	262,000	262,000	262,000	262,000	200,000	n/a	n/a	n/a	n/a
Paramilitary (coast guard)	600	600	600	600	600	600	800	800	800	800	800

SOURCE: IISS, multiple years.

The missing entries for its reserve component from 2010 onward are due to the end of mandatory conscription and the country's transition to an all-volunteer force. There is no publicly available data on the size of Sweden's current reserve force, but Sweden's goal in 2009 was to have substantial reserves consisting of four mechanized reserve battalions. Reserve soldiers are to form most of the army's personnel.⁹⁸⁵ As of 2015, Sweden has yet to fully transition to an all-volunteer force. Stockholm assesses that it is likely to continue to depend on conscripted personnel to fully man its units "throughout and beyond the period of 2016–2020."⁹⁸⁶ The Swedish Armed Forces currently faces challenges in recruiting and retaining military personnel and is studying more-sustainable manning solutions.⁹⁸⁷

Table 10.5 further breaks down changes in different Swedish military capabilities from 1990 to 2014. By 2009, Sweden had reduced the number of units or assets it possessed across the board to approximately 40 percent or less of what it had had in 1990. From 2009 to 2014, there was not a substantial change in the numbers of Swedish military assets.

⁹⁸⁵ Sveriges Riksdag, 2009.

⁹⁸⁶ Swedish Ministry of Defence, *Sweden's Defence Policy 2016–2020*, Stockholm, June 1, 2015.

⁹⁸⁷ This includes the Danish and Norwegian models of a combined voluntary and conscript system; see Swedish Ministry of Defence, 2015.

Table 10.5. Changes in Levels of Swedish Military Capabilities, 1990–2014

Military Asset ^c	1990 Count ^a	2009 Count ^a	2014 Count ^b	2014 As Percentage of 1990 Count ^d
Army battalions	84	7	8	10
Territorial defense units	230	0	0	0
Home guard units (thousands of persons)	125	22	22	18
Surface combat vessels	30	7	6	20
Submarines	12	5	5	42
Combat aircraft	320	100	98	31

^a Ola Hedin, *Försvarets förutsättningar—en ESO-rapport om erfarenheter från 20 år av försvarsreformer*. [Conditions for the Swedish Armed Forces: A Report from the Expert Group for Public Economics on the Experience of 20 Years of Defence Reforms.] Stockholm: Fritzes, 2011.

^b IHS Jane's "Sweden—Navy," *World Navies*, March 8, 2015c, IHS Jane's, "Sweden—Army," *World Armies*, December 1, 2014s, and IHS Jane's, "Sweden—Air Force," *World Air Forces* web page, May 27, 2016e.

^c Army battalions refer to mechanized or armored infantry battalions, and surface combat vessels refer to corvettes.

^d Combat aircraft are JAS 39 Gripen C/D aircraft.

The Swedish units and assets that remain in 2009 and beyond are better equipped and superior in performance. But the reforms have also increased Sweden's dependence on partners for enablers and other types of support.⁹⁸⁸ Since 2007, the Swedish government has instructed its armed forces to maintain the capability to defend Sweden independently, but its military can cooperate with other countries and international actors to do so. As a 2014 Swedish MoD study says, "this dependency [on foreign assistance] . . . has intensified markedly in recent decades and is unlikely to decrease in the future."⁹⁸⁹

Sweden has one of the most capable air forces in the Nordic-Baltic region. Despite significant downsizing since the Cold War, the Swedish Air Force (SwAF) remains capable and well trained, with some 3,300 personnel.⁹⁹⁰ Among other assets, it has a fleet of advanced combat aircraft (approximately 98 JAS 39C/D Gripens), a handful of fixed-wing transport aircraft (C-130H), and one C-130H tanker.⁹⁹¹ SwAF is tasked with "protecting Swedish airspace, conducting rescue operations, performing air transport duties and gathering intelligence."⁹⁹² SwAF operates in Sweden and abroad, and much of its operations are conducted in collaboration with the Swedish army and navy. Gripen fighter squadrons, for example, work closely with the army's ground-based surveillance radars and surface-to-air-missiles to engage in air defense.

⁹⁸⁸ Swedish Ministry of Defence, 2014b, p. 22.

⁹⁸⁹ Swedish Ministry of Defence, 2014b, p. 25.

⁹⁹⁰ IISS, 2015.

⁹⁹¹ IHS Jane's, 2016e.

⁹⁹² Försvarsmakten, "The Swedish Air Force," web page, undated(b).

The SwAF prioritizes interoperability and cooperation with NATO. It has purchased command and control systems and outfitted its Gripens with Link 16 to better communicate and work with NATO.⁹⁹³ Some NATO allies also operate Swedish Gripen fighter jets,⁹⁹⁴ and Sweden has worked with the U.S. Air Force to help some of these countries acquire critical capabilities while operating Gripens.⁹⁹⁵ Sweden is also a participant the SAC and the Strategic Airlift Interim Solution.

Sweden is also looking to build its aerial refueling capacity. Stockholm has only one aerial refueling tanker and is seeking to increase its air-to-air refueling expertise to increase its aircraft’s operational capability.⁹⁹⁶ Sweden has engaged in some aerial refueling training with NATO allies and experimented with collective aerial refueling to pool and share aerial refueling tankers.⁹⁹⁷

Sweden’s April 2015 defense bill increased nominal defense spending by 11 percent from 2016 to 2020. Table 10.6 shows the projected defense spending.

Table 10.6. Planned Increases in Swedish Defense Spending (2016–2020, in SEK millions)

	2016	2017	2018	2019	2020	Total
Core	42,031	43,087	43,881	46,026	47,576	222,601
Supplement	1,324	1,900	2,200	2,320	2,500	10,244
Total	45,371	47,004	48,099	50,365	52,096	232,845

SOURCES: Sveriges Riksdag, 2015, p. 9.

The bill discusses several priorities:

- Renew regional focus and increase contingency planning.
- Ensure basic manpower, equipment, communications, exercise, and training.
- Acquire next-generation fighter jets and submarines.
- Reallocate military assets to Gotland Island.
- Strengthen air defense capabilities.
- Reinforce antisubmarine warfare capabilities.

⁹⁹³ For technical specifications of Swedish Gripens, see Ulf Nilsson, “Gripen: The Smart Fighter,” SAAB fact sheet, May 13, 2015.

⁹⁹⁴ For example, Hungary and the Czech Republic operate Gripens.

⁹⁹⁵ For example, in July 2015, the Hungarian air force was able to perform its first air refueling with the help of the instructors from the Swedish and United States Air Forces. See Kate Thornton, “Hungarian Air Force Performs First Historic Air Refueling with Help from NATO Ally, Partner,” press release, 100th Air Refueling Wing Public Affairs, U.S. Air Forces in Europe, July 17, 2015.

⁹⁹⁶ IHS Jane’s, 2016e.

⁹⁹⁷ David Cenciotti, “Italy’s Boeing KC-767 Tanker Conducts Collective Aerial Refueling Certification and Testing with Gripen and Rafale Fighter Jets,” *Aviationist*, September 8, 2013b.

With respect to the third point, Sweden is procuring a next-generation fighter system for its air force. Sweden declared the need for new fighter jets in 2012 and accelerated efforts after Stockholm witnessed Moscow's destabilization of Ukraine in early 2014.⁹⁹⁸ The then-center-right Swedish government pushed through the purchase of 60 Saab JAS 39E new Gripen fighters. The April 2015 defense bill increased the number of aircraft to be purchased by ten, to a total of 70. The new fighter, which offers a lower radar profile and other enhancements over its predecessor, will be built on new airframes instead of reworking the JAS 39C.⁹⁹⁹ The system is expected to be operational in 2023 and last at least 20 years.¹⁰⁰⁰

The defense bill envisions the Air Force consisting of four air wings with six fighter squadrons (JAS 39C/D), one air transport squadron, one air combat control and air surveillance battalion, and one helicopter wing.¹⁰⁰¹ One of these six fighter squadrons will result from reorganizing Sweden's current peacetime fighter training establishment. The helicopter wing, one of the four air wings, will increase its focus on supporting the navy with antisubmarine capabilities and providing land forces with tactical transport. Sweden is also considering acquiring new tactical air transport aircraft.¹⁰⁰² The air wings are practicing dispersal to alternative bases and flexible use of existing air bases. Sweden also intends to increase investment in basing infrastructure to enhance dispersal and survivability.

With respect to its naval capabilities, a significant portion of the increased funding between 2016 and 2020 will be used to allow the navy to participate in more military exercises and to significantly modernize key naval ships with equipment to better detect submarines. Sweden also announced plans to order two new generation A26 submarines to be delivered by 2022.¹⁰⁰³

The defense bill also called for a permanent military presence on Gotland Island. Sweden will be positioning air defense assets on the island and seeks to increase training and exercises on and around the island, in part as a deterrent to Russian aggression in the region.¹⁰⁰⁴

Sweden is also investing in more air defense capabilities. The Air Force is working to integrate the Meteor missile with its JAS 39 Gripen, and the defense bill provides additional

⁹⁹⁸ In 2012, Sweden originally envisioned partnering with Switzerland to procure the new system in a more cost-effective manner. A referendum in Switzerland, however, blocked Swiss participation. See Government Offices of Sweden, "From the Budget Bill for 2013: Budget Statement," Stockholm, November 20, 2012, p. 53.

⁹⁹⁹ IISS, 2015, p. 139.

¹⁰⁰⁰ IISS, 2015, p. 157.

¹⁰⁰¹ Swedish Ministry of Defence, 2015, p. 10.

¹⁰⁰² Swedish Ministry of Defence, 2015, p. 10.

¹⁰⁰³ "Sweden Announces Plan to Boost Submarine Fleet," Agence France-Presse, March 19, 2015.

¹⁰⁰⁴ Sveriges Riksdag, 2015; Swedish Ministry of Defence, 2015, pp. 9–10, 44.

funding for this effort.¹⁰⁰⁵ The Swedish Army will also acquire new ground-based short- and medium-range air defense systems and additional munitions.¹⁰⁰⁶

Aside from units and assets, Sweden has significant military-related infrastructure to support operations in the Baltic Sea region. Sweden currently operates at least four navy and marine bases, five air force bases, eight army bases, and several Home Guard and other military facilities.¹⁰⁰⁷ The locations of major Swedish air bases are shown in Figure 10.5. Compared with the other countries in this research, Sweden has the most airports (231), and many have paved runways (149). It has 11,633 km of railways and nearly 580,000 km of roads.¹⁰⁰⁸ It also boasts some of the best ports in the Nordic-Baltic region. Much of this civilian and military infrastructure is in southern Sweden. Gotland Island in the Baltic Sea—the largest island in the Baltic Sea that has airfields, firing ranges, and was a navy base—could also serve as a staging platform for military operations.

¹⁰⁰⁵ IHS Jane's, 2016e.

¹⁰⁰⁶ Swedish Ministry of Defence, 2015.

¹⁰⁰⁷ A number of historical Swedish military bases have been decommissioned or moved. For a list of Swedish bases, see Försvarsmakten, 2015. For recent decommissioning of Swedish military bases, see Government Offices of Sweden, 2004, p. 27.

¹⁰⁰⁸ CIA, 2014.

Figure 10.5. Major Swedish Air Bases in Operation (2014)



SOURCE: Försvarmakten, 2015.

The Swedish Air Force began training with NATO air forces over the Baltics by participating in the Baltic Region Training Event in 2011. It also engaged in its first three-week air surveillance exercise over Iceland in 2014, supported by NATO AWACS and aerial refueling assets. Although these training events and exercises enhance Swedish cooperation with NATO, some NATO members have resisted allowing partners to perform common NATO functions that cross the Article V threshold. Some NATO allies worry that involving partners could weaken the alliance because such involvement may give the impression that other allies have less responsibility, and NATO partners—since partners have not signed Article V and are not guaranteed to come to aid of NATO allies—cannot be counted on in times of crisis. Some Baltic officials and experts are worried that Swedish participation in Baltic Air Policing may displace U.S. or other NATO involvement in the Baltics, and they see U.S. activities in the Baltics as critical to deterring potential aggression. As a result of these various considerations, Sweden has not been directly involved in Icelandic or Baltic Air Policing.¹⁰⁰⁹ Stockholm has been able to

¹⁰⁰⁹ Swedish Ministry of Defence, 2014b, p. 30.

work out arrangements with NATO to support air policing in Iceland by participating in NATO air surveillance operations.¹⁰¹⁰

While working within existing vehicles, Sweden is also exploring ways to train with the United States when the U.S. Air Force is in the region. Of particular potential are new air exercises out of Estonia that take advantage of periods when the U.S. Air Force is deployed to Ämari Base in Estonia for NATO missions. The exercises involve U.S. aircraft deploying from Estonia and Swedish and Finnish aircraft from their respective territories to meet in the air. Sweden sees such exercises as practical and cost-effective ways to train and hopes to regularize them such that every time U.S. forces are based in Estonia, they train with Sweden and Finland. This might start with exercises between the respective air forces and can expand to include naval assets. Sweden hopes that such regular and periodic training with the United States will send strong signals to deter Russian aggression in the region. Table 10.7 details Swedish–U.S. exercises in 2014.

Table 10.7. U.S.-Sweden Military Exercises in Europe (2014)

Exercise	Service	Location
12th Combat Aviation Brigade Emergency Deployment Training	Army	Germany
BALTOPS	Joint—Navy and Air Force	Baltic Sea
Flaming Sword	Special Forces	Lithuania
Jackal Stone	Special Forces	Germany/The Netherlands

SOURCE: Headquarters, USEUCOM, 2015.

Sweden does not receive any FMF funds from the United States and does not participate in the National Guard State Partnership Program. Additionally, Sweden has not had any personnel trained under the IMET programs, and only eight students trained under the CTFP program.

Sweden does import arms from the United States under the FMS. Approximately 26 percent of Swedish arms imports from 1950 to 2013 have come from the United States, and 73 percent from European and NATO partners (see Figure 10.6). Between 2010 and 2014, Swedish arms imports from the United States have risen as a proportional share and accounted for 64 percent of all its arms imports.¹⁰¹¹ This is partly because defense imports from the United States contribute to key Swedish defense items. Swedish-produced JAS 39 C/D Gripen fighter jets, for example, contain approximately 50 percent American-made content.¹⁰¹² Of the nine countries in this report, Sweden is the only one that has not imported any arms from Russia since 1950. Most of the money Sweden has spent on arms imports since the 1990s has been on armored vehicles,

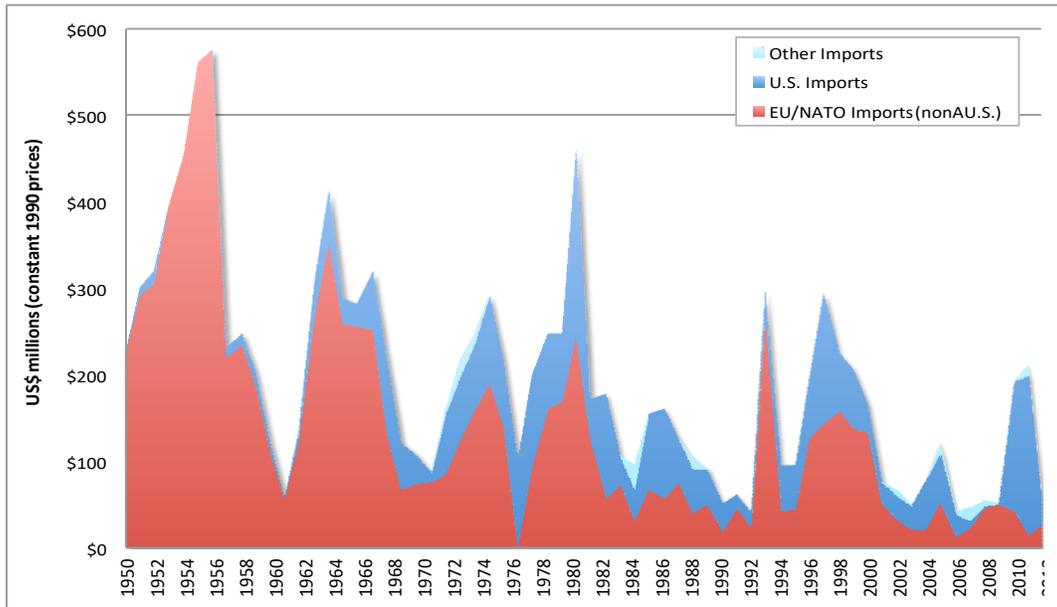
¹⁰¹⁰ Terhi Kinnunen, “Finland, Sweden to Help NATO in Iceland Air Policing,” Reuters, October 30, 2012.

¹⁰¹¹ SIPRI, undated(a).

¹⁰¹² Swedish Ministry of Defence, 2014b, p. 52.

followed distantly by engines, missiles, and sensors. Comparatively little has been spent on importing aircraft or ships during this period. Along with Poland, Sweden is one of two countries in this survey that export defense equipment to the United States.

Figure 10.6. Swedish Arms Imports, by Supplier, 1950–2013 (US\$ millions, constant 1990 prices)



SOURCE: SIPRI, undated(a).

Along with its relations with NATO and the United States, Sweden prioritizes its close relations with Finland. Stockholm recognizes that Helsinki shares similar foreign and security policies and concerns, and there is significant potential for far-reaching defense cooperation. The two countries are ready to move forward based on their recently signed defense agreement and are cooperating to maintain security in the Baltic region. The neighbors plan on engaging in joint operational planning for different scenarios and contingencies that includes shared use of civilian and military resources. This joint contingency planning will complement, but not substitute for, their respective national contingency planning.¹⁰¹³

Response to Crimea and the Ukraine Crisis

Sweden has taken a relatively firm stance against Russian actions in Ukraine. As member of the European Union, Sweden condemned Russian actions in Ukraine in 2014 and participated in EU economic sanctions. Surveys of European publics in April 2014 showed that 70 percent of

¹⁰¹³ Sveriges Riksdag, 2015, p. 24.

Swedes agreed with the statement that its government should do everything possible to support stability in Ukraine.¹⁰¹⁴

After violence intensified in Ukraine in early 2015, the center-left government characterized Russian aggression as “the greatest challenge to European peace and security since the end of the Cold War.”¹⁰¹⁵ In January 2015, Foreign Minister Margot Wallström rejected conciliatory proposals to reach out to Russia and urged maintaining sanctions.¹⁰¹⁶ She argued that the European Union should be prepared to take a “strong response” to Russia should the Hollande-Merkel initiative fail to achieve a political solution to the Ukraine crisis.¹⁰¹⁷ She opposed, however, the calls to arm Ukrainian forces, arguing that such a move had the potential to further escalate the conflict.¹⁰¹⁸

Stockholm worries that the security situation is getting worse in its neighborhood: Russia has demonstrated its willingness to use hybrid warfare to achieve its political goals, despite the economic costs of its actions; Russia attaches particular importance to the Baltic region because of history, Russian minorities, and natural resources and trade routes; Russia has moved its positions forward in the Baltic region with the creation of energy infrastructure and construction of new ports; in the next few years, Russia will have the largest standing military in the Baltic region, and this makes the balance of power more favorable for Russia to attack a NATO country.¹⁰¹⁹

Concerns over Russia have caused a split domestically on how Sweden should buttress its defense and raised the question of Swedish membership in NATO. Some argue that the value of being a NATO partner—rather than ally—has gone down, and that Sweden thus needs to more seriously consider NATO. Ukraine’s participation in NATO’s PfP program since 1994 did not deter Russian aggression. Instead, as a Swedish MoD report argues, Russian actions have caused the alliance to refocus on reassuring allies and deterring potential aggression, giving less attention to developing relations with partner countries. The same report further notes that some NATO allies are worried about partners participating in NATO core activities because it causes “blurring distinctions in the Alliance” and, hence, undermines its cohesion.¹⁰²⁰ These allies may attempt to limit how close Sweden can draw to NATO without becoming a member.

¹⁰¹⁴ Ipsos Public Affairs, “Ipsos European Pulse,” April 2014.

¹⁰¹⁵ Margot Wallström, Minister for Foreign Affairs, “Statement of Government Policy in the Parliamentary Debate on Foreign Affairs,” Stockholm: Government Offices of Sweden, February 11, 2015.

¹⁰¹⁶ “EU Ministers See Little Reason to Lift Sanctions Against Russia,” *Moscow Times*, January 19, 2015.

¹⁰¹⁷ “If Hollande-Merkel Ukraine Initiative Fails More Sanctions Inevitable,” *Sputnik*, February 9, 2015.

¹⁰¹⁸ Ilgin Karlidag, “EU Divided over Arming Ukraine Forces,” Andalou Agency, February 9, 2015.

¹⁰¹⁹ Sveriges Riksdag, 2015, pp. 44–45.

¹⁰²⁰ Sveriges Riksdag, 2015, p. 44.

Leaders of Sweden’s main opposition parties of the Center-Right Alliance have now endorsed the desire for NATO membership.¹⁰²¹ This was a marked departure from the party’s cautious stance on the issue and insistence on first achieving broad political consensus before considering NATO membership.¹⁰²² Deep divisions within the SDP over the issue persist. Leaders of the current ruling coalition, including Defense Minister Peter Hultqvist, however, have rejected the idea of inquiring into NATO membership, worried that such an inquiry is in essence a green light to joining NATO.¹⁰²³

Enhanced Nordic defense has also been discussed as a complement and alternative to NATO membership. Swedish experts have advocated greater Nordic cooperation to deal with the new security threats demonstrated in Ukraine—hybrid warfare involving special forces, information warfare, and cyberattacks. Some point out that full Nordic cooperation is possible only under NATO because Norway, Denmark, and Iceland will prioritize NATO, and there is concern that NORDEFECO could impose additional requirements on them or draw them away from NATO.¹⁰²⁴ Others argue that Sweden should focus on Nordic defense, because it is more politically feasible.¹⁰²⁵ In practice, Sweden is strengthening relations with NATO and Nordic countries.

Sweden’s largest political parties and defense establishment all agree that the country needs to enhance its defense capabilities. They differ, however, on specifics and willingness to dedicate more resources to bolster Swedish defense. In early 2015, General Göransson, for example, publicly criticized the SDP government’s 2014 defense budget as too low and said it would only cover the armed forces’ basic needs from 2015 to 2020. He further questioned whether Sweden should be procuring expensive Gripen jets and submarines when the military needs significant resources to retain current troop levels and basic operating capacity.¹⁰²⁶ In April 2015, Sweden increased its nominal defense spending by 11 percent from 2016 to 2020.

¹⁰²¹ Sten Tolgfors and Mike Winnerstig, “Stabilare Europa med Sverige med i NATO” [“More Stable Europe with Sweden in NATO”], *Gothenburg Post*, June 18, 2014.

¹⁰²² “Sweden’s Opposition Votes in Woman Leader,” *Local*, January 10, 2015.

¹⁰²³ “Social Democrats Say No to NATO Negotiations,” Radio Sweden, January 12, 2015.

¹⁰²⁴ Annika Nordgren Christensen, Sten Tolgfors, and Mike Winnerstig, “Upptäppt Hotbild Kräver en ny Svensk Försvarsidé” [“Escalating Threats Require New Swedish Defense Thinking”], *Dagens Nyheter*, February 11, 2015.

¹⁰²⁵ Forss and Holopainen suggested a middle path: Sweden should strengthen defense cooperation with Finland, Norway, and Denmark, and the Nordic countries should all strengthen their ties with the United States. Washington should provide some security guarantees to Sweden and Finland. Their work was highlighted in Finland’s largest Swedish-language newspaper, but it is uncertain how their perspective was received in Sweden. See Forss and Holopainen, 2015; Maria Gestrin-Hagner, “Forskare Föreslår Nordisk Pakt” [“Researchers Suggest Nordic Pact”], *Hufvudstadsbladet*, February 16, 2015.

¹⁰²⁶ Gerard O’Dwyer, “Swedish Military Fights for Larger Budget,” *Defense News*, January 25, 2015a.

Outlook

There is a clear opportunity for the United States to deepen its defense cooperation with Sweden and leverage Swedish capabilities in the wake of renewed tensions with Russia. The general trend in Swedish defense and foreign policy is away from strict neutrality to nonalignment and solidarity with its neighbors. Sweden is likely to continue to seek to enhance its political, economic, and security relations with the United States, NATO, and the European Union to compensate for its limited national defense capabilities in the face of new challenges from Russia. Sweden will continue to lead and deepen Nordic and Nordic-Baltic cooperation, with a particular emphasis on strong military ties with Finland. Many of the recommendations outlined in the preceding chapters on Finland are also very relevant to Sweden—for example, on defense trade, NORDEFCO, and cooperation with the Baltic States, the National Guard, and bilateral and multilateral exercises in general.

Although NATO membership for Sweden does not appear likely in the near term, the possibility is growing. The United States should be prepared for, and welcome, this. NATO membership would further strengthen Swedish defenses, while also benefiting NATO. Were Sweden to join NATO, this would send a clear message to Moscow about Russia's aggressive moves in the region and strengthen deterrence against Russian meddling in the Baltics.

Full NATO member or not, Sweden's strategic interests are increasingly aligned with those of the United States. Sweden's signing of the Host Nation Support agreement with NATO in 2014 represents a significant achievement in the defense relationship. The country has significant military-related infrastructure and bases that could serve as forward operating locations for NATO or U.S. military operations in the Nordic-Baltic region if consent is obtained. The Host Nation Support agreement opens up the possibility for further negotiations to use Swedish territories in particular contingency or crisis scenarios in the immediate neighborhood. The United States should engage in discussions with Sweden about potential future regional contingencies. As described in the previous chapter, it will likely be important to work through related operational implications.

Swedish participation in air surveillance training in Iceland and the Baltics, as well as its planned increasing contributions to the NATO Response Forces, are also important developments to monitor and shape. While some NATO allies have resisted Swedish participation in air policing missions, more training, exercises, and other forms of cooperation with the Swedish Air Force will improve intelligence-sharing and interoperability at little real cost. Sweden's strategic location also means that its airspace will be in high demand in the event of a crisis in the Nordic-Baltic area. There is still much uncertainty regarding the types of missions that Swedish forces in the Responsive Force may be willing to take part in, and greater participation and responsibility should be encouraged.

In the case of a direct Russian territorial threat to Sweden or an attack on the Baltics, it would be difficult for Sweden to revert to neutrality for a number of reasons. First, a large and highly

capable military force formerly backed Sweden's old policy of neutrality, but Sweden now has only a fraction of its Cold War manpower. Second, Russia would likely find Swedish neutrality in a crisis less credible than during the Cold War given the two decades of Swedish political and economic integration with the West and strong relations with the Baltics. As noted, Swedish analysts assume that, should Russia engage in a conventional attack on the Baltic States, there is a high likelihood that Russia will want access to Swedish air and sea space and may engage in operations against Gotland Island. Third, Sweden values its Declaration of Solidarity with the European Union—particularly Nordic-Baltic countries—and it would be a betrayal of Swedish foreign policy ideals for leaders to back down from contributing to security in the neighborhood. This logic suggests that Swedish leaders are highly likely to turn toward the United States and NATO during times of acute crisis.

It will thus be important going forward to leverage the convergence in perspective between the United States and Sweden to build a stronger bilateral relationship, strengthening interoperability with regular exercises, encouraging Sweden to participate in pooling and sharing programs, and broadly building a common outlook on the new challenges in the region. From a practical and deterrence perspective, concrete demonstrations of the closer relationship will also be important, in no small part because they lay the technical, legal, and political groundwork for cooperation in the event of a crisis.

Sweden is a significant air power; the air-to-air relationship will remain an important point of contact in the overall defense approach. Sweden's strength is in airpower, and the U.S. Air Force should thus continue to invest in the relationship with a growing raft of deployments and exercises—bilateral and multilateral—with Sweden. This includes more visible, regular, and sophisticated exercises on Swedish territory (such as Nordic Cross-Border Training) and over the Baltic Sea (such as Ämari air base exercises), as well as greater Swedish participation in complex U.S. or NATO exercises such as BALTOPS, Red Flag, and Green Flag. The U.S. Air Force should also expand training and cooperation on key niche areas such as aerial refueling and airlift.

Engagement with Sweden should continue to stress the United States' reliability as a key partner, the shared outlook on the challenges in the region, and a constructive role in bolstering the subregional defense network. The United States should seek to strengthen the relationship to ensure the highest degree of confidence in its access to Swedish airspace and military bases in the event of a regional crisis. Sweden is unlikely to guarantee such access publicly, but the likelihood that it would be granted in a crisis can be reinforced by considering increased personnel exchanges with both U.S. European Command and the U.S. Office of the Secretary of Defense and working via partner engagement to develop a common strategic picture, including via contingency planning. U.S. defense planners should also engage in more tabletop exercises and scenario-based seminars to facilitate more-concrete policy discussions with Sweden.

Looking ahead, beyond the immediate term, Sweden is a strong candidate for more involvement in NATO and European pooling and sharing efforts. It already is a significant

player in two NATO strategic airlift consortia and could be an important player in similar schemes involving, for example, UAVs, refueling, or missile defenses—all areas in which it currently has gaps. More aggressively and in the longer term, NATO could even seek to involve Sweden in discussions regarding NATO's ballistic missile defense system.

If Sweden's defense spending is lower than desired for a country of its size, it still has considerable capability, especially in airpower, and a demonstrated vocation for out-of-area operations of a humanitarian nature. Its recognition of the challenge raised by Russia is growing, and it is significant in meeting that challenge. Especially as its relationship with NATO evolves, it should be an important partner in the region and globally.

Chapter Eleven. Conclusions

In 2014 and 2015, with the dual challenges of the Islamic State and renewed tensions with Russia, Europe entered a new and much less secure era in its history. For many years, Europe had been a region that the United States could assume was secure and largely free of the risk of military conflict. That assumption no longer holds. This report examined the defense implications of renewed tensions with Russia for a set of key countries in northeastern Europe, with a specific focus on opportunities for the U.S. Air Force. The allies and partners in the study are currently those at greatest risk of becoming the front line states embroiled in a conventional conflict with Russia. They are also many of the countries most likely to contribute to American and NATO efforts to deter and defend the Baltics, should relations with Russia deteriorate further. As U.S. regional priorities shift, so should U.S. Department of Defense and engagement priorities.

Deeper U.S. engagement with Sweden and Finland, the Baltic States, and Poland will be important to strengthening regional defense and deterrence against potential Russian aggression. These countries are themselves deeply concerned with Russia and open to strengthening their relationship with the United States and NATO. Although their ability to contribute to specific deterrence tasks will vary, the Air Force should seek to build close partnerships across multiple domains, including the capability for coordinated air defense operations and, potentially, air-to-ground/surface attack operations in the region. These are also the countries in which the United States will have to operate in the event of a crisis, either in combined combat operations or for forward basing in support of those operations. Finally, they are the countries where the United States will need to posture, operate, and engage for deterrence in peacetime.

To be sure, some countries will be less critical to U.S. efforts to bolster regional defense and deterrence. Cooperation with these countries can and should continue to focus primarily on pre-Ukraine crisis initiatives, such as building capabilities for out-of-area operations and generally strengthening the bilateral military relationships. For domestic political and economic reasons, however, they seem unlikely to make significant contributions to U.S. regional objectives and could, in some ways, hinder them. (It is important to note that these are not the only countries in Europe where populism and economic strains have led to divergence from U.S. interests—other countries in Europe are subject to similar forces, resulting in complex and sometimes troubling relationships with Moscow.)

By building the necessary relationships and by shaping partner plans, strategy, and capabilities toward achievable objectives, Air Force engagement will be vital to laying the groundwork for the necessary cooperation and thus maximizing the value that these allies and partners can bring to the table. This chapter begins with a broad summary of the overall strategic

picture that emerged from the research and then assesses potential new opportunities and risks for the Air Force from the global, regional, and country perspectives.

Strategic Analysis

The political-military analysis of the countries examined herein suggests three basic categories: first, countries where new opportunities are emerging. These countries have sought and are likely to continue to seek a closer relationship with the United States for the foreseeable future. Second, countries where enhanced opportunities exist. These countries have long sought a closer relationship with the United States and have increased their desire to build ties in the wake of the Ukraine crisis. In such cases, changing U.S. interests in the region as much as changes in the countries themselves may open new opportunities for partnering. Third are the countries where there is either uncertainty or potential new risk. In these cases, the impact of the Ukraine crisis appears to be limited or even adverse when it comes to partnering.

The countries are binned according to these three categories in Table 11.1. To be sure, binning the countries into general categories masks important subtleties and complications that lie beneath the surface. These subtleties are explored in the preceding country studies.

Table 11.1. Impact of the Ukraine Crisis on Study Cases (summary)

New opportunities	Sweden, Finland
Enhanced opportunities	Poland, Baltic States
Uncertainty/potential risk	Hungary, Slovakia, Czech Republic

New Opportunities

The appetite for closer defense relations with the United States is likely to remain particularly strong in Sweden, although opportunities for closer relations with Finland also deserve close attention. The crisis with Ukraine has increased concern in both Finland and Sweden about the potential for a regional conflict that would adversely affect their interests. Although both countries are concerned and vigilant about the risk of a direct attack on their territory, they are mainly anxious about how a conflict elsewhere in Baltic region might affect them. Despite long-standing traditions of nonalignment, therefore, opportunities for closer cooperation with these Nordic partners should continue for the foreseeable future.

Sweden is a wealthy country with an advanced industrial-technological base, is important geographically, and has grown far more open to partnering with the United States and NATO in light of Russia's aggressive behavior. Sweden operates in many advanced military fields of interest to the Air Force, including not only advanced fighter aircraft, but also space and cyber.

Finland is also a wealthy country with an advanced technological-industrial base and regionally significant military capabilities. Because of its unique strategic situation and especially its long border with Russia, however, opportunities for deepening engagement may be somewhat more limited than with Sweden. Nevertheless, Finland will continue to look to the United States for support in its own capabilities development, including with important acquisitions such as the Joint Air-to Surface Standoff Missile Extended Range (JASSM-ER).

Enhanced Opportunities

Poland and the three Baltic States—Latvia, Lithuania, and Estonia—have long sought closer defense relations with the United States, including the U.S. Air Force. For historical, geographical, and political reasons, they believe themselves to be most vulnerable in the event of continued deterioration of NATO-Russia relations. The interest in closer defense cooperation with the United States has only been intensified by the changes in the regional security environment. At the same time, these changes should increase U.S. interest in deeper engagement with these countries. These two trends—demand for cooperation and U.S. strategic interests in bolstering regional security—converge in the same direction and will produce an overall enhanced environment for partnering opportunities.

The types of engagement to prioritize within this group of countries, however, differ significantly between Poland and the Baltic States due to very different resource bases and other factors. Poland is a growing economy that aspires to become a major regional military power on par with western European powers, such as France. This aspiration has only increased in the wake of the Ukraine crisis, creating an opportunity to leverage Poland's eagerness to invest in capabilities to strengthen the bilateral relationship. The much smaller Baltic States, however, individually lack the resource base to develop significant defense capabilities. All three countries have little to no native airpower. The absence of airpower, however, should not lead the Air Force to neglect the Baltics. To the contrary, it is indicative of significant need, especially in light of the changed security environment and threat from Russia. That threat calls for not only much-enhanced Baltic air defenses, but also enhancements to ISR and air-related infrastructure.

Cases of Uncertainty and Potential Risk

Paradoxically for the Air Force, the country where existing ties are among the strongest, Hungary, is also the country where the bilateral relationship has been most negatively affected by growing tension with Russia. Hungary hosts and participates in the C-17 SAC at Pápa Air Base. This consortium is a positive step that is an important avenue and model for future cooperation. Nevertheless, for economic and political reasons, Hungary has been among the most reticent about the U.S. and NATO approach to Russia during the Ukraine crisis. While Hungary has not broken formally with the alliance, NATO's tensions with Russia, on which it depends for natural gas, have created much friction. That noted, there are reasons to believe that Russia-related tensions with Hungary could diminish over time. Hungary has contributed to

reassurance efforts with ground force deployments in the Baltics. Moreover, insofar as tensions continue over Russia, Hungarian leaders may actually come to view closer defense cooperation with the United States as an antidote to public friction or acrimony.

In the Czech Republic, significant new opportunities are also unlikely to emerge from increased tensions with Russia. Czech leaders are, on the whole, cognizant of the risks associated with Russian aggression in Ukraine, but they face domestic political dynamics that make a dramatic ramp up in defense spending (and consequently in defense capabilities) unlikely. The United States should expect the Czechs to continue to support lower-tier missions—like Icelandic Air Policing—but not much more.

In Slovakia, new opportunities may be the most limited of all. Pro-Russian sentiment in Bratislava is strong, stoked by Russian propaganda and other forces. The Slovak economy is even smaller, and the military is in lamentable condition. Hence, while the Slovaks have invested in some new capabilities (e.g., UH-60s), their overall contribution to any NATO operation—particularly in terms of airpower—will be quite limited.

This does not mean, however, that existing lines of engagement with these countries should not be continued.

Opportunities for Air Force Global Partnership Objectives

The Air Force has built a system of global partnerships intended to further a number of first-order U.S. security objectives, including combating violent extremism, strengthening regional and international security, and deterring and defeating aggression. The strategic shifts in the European theater create both new regional imperatives and opportunities for the Air Force to push forward important objectives of its global partnership strategy. Our assessment of the specific opportunities and priorities for engagement is based on an appreciation of the changing political, economic, and military dynamics of the region; how these are shaping both our and the partner's outlook; and how these changes relate to emerging U.S. regional strategy imperatives. The research has aimed to look beyond the present into the near- and medium-term future, not only examining current trends, but also keeping an eye out for ways these might change unexpectedly, thereby affecting partnering opportunities.

It is important to note a few limitations of these findings. First, the research does not incorporate technical feasibility analysis (beyond that which can be gleaned through interviews). Second, the research has not attempted to assess systematically the relative value of investments in these countries against other potential global alternatives, although there is a good case to be made for increased investment in several countries within our group, given the changing military dynamics of the region.

Although the analysis is presented later in this chapter on a country-by-country basis, we summarize our analysis in this subsection around the categories outlined in the U.S. Air Force

2011 *Global Partnership Strategy*, looking at partnership opportunities in air, space, and cyber realms.

Air

Following the *Global Partnership Strategy*, we break this domain down into subcategories.¹⁰²⁷ Opportunities to advance U.S. interests through partnering were particularly strong when it comes to airspace control and global ISR. Opportunities in the areas of global mobility, agile combat support, and nuclear deterrence are more limited but may exist.

1. *Airspace control*. Strengthening sovereignty is important not only as an air force partnership objective, but also as a key NATO objective. Strengthening airspace control involves integrating air surveillance, air traffic control and weather radars, communications, and air policing. The Air Force can help partner nations strengthen airspace control with training, equipment, and mentorship to strengthen their air defenses. Building fusion centers to link these systems with U.S. and allied airborne interdiction assets and global strike capabilities further strengthens airspace control.

Strengthening airspace control is important for all countries with which the U.S. Air Force partners, and opportunities to strengthen airspace control and thereby build territorial sovereignty in the region are significant. In light of the changing regional security dynamics, however, priority should be placed on engagement intended to strengthen the airspace control in Poland, Sweden, and Finland. These are countries whose airspace would be most directly challenged in the event of a crisis in the Baltics. Poland and Sweden, moreover, are countries from which the Air Force might wish to forward base, so reliable airspace control could, in certain scenarios, be particularly important there.

A related opportunity exists in the Baltic States, where there is a significant medium-term opportunity to support planning and development of subregional integrated airspace control. Specifically, there is an opportunity to develop radar acquisition options for the Baltic States through analysis and acquisition support, as well as efforts to develop appropriate subregional C2 systems linked with NATO. Such efforts could usefully be extended to Poland over time.

¹⁰²⁷Secretary of the Air Force, International Affairs, *2011 U.S. Air Force Global Partnership Strategy*, Washington, D.C., U.S. Air Force, 2011.

2. *Global ISR*: Strengthening global integrated ISR means developing partner nation organic capabilities in ways that both serve the partner nation's needs and offer unique utility for the United States.

Opportunities to strengthen regional ISR capabilities with potential application beyond the region exist, but most of the opportunities are for regional applications. Poland is interested in acquiring unmanned aircraft, and there is an opportunity to encourage and shape that aspiration in ways that will benefit not only regional security but also U.S. global ISR over the long term. Poland does not currently appear focused on manned air-breathing ISR platforms, but it might do so with encouragement. In the Baltic States, granted their more limited means, there is some opportunity to develop small- and medium-scale unmanned aircraft that could contribute to regional deterrence and enhance the regional ISR picture. Purchases of such capabilities by individual countries could be difficult given their defense budget limitations, but a Baltic ISR consortium could eventually make such acquisitions possible. In both cases, training and advising early on would realize maximum gains for the U.S. long-term ISR objectives. Additionally, in the Baltics, acquisition of small, manned aircraft for ISR purposes, especially in the event of unconventional or hybrid crisis, also deserve close study. Small-scale, manned systems may in some circumstances be preferable for cost and deterrent purposes.

3. *Global mobility*: Strengthening rapid global mobility normally involves strengthening airfield infrastructure to develop sufficient runway length, ramp load-bearing capacity and cargo, fuel, and casualty-handling facilities. In addition, interoperability for airlift, refueling, and medevac is needed to leverage this infrastructure.

Hungary is already host to NATO's SAC C-17 fleet at Pápa Airbase. As noted, Hungary is the country most negatively affected by the crisis in Ukraine. Nevertheless, Hungary's reticence on the question of Russia may create some opportunities for greater cooperation on issues outside the region, including in the Middle East.

Ensuring adequate mobility into the region itself—especially the Baltic States—is a priority. Improvement to runways, including the potential construction of new facilities, is possible. Specifically, the development of additional airfields in Estonia, at locations such as Tartu, would strengthen NATO's capability for crisis response. Such construction could include lengthening runways and construction of needed support facilities and infrastructure.

4. *Agile combat support*. This is a broad subcategory defined as “the ability to field, protect, and sustain air, space, and cyber forces across the full range of military operations to

achieve Joint effects.”¹⁰²⁸ Possible opportunities in this area include increased U.S. training in the Baltics, which offer advantageous ranges, and enhancements to air infrastructure in several countries.

5. *Nuclear deterrence operations.* This area is currently less relevant to partnering with the countries in this region, except for the fact that all U.S. military and defense activities work within the U.S. nuclear umbrella. Eventually, the United States might decide to station tactical nuclear weapons in these countries, but the logic for doing so at this point remains unclear.

Space

Of the countries in the study, only Finland and Sweden have significant space capabilities, and these are largely confined to the private sector. In light of Sweden’s interest in drawing closer to the United States and NATO, its high level of technological capabilities, and national wealth, building a stronger space relationship with Sweden is a promising avenue for the future, although not likely to pay immediate dividends.

At this point, discussions with Poland regarding space capabilities should be more nascent, as Poland is largely focused on capabilities development in other areas. As Poland develops more-advanced capabilities, however, it will likely seek to rely more on space, including U.S. space infrastructure. Clear lines of communication with Poland in the space domain will thus be important. To this end, regular information exchanges—for example, through seminars and senior engagement on space issues—are appropriate. Additionally, an effort to develop Poland’s native expertise on space issues will be important and potentially useful, including in a regional crisis scenario.

Cyberspace

The United States works with partners to improve their cyberspace capabilities in areas such as situational awareness, threat assessment, digital network intelligence, active network defense, and cross-domain security. Opportunities to strengthen partnerships in this region today exist with Finland, Sweden, Estonia, and Poland. The United States should seek to build closer relationships with these countries, support their own efforts to strengthen public-private cooperation in this area, and encourage them to cooperate with each other. Investments in cyberspace awareness and defenses will remain critical to strengthening regional defenses against cyberattack and increasing the number of allied “eyes on” the global cyberspace environment over the medium and long term.

¹⁰²⁸ Secretary of the Air Force, International Affairs, 2011, p. 17.

Changing Regional Priorities

The Air Force engages across the European theater to support the achievement of the regional campaign strategy of USEUCOM. The role of defense partnerships within that strategy are changing significantly as a result of renewed tensions with Russia. In 2010, two-thirds of U.S. Air Force partnering events focused on interoperability for operations in Afghanistan.¹⁰²⁹ Subsequently, the focus of partnering remained predominantly on building partner capacity and sustaining interoperability for expeditionary deployments. Even if territorial defense was a priority for USEUCOM, the emphasis that it received in partnering prior to the Ukraine conflict was generally less than emphasis on partner capabilities and training for overseas deployments.

By 2015, however, the emphasis of USEUCOM partnering was shifting back toward territorial defense. As the Supreme Allied Commander Europe explained to Congress in his 2015 posture statement, “the end of ISAF and the events in Ukraine require the U.S. to shift the focus of our foreign military training and equipping programs preparing Allies and partners for deployment to Afghanistan, to restoring and/or building Ally and partner nation capability to address the challenges of hybrid warfare and to territorial defense.”¹⁰³⁰ Although many of the capabilities required for territorial defense are the same as those required for expeditionary operations, the changed context is important. For one, the new context requires new authorities and funding streams in some areas. A recognition of the changing security environment in Europe should shape the way senior Air Force leaders engage with their regional counterparts. Most of all, the changing environment should shape Air Force (and broader Defense Department) engagement priorities.

Country Opportunities

Our research identified specific areas of opportunity or risk for each of the countries in the study, based on their changing strategic outlooks. The types of opportunities vary significantly, and there is a broad range of potential activities for the countries in this research, as elsewhere in the world. Possibilities include, for example, force posture activities, military exercises, equipping activities (FMF and FMS), technology transfer, information-sharing arrangements (physical and legal), deployments or exchanges of personnel for security cooperation, education and training (i.e., of foreign personnel through IMET or other programs), and direct military-to-military engagements (senior or other levels).

In addition to varying types of potential engagement from one country to another, three types of priorities can be identified in each country. These include activities that are actionable now and likely to have a significant near-term impact, activities that are actionable now and may not

¹⁰²⁹ James G. Stavridis, United States Navy Commander, “Posture Statement,” testimony before the U.S. House Appropriations Committee, Washington, D.C., 2011, pp. 28–29.

¹⁰³⁰ Breedlove, 2015, p. 15.

have a near-term impact but should be expected to have a significant impact over the medium to long term, and other priority activities that do not naturally fit into these categories but deserve attention nevertheless.

The matrices in the appendix to this volume summarize recommended priorities for specific countries in each of these three categories, organized around major types of engagement activity.

These assessments are based on an understanding of partner capability, the partner's changing political and strategic outlook as detailed in the preceding chapters, and an appreciation of changing U.S. regional priorities and, specifically, the need to strengthen regional defense and deterrence. We do not take into account the value of these opportunities to the Air Force in a global perspective. Clearly the Air Force operates under resource constraints and must therefore balance its partnership portfolio across multiple regions and countries. These assessments also are not in-depth technical assessments of partner capabilities (although we do think all the recommendations are technically feasible).

Sweden

In Sweden, increased Russian hostility has spurred domestic debate that augurs for closer cooperation with NATO in general and the United States in particular. The range of potential partnering activities is broad. Sweden's strength is in airpower, and the U.S. Air Force should thus continue to invest in the relationship with a growing raft of deployments and exercises—bilateral and multilateral—with Sweden.

Sweden has long expressed an interest in supporting U.S. global humanitarian objectives—for example, through its participation in the 2011 NATO intervention in Libya. Partnering with Sweden can continue on this objective, but new objectives are also emerging due to the changing regional security picture.

To strengthen regional security, the United States should seek to support Swedish efforts to demonstrate a capability to defend its airspace for extended periods of time, under adversity, with high confidence and a minimum of U.S. or NATO support so that Sweden could serve as a staging point for allied logistics and air operations over the Baltics if these are ever needed. Ideally, Sweden would also be able to contribute to air operations against air and ground forces in the Baltics and surface vessels on the Baltic Sea.

To this end, partnership efforts should focus on increasing Swedish participation in Ämari air base exercises, and in large and complex U.S. exercises such as BALTOPS, Red Flag, and Green Flag; involving Sweden directly in Baltic and Icelandic air policing missions; and involving Sweden as early as possible in related exercise planning. The United States should also sustain U.S. training on Swedish territory on the model of Arctic Challenge 2015. Sweden should also be encouraged to maintain sufficient munitions stocks, especially for air-to-air, but also air-to-ground operations.

More significantly, Sweden should be encouraged to build, with other regional partners and allies, an air-to-air refueling consortium on the model of NATO's SAC. Increased training with

Sweden on aerial refueling is also desirable. More ambitiously, the United States could encourage Swedish participation in NATO Ballistic Missile Defense discussions and exercises with the possibility of eventual integration into the NATO system. Engaging Finnish air force and army leaders on Finland's air defense capability potentially by pooling with Sweden, particularly as Helsinki seeks to upgrade its air defenses, is also advisable.

In general, the United States should seek to strengthen the relationship with Sweden to ensure the highest degree of confidence in U.S. access to Swedish airspace and military bases in the event of a regional military crisis. Sweden is unlikely to guarantee such access publicly, but the likelihood that it would be granted in a crisis can be reinforced by considering increased personnel exchanges with both USEUCOM and the U.S. Office of the Secretary of Defense and working via partner engagement to develop a common strategic picture, including via contingency planning.

In the long term, Sweden could make contributions to ISR with enhanced UAV capabilities. To benefit from this will require adequate interoperability and data-sharing, both bilaterally and with NATO. Sweden should also be expected eventually to develop space capabilities with military ISR applications. It would be possible today to shape this development via personnel exchanges or other cooperation on space research—for example, at the Swedish research facilities, such as Esrange—and/or to work with Sweden and Finland on protection of critical commercial or dual-use space infrastructure. Sweden has not highlighted space-based capabilities as a critical defense priority, but it has significant and growing space interests and is involved in a number of European space initiatives, including developing space launch capabilities and earth observation programs. Stockholm continues to seek opportunities for bilateral space cooperation with Germany, the United States, and France, particularly for reconnaissance, surveillance, and space situational awareness.¹⁰³¹ In space, the near-term objective should be to work with both public and private sectors in Sweden to build a foundation for information-sharing, future exchanges, training, and exercises aimed at developing mutual awareness across multiple space-related areas, such as space situational awareness; positioning, navigation, and timing; and communications.

Sweden is strengthening its cyber defense and developing offensive cyber capabilities. The Swedish government and private sector have both experienced cyberattacks, including a 2012 attack on the Swedish central bank website and a 2014 attack on the Swedish parliament website.¹⁰³² In a break with the past, Sweden's 2015 defense bill called for the development of

¹⁰³¹ Anders Foyer, "SwAF Space Activities," briefing slides, Swedish Armed Forces, 2014; Anna Veclani, Nicolò Sartori, Emiliano Battisti, Jr., Jean Pierre Darnis, and Elena Cesca, *Space, Sovereignty, and European Security: Building European Capabilities in an Advanced Institutional Framework*, Brussels: Directorate-General for External Policies, European Parliament, January 29, 2014.

¹⁰³² Patrick Lannin, "Swedish Central Bank Website Shut Down in Cyber Attack," Reuters, October 3, 2012; "Cyber Attack on Swedish Parliament's Website," *Local*, December 30, 2014.

offensive cyber weapons to deter and deal with attacks from state and state-sponsored actors.¹⁰³³ In July 2015, Stockholm announced plans to join the Tallinn-based NATO Cooperative Cyber Defense Centre of Excellence as a contributing participant.¹⁰³⁴ Sweden is also engaged in cyber cooperation with the Baltics via NORDEFECO. It is not too early to begin work to strengthen cooperation on cyber offense and defense, and potentially other areas such as cyber ISR. It is thus worth examining the possibilities for establishing an innovative, cyber-focused relationship between U.S. Air National Guard and Sweden and Finland; in addition, intensified sharing of cyber research, knowledge, and best practices with Finland and Sweden via exchanges and joint subregional public-private seminars or other forms of training is desirable.

Finally, although Sweden and Finland do not at the time of writing appear likely to seek membership in NATO, membership is and will remain a possibility. Accordingly, it will be important to prepare the ground. At the same time, efforts to strengthen intra-Nordic and Nordic-Baltic relations should continue.

Senior Air Force engagement with Sweden should, meanwhile, continue to stress U.S. reliability as a key partner, the shared outlook on the challenges in the region, and a constructive role in bolstering the subregional defense network. Finally, the air force could consider establishing an Air National Guard relationship with Sweden.

Finland

Its unique historical and geographical circumstances notwithstanding, Finland is drawing closer to the United States and its other Western partners, both as an active member of the European Union and an enhanced partner for NATO. The United States, including the Air Force, has an interest in ensuring that Finland adds value to regional defense cooperation and becomes an even higher value-added partner for NATO. The opportunities for doing so have increased as a result of the Ukraine crisis. Many of the same engagement opportunities that exist with Sweden also exist in some form with Finland.

Finland is not a NATO ally, but in the event of a regional military crisis, American and allied military forces could want to operate together and with partners over Finnish airspace and possibly deploy onto Finnish territory. It would be vital that Finland successfully defend its own airspace. As with Sweden, taking steps now to strengthen Finland's own ability to defend its air, land, and sea will help address Russia's growing A2/AD capabilities in the region. The Air Force should thus continue to seek joint exercise opportunities and work to include Finland in NATO air exercises, including at neighboring Ämari air base in Estonia, whenever feasible. Likely approval of the Finland-NATO Memorandum of Understanding on host nation support in 2016

¹⁰³³ Sveriges Riksdag, 2015.

¹⁰³⁴ NATO Cooperative Cyber Defense Centre of Excellence, "Sweden to Join NATO Cooperative Cyber Defense Centre of Excellence," NATOSource blog, July 1, 2015.

should further this objective. Regional deterrence could be strengthened if Finland were to acquire JASSM-ER.

The Finnish Ministry of Foreign Affairs was subjected to a sophisticated, multiyear cyberattack that it acknowledged in November 2013.¹⁰³⁵ Other attacks, such as the 2015 attack against OP Pohjola Bank, have targeted private industry and disrupted the economy.¹⁰³⁶ Finland has operated a Computer Emergency Response Team within its armed forces since 2011, but Finland adopted its first comprehensive national Cyber Security Strategy in 2013.¹⁰³⁷ Finland seeks to become a world leader in cybersecurity issues through a strategy that relies on strong public-private partnerships and a National Cyber Security Centre,¹⁰³⁸ which is responsible for situational awareness of attacks on Finnish cyber networks as well as for the security of both classified and unclassified government information and networks.¹⁰³⁹ Finland has made a substantial effort to engage with other international actors on cybersecurity issues in recent years. This includes a strong engagement with NORDEF, where Finland is taking a leading role in that organization's new Cyber Warfare Collaboration Project.¹⁰⁴⁰ Finland has participated in several NATO cyber exercises, such as Locked Shields, through NATO's CCDCE in Tallinn, Estonia, although it has yet to formally join the CCDCE as fellow non-NATO member Sweden has recently done.¹⁰⁴¹ Finland is also an active participant in European Union cybersecurity activities, such as the Cyber Europe 2014 exercise run by the European Union Agency for Network and Information Security.¹⁰⁴²

Strides on cyber and eventually space are likely to continue in the because of to the technological strength of the Finnish economy. The Air Force should consider exchanges, exercises, and engagements in the air domain and cyber domains in the near term, while

¹⁰³⁵ Keir Giles, "Cyber Attack on Finland Is a Warning for the EU," Chatham House, Royal Institute of International Affairs, London, November 8, 2013.

¹⁰³⁶ "OP's Cyber Attack Not Over, Despite Earlier Claims," Yle News, January 4, 2015.

¹⁰³⁷ Kevin Coleman, "Finland Joins the Cyber Fight," *Defense Tech*, June 12, 2009; O'Dwyer, 2015c; Ministry of Defence of Finland, "Finland's Cyber Security Strategy Is Adopted," press release, January 24, 2013b.

¹⁰³⁸ Ministry of Defence of Finland, *Finland's Cyber Security Strategy*, Secretariat of the Security Committee, Government Resolution 24.1.2013, 2013a.

¹⁰³⁹ Finnish Communications Regulatory Authority, "Information Security Services of the NCSC-FI," March 27, 2015.

¹⁰⁴⁰ O'Dwyer, 2015e.

¹⁰⁴¹ Ministry of Defence of Finland, "Finland Participated in NATO's Cyber Coalition 2014 Exercise," press release, November 24, 2014; Jyvsectec, "Jyvsectec and Defence Forces Participating in Locked Shields 2015 Cyber Defence Exercise," Jyväskylä Security Technology, May 8, 2015; NATO Cooperative Cyber Defense Centre of Excellence, 2015.

¹⁰⁴² Finnish Ministry of Transport and Communications, "Cooperation to Lie at the Heart of a Cyber Security Exercise" press release, April 29, 2014; European Union Agency for Network and Information Security, "Stronger Together: ENISA Concludes the Cyber Exercise 2014 Today," February 25, 2015.

exploring opportunities for similar activities in space over the medium term. As with Sweden, the Air Force could consider establishing a relationship between the Air National Guard and Finland to further strengthen ties, especially on cyber.

Poland

Poland's geographical situation, growing economy, and aspiration to become a major European military power should give strong impetus to deeper engagement. Poland will welcome Air Force presence in the form of exercises, exchanges, technology transfer, greater information-sharing, cooperative agreements, and other areas. Unlike those of Finland and Sweden, Polish leaders will likely insist that the focus of any defense engagement be solidly on building Poland's territorial defenses, as opposed to out-of-area engagements.

The primary objective of engagement should be to ensure Poland's ability to provide a secure logistics and staging point for forward-based U.S./NATO operations in the region by denying airspace and defending against potential short-, medium-, and long-range missile attacks, especially from Kaliningrad, Belarus, and the Baltic Sea. Poland also should eventually have a capability to contribute to air-to-air and air-to-ground/surface operations over the Baltic States, Baltic Sea, or Belarus. To this end, the Air Force should continue to improve the AVDET at Lask airbase. Activities at Lask should focus on training the Polish F-16 crews to allow Poland to deploy their F-16s in an operational setting as soon as possible. Increases in bilateral F-16 exercises at Lask are also desirable to demonstrate capability and continued commitment and persistent presence in Poland and the region. In addition, rotational presence of F-22s to Poland, including at Lask, is desirable for deterrence and reassurance purposes. Poland has purchased JASSM but could add JASSM-ER and increase its overall inventory of precision-guided munitions.

Poland plans to phase out its Soviet-era strike fighters in the mid-2020s and is considering an F-35 purchase. It is not too soon to encourage and support Polish efforts to begin analytical studies of the feasibility of the F-35 in comparison with other airframes. At the same time, it is worth continuing to encourage Poland's ability to provide intratheater fixed- and rotary-wing lift, reinforce its transition away from old Russian-made An-28 light aircraft and Mi-8 and Mi-2 transport helicopters, while encouraging the eventual development of a refueling and even strategic lift capability.

The United States and NATO should also seek to expand Poland's ISR ability, particularly its nascent UAV fleet, across the spectrum of operations—short, medium, and long range—so as to better contribute to the Polish ability to aid in air-to-ground/surface operations over the Baltic States, Baltic Sea, or Belarus. Specific engagements to this end include small-team training at the newly established UAV base in Poland (at Mirosławiec airfield); developing a joint UAV exercise program, bilaterally or via NATO; and encouraging Polish acquisition of medium- and long-range unmanned combat aerial vehicles.

It is important that all U.S. allies have adequate cyberdefenses, yet in the case of Poland, the importance is arguably even greater given the potential for significant U.S. deployments to Poland in a crisis situation. The United States should thus continue to encourage public-private partnerships in Poland to strengthen Poland's ability to defend against cyberattacks and enhance its expertise on space issues. This can be done by offering joint-training, small-scale cyberresponse exercises aimed at damage mitigation, or by supporting public-private cyber and space workshops in Poland. As Poland's importance and capabilities grow, it will be beneficial for the United States to have, at a minimum, a reliable small cadre of Polish officials well versed in the U.S. perspective on cyber and space, who understand their importance to U.S. strategy. These officials could help ensure effective cross-domain awareness in Polish plans and operations.

In senior leader and operator engagements with Poland, the United States should focus on continuing to emphasize common core interests in regional stability while fostering understanding within the Polish military of escalation dynamics. Engagement should also encourage Poland to contribute to NATO southern flank problems to build alliance solidarity. In general, Poland is focused on capabilities acquisition, narrowly understood as military technology and hardware, but would benefit from Air Force assistance in ensuring that the Polish military has the training and institutional structures in place to support the raft of potential new acquisitions.

The Baltic States

The Baltics, like Poland, are eager for more engagement from the United States, including the Air Force. The focus of engagement with these countries, however, should remain on ensuring reliable infrastructure and common TTPs, and demonstrating U.S. presence. Officer engagements, training, exercises, and cooperative agreements offer positive impact even on a small scale, given the size of the countries. In general, the United States should press Baltic capitals to take on a greater responsibility for their own defense and provide support to this end as needed. The Baltic States tend to underestimate their own potential, and this should be overcome.

More specifically, for all three Baltic States, the critical objective of U.S. engagement continues to be ensuring these states are able to rapidly receive allied ground forces and operate in support of allied air superiority forces, for deterrence in peacetime as well as in a crisis situation. The most important engagements to this end include providing sustained support for JTAC and Joint Fires Observer training for both Baltic and other NATO ground forces; developing and gaining high-level buy-in on agreements on ROE and on C2 arrangements for crisis situations among allies and partners that may provide air assets to the region; midlevel engagements to identify priority airfields beyond Ämari, Lielvarde, and Šiauliai for possible improvement; prepositioning supplies for crisis operations, including fuel, munitions, and other equipment at Ämari, Lielvarde, and Šiauliai, as well as other locations. In general, strengthening

Baltic security requires steps to encourage greater cooperation between the Baltic States and NORDEFCO, especially Finland and Sweden, for example, through senior leader forums.

If ensuring access and coordination capability in the Baltics is a key short-term objective, over the medium and long term, the United States should look toward strengthening the Baltics' individual and subregional contributions to air and missile defenses. The Baltic States can contribute on an individual basis and by working more closely together as a group. The United States has a role to play in fostering this development—for example, via senior leader discussions on the development of Baltic air defense capabilities, including the appropriate balance between Baltic and NATO assets. It is not too early to consider the sale or grant of short- and medium-range air defense systems, such as low-altitude radars for border areas, to the Baltic States.

Finally, it is also desirable, and within reach for the Baltic countries, to develop greater ISR capabilities that could be useful in monitoring a developing crisis situation. To this end, senior leader discussions should include clarifying longer-term goals for regional ISR, and how the United States can contribute to building capabilities. In Estonia, the Air Force should look for ways to support the development of enhanced ISR capabilities for small, manned Estonian aircraft, as well as small UAVs, both of which could be very important in the event of an unconventional or developing hybrid crisis. Similarly, exercises designed to test ISR capabilities in border areas and C2 arrangements in crisis are needed.

Finally, in the cyber domain, Estonia has worked to make itself a regional hub. This effort deserves continued U.S. support, including via personnel exchanges and support for training exercises.

Czech Republic, Slovakia, and Hungary

In the Czech Republic and Slovakia, the impact of the Ukraine crisis for defense engagement so far is limited. At least in the Czech Republic, Russia's perseverance in Ukraine has averted what looked initially like an emerging rift between them and the United States over the issue. But these are both smaller countries with limited resources and limited political attention to security. In both cases, the United States should continue to stress the importance of defense investment and meeting NATO's 2-percent target. The case should be made in terms of Russia's destabilizing influence, the multiple threats from the south, and, above all, the continued challenge of counterterrorism operations. Both countries should also be encouraged to participate in current and future pooling and sharing arrangements. Slovakia participates in the SAC C-17 pooling arrangement, but the Czech Republic does not. Both could eventually be expected to contribute, in keeping with their smaller-scale resource base, to similar efforts—for example, in refueling. In both countries, but to a larger degree in the Czech Republic, niche areas should continue to be a focus for engagement and could lay the foundation for more substantive support in the longer term.

Hungary is similar except for the fact that under the Orbán government, its position on Russia has been the most contentious, and yet it is the host to the SAC C-17 consortium. There is no near-term risk to the continued success of the consortium from the pro-Russian stance the Orbán government has adopted, but questions will remain over the medium and long term. There is no sign that Hungary's military leaders share their political leaders' views on Ukraine, although those views do matter. The Air Force should thus remain vigilant about political trends in Hungary and realistic about how much Hungary will be able to provide for regional deterrence purposes, while at the same time continuing to express positive support for Hungary's contribution to NATO capabilities at Pápa Airbase.

* * *

There are thus risks and opportunities for the United States generally and for the Air Force in particular in the region. It is uncertain what direction Russia will go internally. Some Russia watchers emphasize, rightly, the risks of a giant Russian implosion. Uncertainty over Russia's future course, however, especially when coupled with equally pressing security challenges stemming from the many weak and chaotic states on Europe's southern periphery, will continue to increase American attention to European security. After two decades of focus elsewhere in the world, the United States is being forced back to Europe in a role many expected it would never need to play again. These same security challenges are gradually increasing interest in security and willingness to invest in militaries in Europe itself. Whether that interest or investment will be sufficient to meet the growing need for security remains to be seen. In the end, however, it is clear that security engagement with these European partners will remain one of the best ways that the United States can close the gap and help prevent the new burdens of European security from falling entirely on American shoulders. Strategically informed defense engagement in Europe, in other words, is now more pressing than ever—for the Air Force and for the rest of the U.S. military.

Online Appendix: Country Engagement Priorities

An Excel file of tables presents specific initiatives discussed in this report, organized according to major areas and activity types. There are five major areas in each case and ten potential activity types. For each country, we have, moreover, broken the analysis into three charts. Chart I identifies priorities actionable today that should have near-term impact. Chart II identifies priorities actionable today that should have medium- to long-term impact. Chart III is a residual that identifies other priorities that we also think deserve close attention.

The charts do not represent an assessment of everything that is or could be done with these countries. In many cases, the activities recommended are already under way or at least under discussion. What the charts do offer, however, is a set of priorities grounded in a strategic perspective on U.S. strategy, coupled with in-depth assessments of the political-military trends in the countries themselves.

Access these charts online at http://www.rand.org/pubs/research_reports/RR1467.html.

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This report examines the impact of renewed tension between NATO and Russia on a group of key allies and partners in central and northeastern Europe. It identifies how changes in the interests, security strategies, and defense capabilities of these countries may affect U.S. defense partnering in the region, with a specific focus on opportunities and implications for the U.S. Air Force. While both politics and resources will constrain partnership opportunities and the ability of these countries to contribute to U.S. regional defense objectives, opportunities for strengthening partnerships do exist in multiple areas.



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