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MILITARY CO-OPERATION FROM THE BALTIC SEA TO THE BLACK SEA

Edited by Justyna Gotkowska and Olaf Osica

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INTRODUCTION

The contracting defence budgets in Europe, the difficulties in developing the EU's security policy, NATO's transformation, the reorientation of US security policy and the problems experienced by European defence industries – all together have in recent years created an increased interest in political, military and military-technological co-operation in Europe. It has manifested itself in concepts of closer co-operation within NATO and the EU (smart defence and pooling&sharing), bilateral and multilateral initiatives outside the structures of NATO and the EU (such as the Nordic Defence Co-operation or the Franco-British co-operation) and debates about the prerequisites, principles and objectives of bilateral, multilateral and regional security and defence co-operation.

The present report aims to analyse the potential for security and defence co-operation among selected countries in the area between the Baltic Sea and the Black Sea, i.e. the Nordic states (Denmark, Finland, Norway and Sweden), the Baltic states (Lithuania Latvia and Estonia), Poland's partners in the Visegrad Group (the Czech Republic, Hungary and Slovakia) as well as Romania and Bulgaria. The authors were guided by the assumption that those states are Poland's natural partners for closer regional military co-operation. It may complement 'the Western' direction of Poland's security and defence policy, i.e. relations with the partners from the Weimar Triangle and the US. Its goal is not to replace the existing security structures but rather to strengthen military capabilities in the region within NATO and the EU.

Due to its geographic location and membership in NATO and the EU, Poland can develop closer co-operation with the countries of the Nordic-Baltic region. It also occupies a strong position in the Visegrad Group and can, furthermore, develop political and military co-operation with Romania and Bulgaria, given the similarities between its own perceptions of the role of NATO and relations with the US, and the views of Bucharest and Sofia on this subject.

Part I of this report presents the conclusions of the analysis of the potential for political, military and technological co-operation in the area in question. Part II contains a detailed analysis of the political setting (defence policies), the military (the armed forces) and the economic conditions (the defence industries). Part II presents the experiences and formats of military co-operation to date, the circumstances in which it has taken place, its principles and objectives, and the approaches of individual states to developing closer security and defence co-operation.

AUTHORS

The present report, edited by Justyna Gotkowska and Olaf Osica, was prepared by a team of authors who were responsible for the following specific topics:

Justyna Gotkowska –	defence policies of the Nordic and the Baltic states, Nordic and Baltic defence co-operation, military co-operation between the Nordic and Baltic states; Part I in collaboration with the other authors
Andrzej Wilk –	armed forces and arms industries of the countries analysed; appendices
Mateusz Gniazdowski – Jakub Groszkowski Andrzej Sadecki	Visegrad co-operation, defence policies of the Czech Republic, Slovakia and Hungary
Tomasz Dąborowski –	defence policies of Romania and Bulgaria
Joanna Hyndle-Hussein – (co-operation)	defence policies of the Baltic states, Baltic co-operation

PART I

THE PREREQUISITES, OBJECTIVES AND PROSPECTS OF MILITARY CO-OPERATION AMONG SELECTED STATES IN THE AREA BETWEEN THE BALTIC SEA AND THE BLACK SEA

1. BACKGROUND

The bilateral and multilateral military co-operation of the countries between the Baltic Sea and the Black Sea is not a new phenomenon – it dates back to the 1990s. The geographic proximity and the existing formats of institutional co-operation have provided a basis for co-operation on security and defence. This is how the Nordic Defence Co-operation first started, which later, in 2009, became organisationally consolidated in the single structure of NORDEFCO and has functioned alongside the co-operation of its member states within NATO or the EU. The Baltic states have co-operated politically and militarily within NATO, albeit with less success. In recent years, the Nordic and Baltic states have also been developing closer political and economic co-operation within the "Nordic-Baltic 8" group (NB8), and they are currently cautiously embarking on an extension of this co-operation into the military sphere. Shared foreign and security policy interests have provided a foundation for closer co-operation among the Visegrad Group members (V4) within NATO. In the case of Romania and Bulgaria, the most visible co-operation that has been that entered into is with the countries of the Western Balkans and the Black Sea region. It has been however hindered by the heterogeneity and the divergent interests of individual countries in the Black Sea region, as well as financial constraints and the slow pace of overcoming historical resentments with the countries of the Western Balkans. Romania, which has the largest potential and the biggest ambitions, has also been striving to develop closer co-operation with Central Europe, and with Poland in particular.

The new factor in regional co-operation today is its context. **It is defined, first of all, by adverse changes in the security environment**. Those changes have prompted countries with similar perceptions of the security challenges and threats, and which have similar regional and/or global interests, to become more interested in political and military co-operation. **Financial issues are another new element in the context**, i.e. the budgetary situation of the countries in question, where defence spending has been decreasing or has remained stable, or even where defence expenditures have been rising slightly. The defence budgets do not match the tasks assigned to the armed forces and are insufficient to cover the rising costs of purchases and the maintenance of armament and military equipment. Nor do they cover the costs of ever more demanding foreign operations, which have also been rising. Finally, the question of maintaining domestic defence industries has also been a factor in developing military co-operation.

(1) Changes in the security environment. The development of political and military co-operation takes place in a context defined by transformations

within NATO and the (non-)evolution of the European Union's security policy, the reorientation of US security policy and Russia's increasingly unpredictable policy. However, those factors have been influencing the countries in question to varying degrees and have borne a different impact on their attitudes towards closer co-operation in their respective regions. All of the NATO member states analysed here regard NATO and relations with the United States as the most important guarantors of their national security, the security of their neighbourhood and the entire Euro-Atlantic area. Sweden and Finland are also aware of the importance of NATO and the United States' presence in Europe for European security. However, all states also believe **NATO to be in transition, and the direction of its further transformation to be uncertain.** In particular, there is concern about NATO's political cohesion with regard to its 'out of area' crisis management activities, but also with regard to its commitment to collective defence and its actual ability to deliver it. The operation in Libya was perceived as a crisis for NATO's political cohesion, irrespective of the different interpretations of the causes of that crisis in the countries that took part in the operation (Denmark, Norway, Romania, Bulgaria) and those that stayed out. In addition, doubts have been expressed regarding NATO's real capabilities to deliver collective defence, as the activity of NATO's command structures and the capabilities of the biggest allies have been focused in recent years on crisis management operations. **The new US defence strategy,** adopted in January 2012, has added to the uncertainty since it provides for a stepped up US political and military presence in the Asia-Pacific region. This reorientation of US policy has provoked questions (even if not in all of the analysed countries) about how to ensure European security – both in terms of the crisis management policy in the immediate neighbourhood of European NATO members, and in terms of collective defence.

Other causes of the recent changes in the way the countries in question think about security include: the growing conviction that **the EU's Common Security and Defence Policy project is a fiasco** (which the operation in Libya made even more apparent), the shrinking defence budgets of the largest European allies, and even the lessons from the eurozone crisis. Given the deep divergences in security interests among the EU Member States, it is thought that there is little chance that Europe will develop a common security policy.

Given the "unsteadiness" of what hitherto have been the pillars of European security, **the growing unpredictability of Russia's internal and foreign policies** is adding to concerns in the context of increasing Russian defence spending, the reform of armed forces, military demonstrations close to NATO

borders (the *Zapad* and *Ladoga* military exercises, strategic bomber flights in the North) and hostile actions in the immediate neighbourhood in the past (the cyber attack against Estonia, the Russian-Georgian war). In the context of NATO's transformation, the lack of cohesion in the European Union's security policy, and the growing military capabilities and aggressive policies of Russia, **concern has been growing over the increased likelihood of tensions and crises in strategically important regions** such as the Barents Sea and the Arctic (due to the emerging opportunities for energy extraction, sea transport and fishing), or the Baltic and Black Sea regions (due to the development of marine transport of liquefied natural gas and oil, as well as the stepped up US military presence in the Black Sea region).

Given their geographic situation, **the Nordic states** have been most acutely aware of those changes to the security environment (excepting Denmark due to its more continental and thus more comfortable geopolitical position). Therefore, for the last couple of years those countries have been pursuing closer military co-operation in order to maintain and increase their defence capabilities, to expand military activity in the region (the Barents Sea and the Arctic, but also the Baltic Sea), and to improve interoperability (Sweden and Finland), thus indirectly enhancing the region's defence capabilities. **However, none of the Nordic states, including the non-members of NATO, i.e. Sweden and Finland, want their closer co-operation to undermine NATO's dominant role in ensuring regional security.** Another, equally important, priority in the co-operation of Norway, Sweden, Finland and Denmark is the need to build up their expeditionary capabilities (including combat capabilities as well as training capabilities with a view to taking part in security sector reforms in developing countries). The Nordic states are seeking to develop a 'brand' for the region by co-operating on the military and civilian CSDP missions, operations of NATO and the UN, and thus to present themselves as an effective partner of the United States in the global dimension. Given the United States' perception of Europe as an inefficient ally in international security policy, the Nordic region aspires to the role of a smaller but more effective partner and partly expects the United States to maintain an interest in their own regional problems in return. As far as developing their 'brand' globally is concerned, the Nordic states are willing to include the Baltic states in their military co-operation, and this willingness has already manifested itself in joint efforts on foreign missions, mainly in Afghanistan.

Due to their geopolitical location and aspirations to reduce their energy dependence on Russia and to mitigate Moscow's influence, the **Baltic states** have

also been experiencing rising uncertainty about their broadly understood security. For the last several years, they have been co-operating more actively. This co-operation has taken place at the political level within NATO (joint lobbying for issues such as the adoption of contingency planning, for more US and NATO exercises in the region or for the extension of the Baltic Air Policing mission). To some extent, co-operation has also been stepped up at the military level – with regard to Host Nation Support, and strengthening the Baltic states' visibility within NATO (by jointly contributing the Baltic Battalion to the Land Component of the NATO Response Force and the BALTRON Baltic Naval Squadron to SNMCMG1). **However, co-operation has been hindered by the limited potential of the Baltic states' armed forces, their disparate equipment and the divergent development directions of their respective military forces, as well as their preference for co-operation with larger strategic partners.** A separate problem concerns the lack of political cohesion among the Baltic states. While Estonia pursues an unequivocal policy of keeping Russia at arm's length and integrating with the Euro-Atlantic structures, Latvia depends heavily on economic and business links with Russia, despite its pro-Atlantic attitude. Lithuania aspires to be the leader of the Baltic three, but its actions fail to match those ambitions (Lithuania's defence spending as a proportion of GDP has been the lowest in the Baltic region and one of the lowest in NATO in recent years). For geopolitical as well as financial and military reasons, the Baltic states have also been seeking closer military co-operation with their Nordic neighbours. However, in contrast to their stance on co-operation on foreign missions, the Nordic states are cautious about closer defence co-operation with Lithuania, Latvia and Estonia in the region. The reasons for this include not only the limited military potential of the Baltic states, but also the potential of their conflicts with Russia, which could adversely affect the level of 'Nordic' security.

In Hungary, Slovakia and the Czech Republic there is little concern about possible conflicts or incidents that could directly affect their military security (due to their relatively 'safe' geographic location). The mindset about potential threats among Poland's partners from the V4 (and especially in their societies) is largely focused on energy and cyber security, threats to critical infrastructure, international organised crime and terrorism, as well as natural and industrial disasters, and, in the case of Hungary, also a possible destabilisation in the neighbouring Western Balkan countries. Therefore Hungary and Slovakia (the same applies to the Czech Republic, albeit to a smaller extent) **are unwilling to develop a closer military co-operation similar to the Nordic co-operation and to invest in defence capabilities. While those countries are**

concerned about the crisis and the eroding cohesion of NATO (and of the European Union), which they regard as the cornerstone of their security, this awareness does not translate into an impulse for them to increase their own defence capabilities or military spending. The countries in question focus on political co-operation within NATO. Admittedly, the V4 can form a politically co-operating regional group within NATO (usually also with the Baltic states). Nevertheless, the approaches to the security and defence policies of the individual countries in the group may also diverge so that their positions on political and military initiatives extending beyond the NATO or EU frameworks may differ considerably. For example, Slovakia and Hungary, then under left-wing governments, were sceptical about the project to build elements of the US missile shield in Poland and the Czech Republic.

Romania and Bulgaria are located on the border of several regions and face a relatively high likelihood of destabilisation and an 'unfreezing' of conflicts in their neighbourhood, both in the Western Balkans and in the Black Sea region and have thus been pointing to the existence of direct threats to their security. Until now, however, the internal security challenges related to organised crime, illegal migration or international terrorism have been the biggest source of concern for both states. Romania and Bulgaria have been co-operating with the countries of the Western Balkans and the Black Sea region because such co-operation translates into internal and external security for them. Aware of the ineffectiveness of the existing multilateral co-operation structures in the two regions, Romania and Bulgaria have nonetheless been increasingly open to closer co-operation in bilateral formats: between Romania and Bulgaria, between Bulgaria and Greece, or between Romania and Turkey. The declining cohesion within NATO and the possibility of destabilisation in the immediate neighbourhood as a result of Russia's actions has been 'counterbalanced' by Bulgaria's and especially Romania's ever closer co-operation with the United States. The two countries are hosting US logistics and transport bases in the vicinity of the wider Middle East region and the Black Sea region, and elements of the US missile defence system are also to be deployed in Romania. The priority for Romania and Bulgaria is to fully adapt their armed forces to NATO standards, to acquire interoperability on foreign operations, and to increase their expeditionary capabilities as their contribution to their alliance with the United States. With its bigger military potential and political aspirations, Romania has also been seeking to develop closer co-operation with Central Europe, and Poland in particular, motivated by the geographic proximity, similar security interests (perceived threats, close relations with the US) and the need to strengthen Romania's position in NATO and the EU.

(2) Financial issues. Insufficient defence budgets have been as important a factor in stimulating the development of regional co-operation as have been changes in the security environment. However, the term 'insufficient' is relative and means different things depending on the region. In Northern Europe, Norway, Sweden, Finland and Estonia have maintained or even slightly increased the level of their defence spending. The remaining Baltic states and Poland's partners in V4 have defence budgets ranging around 1% of GDP. The Czech Republic is a special case – after a period of small increases in defence spending, the country recently reported a major decrease due to public finance consolidation. The defence budgets of Romania and Bulgaria, currently in the range of 1.3–1.4% of GDP, have also reported decreases.

In the case of countries with stable or growing defence budgets, the motivation to develop closer co-operation comes from the rising costs of acquiring armament and military equipment, which are ever more technologically advanced (the process is known as 'techflation'). **Joint purchases followed by co-operation throughout the life cycle of the product** (servicing, modernisation, personnel training, exercises, joint use on foreign missions) are seen generating the biggest savings. The Nordic countries in particular co-operate in the area of armament and military equipment acquisitions – for example Sweden and Norway have co-operated on the purchase of the Swedish-made Archer self-propelled howitzers and on their joint maintenance and exercises. Finland has purchased the Norwegian-made mid-range advanced surface-to-air missile system NASAMS II, which has resulted in co-operation on personnel training and joint Finnish-Norwegian exercises. In the long term the Nordic countries might seek to better harmonise their defence planning and, consequently, make more joint purchases and make wider use of the same armament and military equipment. The Baltic states, too, have begun to analyse the possibilities (quite modest in their case) to make joint purchases. In June 2012, they announced a joint acquisition of ammunition for the Carl Gustav antitank recoilless rifle. Similar co-operation has borne fruit also in the case of Finland and Estonia. The latter has joined the Finnish National Air Defence Modernisation Plan and will upgrade its radar system in a joint tendering procedure with Finland. Romania and Bulgaria, as well as Croatia, are considering a joint purchase of multi-role fighter aircraft (this acquisition has been postponed for financial reasons).

Research and analyses aimed at identifying possible savings are not only concerned with new acquisitions: they also extend to **armament and military equipment already held,** and the possibilities of shared servicing, upgrades, personnel training, exercises, use in foreign operations or the creation of joint military units.

Examples include work on a project to jointly use the C-130 transport aircraft held by Denmark and Norway (the J version) and Sweden (the E/H versions, with the acquisition of the newer J version possibly in the pipeline), and the co-operation on personnel training and operation among the countries that possess the Mi-8/17/171 family of helicopters within the framework of the Czech-coordinated HIP Helicopter Task Force. HIP has been joined by all the V4 countries and members from outside the region. As part of the Initiative, a Multinational Aviation Training Centre (MATC) is to be established in the Czech Republic.

The extensive cuts in military spending, which has now dropped to as little as 1% of GDP in the Czech Republic, Slovakia and Hungary, are gradually **eroding the defence capabilities of those countries and is forcing them to seek partners willing to take on responsibility for some tasks related to the defence of national territory.** This may lead to, *inter alia*, attempts at ceding responsibility for national defence tasks such as air policing onto NATO (Slovakia may be the first V4 country with no combat air force at all). As budgets are contracting and become focused mainly on upgrading existing armament and military equipment, the decreasing spending is hardly an incentive to seek partners for new purchases and this restrains the opportunities for military co-operation. Moreover, in Slovakia and Hungary closer military co-operation is treated as a rationale for further cuts, rather than an impulse for capabilities development. Among Poland's partners from the V4, only in the Czech Republic are involvement in regional co-operation and the resulting commitments treated as an argument in defending the military budget.

Co-operation in **joint exercises and training** is also a potential source of savings, and one that is the "easiest" to achieve. it is an important area in the co-operation of the Nordic states (the joint exercise programme for the years 2012–2017), where it generates savings whilst also contributing to enhancing interoperability with regard to collaboration in the region and missions abroad. Co-operation has also been established among the Baltic states, especially with regard to Host Nation Support exercises. Lithuania, Latvia and Estonia have declared that they would be willing to extend this co-operation to include more effective use of firing ranges and training centres and, possibly, to pursue some specialisation in this regard. Similarly, the Czech Republic, Slovakia and Hungary, as well as Romania and Bulgaria, are willing to co-operate in this area with various partners.

The **arms industries** are also an important factor in the states' willingness to seek partners for joint purchases. As defence spending in the individual countries and

in NATO/EU as a whole declines or at best stands still, the need to maintain the domestic arms production and to promote the technological development of domestic companies is an important consideration in setting the directions of possible military co-operation. In particular, countries that have large arms industries largely dependent on exports (Sweden, Norway, the Czech Republic) tend to seek partners for military co-operation based on the use of domestically manufactured armament and military equipment. Sweden and Norway in particular are active in this area, and the need to support their arms industries is an important factor in the two countries' efforts to develop international military co-operation. They observe the directions in which the armed forces of countries in the broadly understood region are developing, and their defence contractors often offer armament and equipment in combination with the offer of their armed forces on co-operation in service, upgrades, personnel training and exercises. Sweden has recently concluded bilateral framework agreements with individual Baltic states to organise joint tenders for the purchase of armament, military equipment and ammunition. The government of the Czech Republic also supports the export of the products of its arms industry. Currently this support manifests itself mainly in efforts to find a buyer for the L-159 ALCA training and combat aircraft. Lithuania is one of the potential buyers, which could make the Czech Republic interested in extending the format of V4 co-operation to include the Baltic states (V4+B3).

Another reason why countries seek partners for military co-operation concerns the rising costs of participation in **international missions**. The Nordic countries (Denmark, Norway, Sweden, Finland) are the leaders as far as developing operational co-operation abroad is concerned. In the short term, the Nordic states will seek to make savings by co-operating on the withdrawal of their contingents from Afghanistan (transport, logistics). In the longer term, they are considering broader co-operation abroad, ranging from the creation of joint logistic and transport facilities for foreign missions, to the creation of a joint battalion to deploy on UN peacekeeping operations. The Baltic states will be invited to join selected aspects of that co-operation. As regards the V4 countries, the NATO operations in which they have taken part so far have contributed to closer co-operation to a very limited extent only. Individual V4 members have been and remain focused rather on co-operation with the "old" members of NATO. Similarly, Romania and Bulgaria have also tended to prefer co-operation with their largest allies over working together with partners from the region. Joint participation in external operations therefore appears as a possible area of co-operation in view of the need to make savings.

2. CONCLUSIONS

The above examples of co-operation, discussed in more detail in Part II, demonstrate that there is no single blueprint for political and military co-operation. "regional co-operation" is merely a collective term for various bilateral or multilateral co-operation projects which do not even necessarily have to involve all countries in the given region. Nor is it possible to build a lasting and coherent regional security and defence coalition (within NATO or the EU) that would simultaneously include the Nordic states, the Baltic states, the V4 members and Romania and Bulgaria. The formation of such a coalition would be hampered, first and foremost, by differences in the countries' perceptions of security threats and challenges, qualitative and quantitative differences in military potential, as well as divergences in their short and medium term motivations and objectives for co-operation.

Different constellations. The countries analysed here do not consider it beneficial to limit their co-operation arrangements to their neighbours alone, for reasons which are both political (the aversion to the "regionalisation of security") and military (partners from outside the region may use or purchase the same armament and military equipment). They treat military co-operation with regional partners as the "core" of their armed forces co-operation arrangements, but at the same time, depending on their political interests and military needs, they also develop co-operation with other partners, especially the United States; all of the countries in question (with the sole exception of Slovakia) regard the US as their main ally. Important partners of the Nordic countries include the United Kingdom (for Norway and Sweden), the Netherlands (for Norway, Finland and Denmark), Germany (for all Nordic states), and France (for Denmark). Important partners of the V4 partners include Germany, the United Kingdom (especially for the Czech Republic), Italy (mainly for Hungary) as well as Slovenia, Croatia and the Western Balkan countries. They have also raised the need to include Austria in military co-operation – the first meeting of the defence ministers of the Czech Republic, Slovakia, Hungary, Austria, Slovenia and Croatia took place in June 2012. Romania's most important partners (other than Bulgaria) include Turkey and Serbia. For Bulgaria, Greece is its second most important partner after Romania.

Different motivations and objectives of co-operation. In different regions, security and defence co-operation is based on different premises and serves different purposes. The Nordic co-operation has a clearly defined military objective (the priority is to keep and develop military capabilities, and to increase

effectiveness and interoperability), and a political objective, that being the desire to increase the visibility of the Nordic countries on foreign operations within NATO, the EU, UN, as well as *vis-à-vis* the US. With their attachment to sovereignty and co-operation traditions dating back to the 1950s, the Nordic states have been able to generate impulses for co-operation on their own, without any "assistance" from NATO or the EU. **The Baltic co-operation,** on the other hand, largely serves political objectives (lobbying for Baltic concerns within NATO) and requires external impulses. At the military level, in recent years it has been focused on cooperation concerning Host Nation Support and on marking the Baltic states' presence in NATO through their joint contribution to the NRF. The **co-operation of the V4** so far has been focused mainly on its political objectives within NATO. It also has some military ambitions – the V4 countries have initiated joint projects aimed at developing co-operation between their armed forces and defence industries. However, the partners' limited military potentials, political rivalries and competition between their arms industries have impeded any more ambitious undertakings. The objectives of the Black Sea co-operation between **Romania and Bulgaria** have been primarily political, not military. The two countries have aimed at improving regional stability and at creating a platform for communication and co-operation between the small and medium-sized Black Sea countries (Bulgaria, Georgia, Romania, Ukraine) and the dominant players in the region, i.e. Russia and Turkey. The aim of Romania and Bulgaria's co-operation with the Western Balkan countries has been to support the integration of those countries with NATO and the EU.

Different potentials. In contrast to the defence potential of a state, which depends on external and internal geographical, economic and political factors, military potential is defined by factors such as the number and the training quality of personnel, on mobilisation capacity, on the quantity, type and quality of equipment and the country's capacity to replace it, as well as the organisation of the armed forces. In this sense **the armed forces of the countries in question have radically different potentials**. Sweden and Romania, the only two countries that are relatively independent in terms of defence, have relatively large military potentials. In comparison, Finland and Norway have medium potentials, and the potentials of the remaining states are small. Different states also have different understandings of the role of the armed forces in their foreign and security policy. Sweden, Finland, Norway and Estonia treat their armed forces as **guarantors of national security,** while in the case of Denmark, Lithuania, Latvia, the Czech Republic, Romania and Bulgaria, the armed forces are **one of the tools of their foreign policy**. In Slovakia and

Hungary the armed forces are of little significance even from the perspective of their foreign policy.

Different threat perceptions. The fact that the countries being analysed are neighbours and share a similar, peripheral status in NATO and the EU does not necessarily mean that they perceive the security challenges and threats the same way. While the hostile use of military means or pressure involving such means is regarded as a possible scenario in the Nordic-Baltic region, Poland's partners from V4 or even Romania and Bulgaria do not treat such a scenario as likely in the foreseeable future. Even the Nordic states, despite similar understandings of the changing security environment (with the exception of Denmark as mentioned above), are focused on threats coming from different directions (the Barents Sea/the Arctic, the Baltic Sea, land territory).

Different organisational frameworks. Countries of a given region develop political and military co-operation both outside NATO, the EU and the UN (e.g. NORDEFCO), or within those structures. Joint acquisitions of armament and military equipment and following co-operation in service, personnel training and exercises tend to take the form of multilateral co-operation. Within NATO, countries work together on international operations (Sweden and Finland, Norway and Latvia, and Denmark and Estonia co-operate in Afghanistan, while Denmark, Norway and Sweden have co-operated in Libya), within the framework of Partnership for Peace and NATO exercises in the region, and by making joint contributions to the NRF (NRF14: Denmark and the Baltic states) or by working within the NATO accredited Centres of Excellence (the Cyber Defence Centre in Tallinn or the Energy Security Centre in Vilnius – the Baltic states have been lobbying for). Within the EU, Battle Groups are a form of bringing about further regional co-operation. The participating countries treat them as an instrument to emphasise the region's activity in security policy, and as another form of co-operation with their neighbours (in the case of the Nordic, Czech-Slovak and the Visegrad Battle Groups) or with other partners important for the given state (the "107" and the Italian-Hungarian-Slovenian Battle Group, the Balkan Battle Group, the Italian-Romanian-Turkish Battle Group. See Appendices).

Different philosophies of co-operation. The Nordic states have been demonstrating the most serious attitude to military co-operation – they are effective, efficient, they have clearly defined goals and the financial means to achieve them. They prefer a bottom-up approach that consists in a gradual and planned development of co-operation, and put more emphasis on results,

rather than the political visibility of their initiatives. **The V4 members and, to some extent also Romania and Bulgaria,** tend to start with ambitious declarations about co-operation, aimed at preserving military capabilities and building coalitions in order to increase (at least briefly) the region's political visibility. They prefer a top-down approach: sometimes political initiatives are formulated and presented which have no basis in the proponent's real capability to implement them, and they produce little real military co-operation that could generate savings and benefit the armed forces.

Because of its geographic location and membership in NATO and the EU, Poland has access to the Nordic-Baltic region, holds a strong position in the Visegrad Group, and has the possibility to develop political and military co-operation with Romania and Bulgaria as they perceive the role of NATO and the relations with the US in a similar way. However, as different countries demonstrate different approaches to co-operation and possess different potentials and different assets, Poland's co-operation with them should aim at building networks of co-dependencies and links at the political, military and technological level, rather than attempting to create a joint political and military space.

PART II

REGIONAL CO-OPERATION, DEFENCE POLICIES, ARMED FORCES AND ARMS INDUSTRIES OF COUNTRIES ANALYSED

I. THE NORDIC STATES

1. NORDIC DEFENCE CO-OPERATION

1.1. History of co-operation

During the Cold War, the catalogue of regional co-operation arrangements launched in the 1950s did not include any co-operation among the Nordic states on their national security issues. The first discussions on co-operation took place after 1991, and it was established only after Sweden and Finland joined NATO's Partnership for Peace programme. Initially, Nordic co-operation developed in three formats – NORDAC, NORDCAPS and NORDSUP – which in 2009 became consolidated into the single structure of **NORDEFCO**.

Since the 1990s, the task of **NORDAC** was to co-ordinate research into, and acquisitions of, military equipment. The success of this format is far from clear. The Standard Nordic Helicopter Programme, under which the Nordic countries (Norway, Finland and Sweden only, since Denmark has opted out) ordered the NH90 helicopter, is seriously delayed and will not generate the expected savings from joint servicing, operation and upgrades because the partners ordered helicopters with different specifications and use them for different purposes. The joint project to build Viking submarines has also failed as the Nordic states ultimately decided not to co-operate on it. The successes include the joint procurement by Sweden and Norway of the Swedish-made Archer self-propelled artillery systems and co-operation in training, ammunition storage and servicing for those weapons. The co-operation between Norway and Finland on joint exercises using the NASAMS II mid-range advanced surface-to-air missile system may serve as another example of successful co-operation (in 2009 Finland decided to buy the Norwegian-made NASAMS II which also serves as an air defence system in the Norwegian Armed Forces).

In 1997 the Nordic states established **NORDCAPS** for the purposes of collaboration on operations abroad. It was meant to replace the system of Nordic co-operation on UN peacekeeping missions, which dated back to Cold War times. However, attempts at joint participation in foreign operations failed. While the Nordic states did manage to develop the so-called "forces catalogue", which set out the contributions of individual nations with a view to deploying a joint unit at brigade-level, this intention was never put into practice. With the participation of the Nordic states in other international forces (EUBG, NRF), the Nordic

unit turned out to be redundant. Currently, structured Nordic co-operation abroad is most visible in the areas of training, capacity building and security sector reforms in the Eastern Africa Region, training for participants of peacekeeping missions (Common Training for Peace Support Operations), and the armed forces reforms in the Western Balkans and Ukraine.

The purpose of **NORDSUP**, established in 2008, was to explore the possibilities of co-operation on maintaining and developing capabilities. In 2007 Norway and Sweden, acting independently of each other, conducted analyses which showed that the biggest challenges facing the two countries would concern the rising costs of maintaining some capabilities and the decreasing numbers of troops. Co-operation between the Nordic armed forces was identified as a possible solution. Norway and Sweden started to explore the possibilities for such co-operation and were followed later on by Finland. A joint report published in 2008 identified 140 potential areas of military co-operation. According to the report, the Nordic states would either have to share capabilities with strategic partners as part of bilateral or multilateral co-operation, or give up some of them. By harmonising military equipment, organising joint training for the Nordic armed forces and co-ordinating the use of national support and logistics units or by creating such units jointly, Norway, Sweden and Finland, followed later on in some aspects by Denmark, should seek thus to keep as much operational capabilities as possible.

In parallel to analysing the possibilities of closer military co-operation, the Nordic states worked at the political level to step up their security and defence co-operation. Those efforts resulted in the 2009 **Stoltenberg Report** which set out thirteen proposals to strengthen co-operation in foreign and security policy. In a key section, the report called for a "mutual declaration of solidarity", i.e. a declaration on how each country would respond in the event of an attack against or pressure on another Nordic state. Such a declaration, according to the Stoltenberg Report, was necessary to identify, at the political level, how joint military capabilities could be used in a crisis situation. Some of Stoltenberg's proposals (mutual declaration of solidarity, joint air policing of Iceland, a joint amphibious unit, a joint maritime response force) were rejected by most Nordic states. Others became the object of analysis within the newly formed NORDEFCO (stabilisation task force and development of military co-operation). Finally, some ideas, such as co-operation between foreign services, co-operation on cyber security or on Arctic issues, were taken up by the Nordic Council.

1.2. Status of co-operation

As a consequence of this dual military and political process, coupled with the desire to consolidate the existing co-operation formats, the Nordic Defence Co-operation (NORDEFCO), was established in 2009. NORDEFCO was given an organisational structure and a mandate covering five areas of co-operation. The assumption was that co-operation within NORDEFCO would not have to include all participating countries and could be based on bilateral or trilateral co-operation which other partners could accede to at a later stage. The "Strategic Development" area aims at facilitating long-term defence co-operation. Work is currently in progress to analyse the capabilities needed and possibly lacking in the future and to identify trends in the long-term defence planning of the Nordic states. In addition, possible areas of co-operation with regard to technological development are being considered, and staff officer exchanges have taken place. In the "Capabilities" area, the objective is to identify projects of co-operation within the timeframe of a few years: to harmonise and co-ordinate national capabilities development plans, to identify possible areas of co-operation in the servicing and maintenance of military equipment currently held and in purchases of new equipment (Archer and NASAMS II to date), and, subsequently, in its servicing and maintenance. Ten areas of such possible co-operation have been identified; the most promising project concerns the co-ordination of tactical air transport (the C-130J transport aircraft), or even the creation of a joint Nordic air transport unit. Analyses are in progress concerning the creation of 'Battalion Task Force 2020', a joint unit that could be deployed on UN peacekeeping missions. In the "Human Resources and Education" area, the establishment of a Nordic Military Academy has been considered (without success), and the Centre for Gender in Military Operations has been established. In the "Training and Exercises" area, a combined joint Nordic exercise plan has been established for the years 2012–2017, which consolidated and expanded the national exercise plans: Norway, Sweden and Finland signed an agreement on regular joint exercises of air units in the High North; plans have been made for navy and air forces exercises in southern Scandinavia; Norway and Finland conduct joint exercises of the NASAMS II system; and Norway and Sweden organise joint exercises of the Archer artillery system. In the "Operations" area, the main focus up to date has been on the mission in Afghanistan – the partners have been seeking joint solutions to increase their operational effectiveness and to cut costs. Sweden, Finland and Norway are co-operating in the operational mentoring (OMLT) of the Afghan army, and Swedish technical personnel are supporting a Norwegian unit of medical evacuation (MEDEVAC) helicopters. Work is in progress to co-ordinate

Sweden's, Finland's and Norway's logistics in northern Afghanistan, and co-operation is most advanced in the area of military and non-military cargo transport to and from Afghanistan, co-ordinated by the Nordic Movement Coordination Centre.

A number of factors facilitate Nordic Defence Co-operation. Firstly, there is the strategic proximity. The Nordic states have similar geographical locations and similar interests – they fear being marginalised in international security policy and seek to boost their significance in this field within NATO, the EU and the UN. Moreover, Norway, Sweden and Finland, which have been the core members of NORDEFCO until now, in ca. 2008 started again to perceive Russia as a direct or indirect threat to their territorial integrity and political sovereignty. All the Nordic states view the USA and NATO as the guarantors of regional security and stability. Secondly, the structural proximity of the Nordic states facilitates their co-operation. Within NATO and the EU, the Nordic countries count as rather "small" states. Due to their well-established co-operation in other areas, dating back several decades, the level of integration among the Nordic states is rather high and the positive effects of this co-operation are visible for both their governments and societies. Finally, Nordic co-operation also benefits from cultural proximity. Similarities in language, work culture and identity have been a positive factor in extending the existing co-operation to the area of security and defence policy.

From the point of view of the Nordic states, co-operation within NORDEFCO is aimed at generating two kinds of benefits. First of all, it is supposed to create economic gains. Co-operation is aimed at generating savings through smaller financial input in joint acquisitions, and opportunities for even more savings from joint training and exercises, joint maintenance, servicing and modernisation of armament and military equipment (with Archer and NASAMS II systems serving as examples). Co-operation is also expected to enable the Nordic countries to maintain their capabilities or to use them more effectively, while keeping spending levels unchanged, for example by more effectively operating the equipment used, jointly managing it or creating joint units (the C-130J transport aircraft). Finally, co-operation is also meant to increase interoperability and the capability to act in unison.

The co-operation of the Nordic states is also aimed at generating gains in the domain of foreign and security policy. By co-operating on foreign missions (Libya, Afghanistan) or by working together to build capacity in developing countries, the Nordic states increase their visibility and boost their significance within

NATO and the EU, and as regards the USA. Nordic co-operation also enhances the region's defence potential – not only because together the Nordic states "can afford more". The ongoing co-operation of the NATO non-members (Sweden and Finland) with Denmark and Norway improves their interoperability and facilitates the adoption of NATO standards by the Swedish and Finnish armed forces.

1.3. Prospects of co-operation

While the beginnings of NORDEFCO were enthusiastic and generated high expectations, the political and military feasibility of extending co-operation further was soon called into question.

While Russia's aggressive actions in its neighbourhood were one of the factors that originally stimulated co-operation, they are also an impeding factor. Due to the differences in geographic location, the defence policies of the Nordic states have different geographical priorities: Sweden focuses on the Baltic Sea region and international operations, whereas Norway sees the High North as a priority and Finland views the defence of its land territory as the most important aspect. For Denmark, which does not consider itself to be threatened by Russia, international operations and, ever more importantly, engagement in the Arctic are and will probably remain a priority. Those differing perceptions of the directions of threats translate into different priorities for the development of the armed forces: while Norway focuses on a Navy and Air Force capable of operating in Arctic conditions, Sweden puts the emphasis on a Navy and Air Force suitable primarily for operations in conditions prevalent in the Baltic Sea region, Finland is seeking to have an Army and an Air Force capable of defending the country's territory, and Denmark focuses on an Army able to operate on international operations, and a Navy capable of operating in Arctic conditions. In addition, the Nordic states very carefully analyse the implications of extending their military co-operation for the presence and activity of the US and NATO in the region. They do not want their co-operation to be interpreted as assuming more responsibility for the security and defence of a broadly understood Northern Europe (the Baltic and the Barents Sea regions) because their military potential is insufficient for that purpose. The Nordic states will therefore avoid any initiatives that could be seen as conducive to a "regionalisation of security". As a NATO member, Norway in particular does not wish to see NATO's commitments under Article 5 with regard to the High North relativised in view of its closer co-operation with the NATO non-members, Sweden and Finland. Assuming

responsibility for the security of the Baltic Sea region is equally unacceptable for Sweden and Finland. The policies of the two countries, and of Finland in particular (due to its long border with Russia), are guided by strong traditions of non-alignment and an aversion to becoming entangled in conflicts in the Baltic Sea region. In order to prevent a "regionalisation of security" the Nordic states have therefore been developing links with the USA and the largest NATO members in order to involve them in regional security issues. Therefore, the idea proposed in the Stoltenberg Report that the aim of co-operation among the Nordic states should be for them to assume more responsibility for their security is unlikely to materialise.

However, Nordic co-operation can be expected to result in concrete military projects. The countries will co-operate to jointly develop or purchase armament and military equipment, and to service and upgrade it, they will also co-operate on exercises and training, and on international operations. Several flagship projects (transport, logistics) can also be expected to take place, with a view to jointly conducting foreign operations. In the long term (10–20 years), if the co-operation experience is generally positive, the Nordic states may seek to further harmonise their defence planning, and, consequently, make more joint procurements and to use the same armament and military equipment to a greater extent. In the case of Norway, Sweden and Finland, such projects will not be allowed to restrict the autonomy of their political decisions or their operational sovereignty, or make them dependent on partners in using capabilities to defend their territory. One should therefore expect more pooling than sharing of roles and tasks among the partners. All Nordic states would like to see their co-operation in terms of "smart defence", i.e. maintaining certain capabilities at the current level or developing them, but without creating excessive military dependencies. While such "technical" co-operation may create more synergy among the security and defence policies of the Nordic states, NATO and relations with the USA and major European allies will remain the main principal guarantee of security for Denmark and Norway, while Sweden and Finland seek such guarantees in their non-aligned status combined with growing co-operation with NATO and their active policy within the EU. However, if NATO continues to erode in the future, Nordic co-operation may provide a good basis for deeper regional integration.

2. DENMARK

2.1. Defence policy

Denmark's defence policy is defined by the absence of the perception of a military threat and by the country's aspiration to avoid marginalisation in the EU (despite opting out of the eurozone and the CSDP) while preserving the country's significance in international politics. After German unification and the accession of Poland and the Baltic states to NATO, Denmark no longer considers itself to be under a threat militarily. However, the question of maintaining political sovereignty combined with the concern about possible marginalisation in an enlarged European Union centred on the united Germany or the Franco-German tandem is an issue for Copenhagen. Denmark has therefore opted out of the eurozone and the CSDP, and has been co-operating closely with the United States, especially in the area of security and defence policy. Since around 2007, Denmark has also become more actively involved in Arctic issues, to which the country has "access" by running Greenland's foreign and security policy. Activity in forums dealing with Arctic issues, as well as Denmark's efforts to step up its presence in the region, should be seen primarily as part of its strategy to maintain a significant position in the international arena. Economic interests are of secondary importance in this context (oil and gas extraction benefits the autonomous government of Greenland), and so is military security, as Denmark is not involved in any territorial disputes with Russia (while there exist competing Danish, Russian and Canadian claims to the continental shelf in the Arctic, all the parties have agreed that these issues would be regulated by the UN Commission on the Limits of the Continental Shelf). Facing no direct military threats to its national security, Denmark has been able to adopt, and adapt itself to, the US understanding of broadly defined security threats. The Georgian-Russian conflict did not affect the Danish threat perception of its own security or the security of NATO. Russia is a source of problems in the Arctic for Denmark, but not a military threat. Russian policy is regarded as pragmatic, with a tendency to strengthen its influence in its nearest neighbourhood. Denmark seeks to develop pragmatic economic relations with Russia. Similarly, in the area of security and defence policy, it pursues a policy of limited military co-operation and includes Russia in, for example, Danish-led military exercises.

Close partnership with the USA has been the foundation of Denmark's security since the 1990s. Denmark has been and remains the USA's *„Musterknabe"* in Europe, i.e. a model ally that quickly responds and adapts to the

transformations of US and NATO policies. The US-Denmark partnership in security policy consists in: the involvement of the Danish Armed Forces in foreign operations initiated by the US along with Denmark's readiness to take part in high-intensity operations; bilateral military co-operation leading to a high level of interoperability; support for US security policy; and a readiness to participate in US initiatives within NATO (Denmark has supported the development of the US missile defence system, has given its consent to the upgrade of the radar in Thule, Greenland, and its incorporation into the system, and is considering to incorporate (following a possible upgrade) the I. Huitfeldt frigates into the EPAA). Under the new social democratic and socialist government (in power since autumn 2011) Denmark's "Super-Atlanticism" developed under the right-wing governments of 2001–2011 may at most evolve towards "Atlanticism" and greater involvement in UN operations.

Denmark's active involvement in **NATO's** crisis management is also motivated by a conviction that NATO (with relations with the USA at its core) guarantees the security of Europe. The USA's reorientation towards the Asia-Pacific region has provoked hardly any discussion in Denmark – it is perceived as a logical development in US policy. Denmark will presumably try to "adapt" to this new US strategy in such a way as to remain an important ally for the USA. Consequently, one should also expect an adjustment of Denmark's policy within NATO. As more and more emphasis in international security policy is being placed on a civil-military approach to crisis management, Denmark will step up its involvement in security sector reforms and reconstruction activities in developing countries (Afghanistan, Pakistan, East Africa, the Balkans, Georgia and Ukraine have been mentioned in this context), in addition to its continued involvement in high-intensity operations. Denmark will therefore develop "flexible capabilities" with troops capable of performing a wide range of tasks, including partly civilian ones. It will also step up its civilian engagement abroad (development co-operation, police, judges) and enhance the coordination of civilian and military activities.

In the opinion of most political parties in Denmark, opting out of military co-operation under the **CSDP** is not in the interests of Denmark. The right-wing government, which depended on the support of the nationalist right, did not hold a referendum on this issue. The current government are also unlikely to hold a referendum due to the troubles of the eurozone, which have been adversely affecting the popularity of further integration within the EU. The fact that Denmark has opted out of the CSDP means that the country does not participate in the EU's military operations, in contrast to civilian operations.

Should the number of the EU's civil-military operations increase, this could result in Denmark remaining outside most EU missions.

The **regional dimension of military co-operation** (NORDEFCO) has until recently been of little interest to Denmark. However, considering the cuts in military spending, the current government has announced that it will seek to step up Nordic co-operation in areas such as joint acquisitions, operations and the maintenance of military equipment, as well as in education and training.

2.2. Armed forces and the arms industry

The Danish Armed Forces (18,000 troops in peacetime, 125,000 in wartime) have limited potential but are an important instrument of Denmark's foreign and security policy. They include an operational component (the Army, the Navy and the Air Force) and the formally separate Home Guard. Military service is based on universal conscription (today of a rather voluntary nature), but the decisive majority of personnel (over 80%) are professional soldiers. The Danish Armed Forces are relatively well equipped and trained, with large expeditionary capabilities, but the potentials and capabilities of different branches vary. Military spending has oscillated around 1.4% of GDP in recent years, corresponding to approximately US$ 4.5 billion. A quarter of this spending is earmarked for investment. The reorganisation and downsizing of the Armed Forces, now in progress, has been motivated by the need to reduce spending. As a result of this process, from 2015 spending is expected to decrease to US$ 4.1–4.2 billion. Denmark has consistently been transforming its military, moving from an armed forces that were concentrated on defence tasks towards a mobile crisis response force. Since 2005, the Armed Forces have been undergoing a reorganisation aimed at increasing their expeditionary capabilities (to 60% of the Armed Forces' potential) and downsizing the structures responsible exclusively for defence of national territory (further reductions should be expected). In this way, Denmark has been able to maintain its intensive involvement in international operations without increasing the budget.

The Army is the largest branch of the Danish Armed Forces. The core of its operational component consists of two mechanised brigades, including one in basic readiness as Danish commitment to NATO Response Force (NRF), and an elite special forces battalion. The Army has high expeditionary capabilities (at 75% of the Armed Forces' potential). Its equipment represents various levels of technological advancement: the Leopard 2A5DK tanks, the CV9035 infantry fighting vehicles and the Piranha III armoured personnel carriers (in service

in the units that maintain combat readiness) can be regarded as state-of-the art. However, the Army's basic personnel carrier remains the repeatedly upgraded M113. **The Navy** has relatively high strike capability and is also the most technologically advanced branch of the Armed Forces. It is a primarily oceanic fleet consisting of a component responsible for defending economic interests (mainly fisheries) in the Northern Atlantic, and a component for strictly combat purposes, which has been fully re-armed in recent years (for example, it received state-of-the-art missile frigates). Denmark has given up its submarine and coastal forces. Patrolling functions have been fully taken over by the maritime component of the Home Guard. In 2012 the Island Command Greenland and the Island Command Faeroes were reorganised and the Arctic Command was created in order to better patrol the sea (fisheries, transport, sea rescue operations). The **Air Force** mainly performs support and auxiliary tasks. There are two strictly combat-oriented squadrons equipped with the F-16A/B fighter aircraft, of which one is Danish commitment to the NRF. The Air Force combat units are not operationally independent and co-operate closely with NATO. The Air Force's equipment is now largely obsolete, and an upgrade has been planned. The helicopter and transport aircraft fleets have been replaced. Due to financial considerations, no decision to replace the obsolete combat component with F-35 fighters has yet been made, and the F-16 fighter aircraft still in service are to be modernised. Denmark has also decided not to have a ground component for its air defence. **The Home Guard** for the most part is a complementary and lighter component of the Army, even though selected units are assigned to the other service branches.

The independent ability of the Danish Armed Forces in the regular defence of the country's territory is limited, and the Air Force is in fact unable to carry out operations on its own. Given the total potential of the Armed Forces, Denmark has considerable expeditionary capabilities: it can even deploy an independent land troops contingent (complete with its own logistic facilities). What limits Denmark's ability to participate in foreign operations is the absence of a means to transport heavy arms and military equipment. The Danish Air Force can take part in foreign operations only as part of a contingent deployed by another state. On the other hand, Denmark can relatively independently carry out naval operations that are not directly related to defence of national territory. This is primarily because of the interests it has in the Northern Atlantic and the Arctic.

Denmark has a small arms industry. The country imports most of its armament and military equipment (from the USA, Germany, the UK, France, Sweden and Switzerland). Danish companies mainly deal with overhauls and

upgrades. They also produce components for imported armament, such as electronics or radio-electronics (Terma, NEA Lindberg), optoelectronics and equipment and armour elements (Falck-Schmidt Defence Systems), as well as command and communication systems (Maersk Data Defence). Owing to their high technological level, they are able to participate in major armament development programmes, including the F-35 (Terma). The companies listed above are privately owned, usually small, and are oriented largely towards the civilian market. The only industry capable of providing almost fully for the needs of the Danish Armed Forces is the shipbuilding sector (Odense Steel Shipyard), which, nevertheless, cannot equip or arm the ships it builds without the involvement of external partners.

3. FINLAND

3.1. Defence policy

The strategic context of Finland's defence policy is defined by the perception of Russia as the greatest challenge to Finland's security. Finland views Russia in terms of a military and non-military threat, but also as a source of economic opportunities. The scenarios on which defence planning is based mainly refer to Russia, with which Finland shares a 1,300 kilometre long border, despite the fact that, officially, Finland regards no country as a threat. Finland does not rule out the possibility that it might face political, economic or military pressure (the threat of (limited) use of force), crises in the Baltic Sea region with implications for Finland's security, or a strategic attack against its territory. In addition, it is concerned about possible non-military threats resulting from political or economic instability in Russia, the pollution of sea or inland waters, or nuclear energy generation and nuclear waste disposal. The Russian-Georgian war was a reminder for Finland that being the neighbour of a country that pursues increasingly assertive and aggressive policies involves potential threats. At the same time, however, Russia is one of Finland's most important trade partners and the supplier of 70% of the energy consumed in the country (oil, gas and electricity). Russians also account for the largest proportion of tourists visiting Finland, and the largest immigrant community. For this reason the priority for Finland is, on the one hand, to maintain the ability to defend its territory and, on the other, to work extensively with Russia and develop deeper political, economic and social relations along with cooperation on environmental protection and justice and internal affairs as well as working with Russia's border regions with a view to mitigating non-military threats. Finland also maintains regular military relations with Russia.

Finland is a non-aligned state whose priority is placed on the ability to independently defend its territory. At the same time, however, it actively participates in UN and EU crisis management operations and develops co-operation with NATO. It is traditionally important for the country to develop its security policy within the **United Nations** framework. Recently Finland has been again stepping up its involvement in UN missions in connection with its aspiration to membership in the UN Security Council in 2013–2014.

Membership in the **EU** and the eurozone is in part perceived as a way to enhance national security. Finland has also been actively involved in the development of the CFSP and the CSDP, aimed at preventing the EU from transforming into a collective defence organisation. Finland does not want to be committed to defend, for example, the Baltic states, and therefore its attitude towards the inclusion of a mutual defence clause into the Treaty of Lisbon was one of caution. Currently Finland considers the clause to be strengthening political solidarity in the EU (it does not, however, affect the security and defence policies of certain Member States, e.g. Finland), and since there are no EU planning and command structures, it views NATO as still being in charge of collective defence of its European members. Finland's participation in the CSDP is also aimed at strengthening the country's political position in the EU and at boosting its defence capabilities (through more interoperability and opportunities to co-operate within international commands and units). For these reasons, it is important for Finland to participate in EU operations and Battle Groups with its priority partners (Sweden in the NBG and Germany in the "107"; see Appendices). Finland also supports the operational use of Battle Groups.

It has been stepping up co-operation with **NATO** since the mid-1990s and treats its involvement in Partnership for Peace (since 1994) and NATO training, exercises and operations as an instrument in the transformation of its Armed Forces which enhances interoperability and competences and thus also capabilities to defend the country's territory and to co-operate with NATO members in this regard. In 2012, Finland also joined the NRF (the ABC laboratory), and in the coming years it plans to contribute a special forces unit, an Air Force unit (F/A-18) and an amphibious unit to the NRF. A debate has been underway for several years about Finland's possible accession to NATO. Arguments for and against this have been raised. It is unlikely that Finland will seek to join NATO in the immediate future. The country will rather continue to develop co-operation (operations, training, exercises in the Baltic Sea region), even though it has expressed concern about the future status of NATO's partner states after the withdrawal from Afghanistan in 2014. In Finland's view, the USA plays a key

role in European security, and especially the security of the Baltic Sea. Any change in this respect (reducing the US presence, but also stepping it up) involves risks. Finland's co-operation with the US takes place within the framework of PfP and the collaboration of the arms industries.

Regional co-operation within NORDEFCO is a way for Finland to indirectly develop co-operation with NATO (via Norway and Denmark) in terms of interoperability, procedures and standards, as possible accession to NATO remains a controversial issue at home. So far, however, Finland has been cautious about extending Nordic co-operation, especially with regard to issues that concern the defence of national territory. The country is more open to co-operation on crisis management, e.g. in Africa. The savings planned by the Defence Ministry will probably prompt Finland to become more open for co-operation in the domain of harmonising armament and military equipment and, consequently, joint purchases, servicing, upgrades, etc. within the NORDEFCO framework.

3.2. Armed forces and the arms industry

The Finnish Armed Forces have a medium potential (15,000 troops in peacetime with the capacity to quickly expand to 34,700 within the operational component, and a large mobilisation capacity of 350,000 in wartime). They are therefore treated as a genuine guarantor of the state's security. The Armed Forces include an operational component consisting of the Army, Air Force and Navy, as well a voluntary home guard (Local Defence troops). Military service is based on universal conscription. The Armed Forces are relatively well equipped and trained (the operational component trains on a permanent basis), but the potentials and capabilities of the different service branches differ. Military spending centres on approximately 1.5% of GDP, i.e. approximately US$ 3.5 billion. Around 25% of spending is earmarked for investments. In 2012 Finland started implementing a programme of financial savings. While the structure and tasks of the Armed Forces will remain unchanged, cuts in the defence infrastructure have been planned that will involve reducing the number of personnel (to 12,300 in peacetime and 230,000 in war time) by 2015. As part of the parallel changes started in 2010, the Finnish Armed Forces intend to expand their capability to carry out regular operations (by forming a Corps Command and consolidating the home guard defence effort, along with other measures).

The Army is the largest branch of the Armed Forces. During peacetime, it does not have any fully developed tactical level units, although the three

best-equipped mechanised brigades maintain basic readiness. The structure of the Army also includes two infantry brigades and two armoured brigades, as well as independent regiments (two general regiments, one air defence regiment, one engineering regiment, one signal regiment and a special regiment with independent special forces and helicopter battalions). The Army is largely saturated with armament and military equipment, even though the technological levels of various items of equipment vary. State-of-the-art equipment includes the CV9030 infantry fighting vehicles the AMV XA-360 wheeled armoured personnel carriers the XA-361 self-propelled mortars and the 155 mm GH 52 APU gun howitzers. Other items in the Army's equipment have been only partly upgraded and their technological standards date back to the 1980s. Older types of armament are gradually being decommissioned. The Finnish Army is developing its offensive capabilities – it has plans to purchase 70 tactical missile launchers from the USA. In addition to the operational component's cadre there is also the volunteer **home guard** (Local Defence troops) which forms a lighter component of the Army. The Local Defence troops are well-developed in wartime and are able to deploy six infantry brigades, among other units. **The Air Force** is relatively modern and is strictly combat-oriented. At its core there are three squadrons of F/A-18C/D Hornet multi-role fighter aircraft (with a large modernisation potential) and a training squadron. The Air Force has developed tactical transport capabilities in recent years (the CASA C-295 transport aircraft, more of which are to be purchased). Its structure includes no ground-based air defence units (they are in the structure of the Army) and all helicopters are held by the Army. **The Navy** has no bigger vessels. Its core consists of two flotillas of missile boats and a flotilla of minelayers. The Navy plans to acquire larger multi-role vessels by 2020. It is notable that the Finnish Navy has a relatively large number of coastal units. In the coming years it plans to form and equip four land-based anti-ship missile batteries.

The Finnish Armed Forces (and especially the Army and the Navy) have a relatively high capability to independently carry out regular defence of national territory. In the case of the Air Force, the capability to operate independently hinges on the available stockpiles of spare parts and armament and/or external support. With its mobilisation potential and well-developed home guard, the Finnish Armed Forces have extensive capability to conduct irregular operations, including guerrilla warfare in areas taken by the enemy (largely owing to the climate and terrain conditions). The profile of the arms industry has been adjusted to this situation: it enables Finland to independently carry out operations (both regular and irregular) on land. The ability of the Finnish Armed Forces to take part in operations abroad, on the other hand, is limited.

Selected units of the Army can take part in such operations (the Air Force and the Navy have not been adequately adapted), however, as their expeditionary logistic capacity is low, they can do so only within other states' contingents.

Finland has an extensive arms industry in which companies producing armament and military equipment for the Army play a dominant role. The Patria Group is a potentate (Vammas, Vehicles, Hagglunds) and provides nearly all armament and military equipment for the infantry, mechanised and artillery units (including air defence). Finland is also a leader in the ballistic protection market (Ballistic Protection Burgmann, Verseidag Ballistic Protection, Exote Armour, FY-Composites, Temet). Moreover, it caters for the demand for broadly understood electronics (Control Express Finland, Electro-Hill, Elektrobit, Elesco). These range from subassemblies for armament systems, including for the Air Force (Insta Defence & Security), to simulators and training equipment (Noptel). Finnish companies also produce ammunition (NAMMO Lapua) and products for CBRN security (Environics). Finland has no aerospace industry, and the capacity of its shipbuilding sector is limited. The USA and Sweden remain the principal suppliers of the Finnish Armed Forces.

4. NORWAY

4.1. Defence policy

The strategic context of Oslo's defence policy is defined by challenges in the Norwegian High North which includes the wider Barents Sea region with the Svalbard archipelago. The expanding opportunities of oil and gas extraction, maritime transport and fishing in that region are a guarantee of further economic growth for Norway, but also a source of potential threats. Those threats may be "civil" in nature (accidents related to energy resource extraction or more intensive shipping), or "military" (crises/conflicts over oil and gas extraction or fisheries). Russia is perceived as the main challenge in this context, and this perception has gained prominence since Russia resumed strategic bomber flights in the North (2007) and since the Russian-Georgian war (2008). Norway neither rules out the possibility that it may face limited Russian pressure involving the use of force aimed at forcing a change in Norway's policy, nor even a military conflict. The status of Svalbard remains a potential source of conflict in bilateral relations. Norway's policy towards Russia seeks: (1) to minimise risk in bilateral relations (hence the 2010 agreement on the delimitation of the maritime border and on co-operation, and also Norway's refusal to incorporate the F. Nansen frigates into the Aegis system); (2) to develop co-operation (building civil and

military contacts, the joint POMOR military exercises); (3) to "deter" (by emphasising Norway's right and ability to enforce its sovereign rights, increasing defence spending, stepping up its military presence and developing its capabilities in the High North, and ensuring NATO's presence on Norwegian territory in part through the Cold Response exercises).

Norway treats the United States as its most important ally, with whom it maintains very close bilateral relations (co-operation between the arms industries and in military equipment acquisitions, the MCPPN programme for the storage of US military equipment). At the same time, however, the coalition of the social democrats and socialists, which has been in power in Norway since 2005, has left some room for manoeuvre on issues that are regarded as incompatible to the leftist worldview (manifested by the Norwegian withdrawal from Iraq and OEF operation in Afghanistan, opposition to the US missile defence system in the shape proposed by G.W. Bush) or issues that might increase tensions in the High North (e.g. the F. Nansen frigates case mentioned above).

Within NATO, Norway has been arguing since 2008 that the capabilities to defend NATO's territory and those for crisis management operations should be balanced. It has also advocated a broader interpretation of Article 5 and a "low threshold" for the convening of consultations under Article 4. Norway has argued that the defence planning process should be based on various threat scenarios, that regional contingency planning should be restored, that expertise on specific geographic areas and situational awareness near NATO's borders should be enhanced, that links should be created between the national commands and NATO's command structures, and that collective defence capabilities should be improved, for example by NATO command structures participating to a greater extent in national exercises. Norway will not give up its participation in NATO's crisis management, though, treating this as a way to build its own international position and as a contribution to the maintenance of transatlantic relations. However, it now places more emphasis on a number of factors when considering its engagement in operations abroad, such as the impact of the foreign deployments on its capabilities to defend national territory, the existence of a clear UN mandate, and political gains in relations with the USA and NATO. As with Denmark, Norway expects that involvement in reforms or the development of security sectors in developing and post-conflict countries will gain importance within NATO after 2014. Norway views the USA's reorientation towards the Asia-Pacific region as a logical way to adjust to the new global conditions. However, it also believes that the US will continue to need NATO as a channel through which it can influence European countries and as a body co-legitimising

US military actions, and also because of the US military bases in Europe. As Europe's relative importance for the USA will continue to decline, Norway is seeking to make as much use as possible of the US pledge to step up its presence in Europe through exercises and training. In the context of collective defence, cuts in defence spending by European countries are a much more serious concern for Norway than the USA's reorientation. In Norway's view, this process may lead to a renationalisation of the defence policies of NATO member states in the worst case, or broader co-operation within NATO in the best case.

As a non-member of the European Union, Norway has been involved for several years in the **CSDP** (through information exchange agreements with the EDA, participation in operations, NBG and pooling & sharing projects). In the past, this policy stemmed from fears that Norway could become marginalised if a strong CSDP emerged and if multilateral dialogue within NATO transformed into a USA–EU dialogue. Currently Norway is more concerned about the risk that transatlantic relations could erode. Nevertheless, Norway continues to take part in practical co-operation projects, while considering the CSDP to be an obsolete political project. At the same time, it has expressed concern that the instruments provided for by the Treaty of Lisbon might make it more difficult for third countries to join co-operation.

Finally, Norway's defence policy also includes the aspiration to step up political and military co-operation in the region. The objectives are, on the one hand, to jointly develop capabilities while maintaining autonomy in political and operational decisions (within NORDEFCO) – the main motivation here comes from insufficient financial resources and the need to maintain capabilities or to make them more effective. On the other hand, Norway is seeking to strengthen political and military co-operation and dialogue in Northern Europe (within the Northern Group) in response to the USA's reorientation and transformation of NATO. Multilateral military co-operation with its partners and allies (within NORDEFCO and the Northern Group) is, according to the Norwegian defence ministry's strategic document for the years 2013–2016, the third most important priority of the country's security and defence policy (after enhancing NATO's reliability and Norway's own defence capabilities, and ahead of involvement in foreign operations).

4.2. Armed forces and the arms industry

The Norwegian Armed Forces have a medium potential (23,000 troops in peacetime and 83,000 in wartime) and are regarded as the guarantor of

the state's security. They include an operational component (the Army, the Air Force and the Navy) and Home Guard. The Armed Forces are relatively well-equipped and trained (the operational component trains on a regular basis), and saturated with special forces units, but the potentials and capabilities of the different service branches vary widely. Norway has a mixed manning system: combat readiness units are manned with professional soldiers and universal conscription is increasingly voluntary. Military spending in recent years has been centred around 1.6% of GDP, corresponding to approximately US$ 6 billion. A quarter of this amount is earmarked for investments. In 2013–2016, the military budget is expected to increase by 7% in real terms. The restructuring and modernisation, which have been underway for several years, are aimed at maintaining a high level of military presence and at developing capabilities to act in the High North, with participation in international operations being seen as a secondary objective. Because of the focus on the High North, the development of the Navy has been the top priority; the Air Force is currently undergoing modernisation, and investments in the Army and the Home Guard are beginning.

The Navy has the highest strike capability and is more technologically advanced than the remaining branches (for example, in recent years it acquired five state-of-the-art missile frigates). The Navy's oceanic component and the Coast Guard and the Coastal squadron (units at sea and on land) are being developed in parallel (e.g. the Coast Guard is currently being equipped with modern missile corvettes). **The Air Force** mainly plays auxiliary and support roles. It has been partly upgraded – the helicopter and transport aircraft fleets have been replaced, and two air defence squadrons have been equipped with state-of-the-art NASAMS II mid-range advanced surface-to-air missile system. The combat component (three squadrons of F-16A/B) is already obsolete, and a decision has been taken to purchase F-35 fighter aircraft, the first of which will enter service around 2018. **The Army** is the largest branch of the Norwegian Armed Forces. Its core consists of a well-developed brigade (the Brigade Nord). The technological level of the Army's equipment varies. The CV9030 infantry fighting vehicles are the only item that can be considered state-of-the-art. Other kinds of armament and equipment have either been upgraded (the M113 armoured personnel carriers), are being upgraded (the Leopard 2A4 tanks), or are being replaced (by the new Archer artillery system). In addition to the purchase of the F-35 fighter aircraft, the 2013–2016 long-term defence plan provides for increased investments in the Army (including the formation of an Arctic Battalion). **The Home Guard** is a lighter component within the Army, but some of its units are also assigned to the other branches of the Armed Forces.

Norway has increased spending on the development and modernisation of defence infrastructures – which are used mainly by the Home Guard – six-fold in recent years, and the training of Home Guard units has been stepped up. Under the plan mentioned above, funding for the acquisition of new armament for the Home Guard has been allocated.

The ability of the Norwegian Armed Forces to independently defend the country's territory is limited, and the Air Force in fact has no ability to carry out independent operations. The well-developed Home Guard, on the other hand, ensures good capabilities to carry out irregular operations. The ability of the Army to take part in international operations is even more limited. The Army and the Air Force can take part in missions only as part of contingents deployed by other states. The Norwegian Navy is relatively independent in carrying out operations that are not directly related to defence of national territory (and a logistics component of the fleet is being developed in order to further increase this capability).

Norway has an extensive arms industry, dominated by companies that mainly produce munitions such as ammunition (Nammo Raufoss), missiles and launchers (the world potentate Kongsberg Defence & Aerospace), small arms (Vapensmia), as well as electronic and optoelectronic components for armament and training equipment (Kvaerner Eureka, Simrad Optronics) and command and service support systems (Kvaerner Eureka). The Norwegian shipbuilding industry played a considerable role in building the state-of-the-art warships for the Norwegian fleet (Umoe Mandal; the frigates were built in co-operation with Spain). Norway has no aerospace industry, and does not produce heavy armament. The United States remains the main supplier for the Norwegian Air Force. In recent years Sweden has taken the place of the US and Germany as the main supplier of Norway's Army.

5. SWEDEN

5.1. Defence policy

The strategic context of Sweden's defence policy is defined mainly by the threats and challenges to regional security, especially in the Baltic Sea region. In addition to this, Sweden seeks to strengthen its own international position by actively participating in international security policy. After the Russian-Georgian war (2008), Sweden reverted partly to treating regional security as a priority. Earlier, it had focused on indirect threats and

global challenges, and had no sense of a threat to the military security of the state and the region. This attitude contributed to the cuts in defence spending and the downsizing of military capabilities, and to a reorientation of the Armed Forces in 2004, from a defensive force model towards the model of an expeditionary force; those plans were then partially reviewed in 2009. In Sweden's view, the geopolitics of its neighbourhood has been changing – this view refers to the Baltic Sea region (due to the transport of energy resources having been stepped up), and the Barents Sea and the Arctic (due to the extraction and transport of energy resources, more intensive maritime transport and fishing), and also to the rise of Russia's global power ambitions and the lowering of the threshold of the use of force in its immediate neighbourhood. Sweden does not rule out the possibility that crises may occur in the region, in which military measures may be employed. A direct attack against Sweden or one of the other countries of the region is regarded as unlikely, but not altogether impossible.

Sweden's defence policy have been undergoing extensive changes since the end of the Cold War. In the late 1990s Sweden abandoned its policy of neutrality dating back to 1812 in favour of non-alignment. The reasons for this included the end of the Cold War, Sweden's changed geopolitical position, and the fact that most countries in the region had become EU and NATO members. The recent challenges and threats have prompted further changes in Sweden's policy and the adoption, in 2009, of a "declaration of solidarity" in which Sweden unilaterally pledged not to stay passive in the event of a "catastrophe or military attack" against EU or Nordic states (and expressed an expectation of a similar commitment from those states). It also pledged that its Armed Forces would develop capabilities to provide and receive military assistance. However, Sweden maintains that the declaration does not create commitments equivalent to those under Article 5, and continues to emphasise its non-aligned status.

Sweden has been actively involved in **EU** security policy since the end of the 1990s. It has advocated a strong EU presence in the international arena, arguing that the EU should pursue a policy focused on crisis management (and strengthen its civilian component), but not of collective defence. This led to a relative decline in the importance of the United Nations as the main framework for Sweden's foreign and security policy and its involvement in crisis management operations after the end of the Cold War. Sweden regards its involvement in EU operations as a way of strengthening its international position. In the EU, it advocates: the use of the EU Battle Groups (it is a framework nation of the Nordic Battle Group which is on standby every four years);

better civil-military co-operation; and the creation of an EU market for arms products. Furthermore, it has co-authored the pooling & sharing initiative with Germany. Presently, however, Sweden is disappointed that the instruments which are available in the EU are not being used and that there has been no progress within the CSDP. For this reason, the country seems to be advocating the development of "soft instruments", i.e. a reform of the EU development policy or the creation of a European Peace Institute to mediate in conflicts.

NATO's involvement in crisis management operations after the end of the Cold War has also contributed to Sweden stepping up co-operation with NATO. The country has participated in Partnership for Peace since 1994 and, through this, it has also been involved in PARP, OCC, exercises and training, civilian crisis planning, and NATO operations. Sweden's objective is to achieve interoperability with NATO and to alleviate the technical obstacles that impede its participation in multinational operations, to adjust its Armed Forces reform to NATO standards, to gain a platform for political dialogue and co-operation, and to strengthen its international position. The Baltic Sea region is increasingly the main point of reference for Sweden's co-operation with NATO. The Swedish government is aware that NATO will not be able to support the Baltic states without using Sweden's airspace, its waters and even its land territory. Enabling NATO operations, co-ordinating actions or even subordinating the Swedish Armed Forces to NATO command structures might be a military and political necessity. Moreover, at least until the completion of the current reform, the Swedish military will not be able to independently safeguard the country's territorial security and Stockholm is counting on NATO's support in defending Swedish territory. Hence the "declaration of solidarity" and Sweden's active involvement in PfP and NATO exercises in the region (including Loyal Arrow 2009 in Sweden, NRF Brilliant Mariner 2010, BRTE 2011 and 2012 in the Baltic states, and CMX 2011 in Norway). The aim of these has been to develop co-operation with the armed forces of NATO states in the region and with NATO's command structures. Sweden will also take part in future NATO operations that will offer an opportunity for the Swedish Armed Forces to gain operational experience in co-operating with NATO allies. The question of accession to NATO remains in Sweden a political taboo; the Swedes still hold the conviction that non-alignment is the best insurance policy and that membership would entail excessive financial and political commitments. It is in Sweden's interest to develop more extensive bilateral and transatlantic relations with the **USA** and to keep the US present in the Baltic Sea region. The political elite of Sweden is aware of this,

even if it is reluctant to emphasise this publicly. Swedish public opinion still harbours a negative attitude, dating back to the Cold War, towards the USA's global actions, an attitude that became even more pronounced after the US intervention in Iraq.

Co-operation in the Baltic Sea region is, according to Sweden, **conducive to strengthening security in the region.** The priority is on sea (the SUCBAS programme) and air surveillance (by signing an agreement with Norway, Sweden has joined NATO's ASDE system), as well as closer co-operation between border guards and customs services in the region. **The Nordic Defence Co-operation** offers the centre-right government an opportunity to co-operate more broadly with its NATO partners (Denmark and Norway) while accession to NATO, or even stepped up co-operation, remain domestically highly controversial. The aim of co-operation within NORDEFCO is to maintain existing capabilities or to develop new ones at a time when defence spending is contracting, and to create a Nordic equivalent of smart defence.

5.2. Armed forces and the arms industry

The Swedish Armed Forces (21,000 troops during peacetime and 41,000 in wartime) possess a high potential and are considered to be a genuine guarantor of the state's security. They include an operational component (the Army, the Air Force and the Navy, as well as Special Forces), and the formally separate volunteer Home Guard. The forces are very well trained and equipped, with well-developed special forces units, and all the service branches possess relatively high potentials and capabilities. Military spending has oscillated around 1.3% of GDP in recent years, corresponding to approximately US$ 6 billion. A quarter of this budget is earmarked for investments. In 2009 Sweden decided to abolish universal conscription as of 1 July 2010 (currently military service is voluntary) and to implement a large-scale reform to reorganise the Armed Forces (by 2014), to make its operational component fully professional (by 2018), and also to optimise costs in the short term. The priority of the Swedish Armed Forces is to ensure they have capabilities to carry out operations not only in Sweden, but also elsewhere in the region and on missions in other parts of the world. Another important objective of the reform is to enhance the ability of the Armed Forces to co-operate with NATO forces by fully implementing NATO standards. The purpose of the reform is to enable Sweden to reduce its armament and military equipment at the same time as it upgrades the remaining one in compliance with NATO standards. The possibilities of deploying the Armed Forces are to be considerably extended.

The Air Force as a whole maintains the highest level of combat readiness. At its core are three fighter wings (the Swedish Air Force's strike capability exceeds the strike capability of all the other Nordic forces combined). The Air Force is currently being restructured – ultimately, i.e. by 2014, its core will consist of four fighter squadrons (equipped with 100 JAS 39C/D fighter aircraft), one transport squadron (C-130E/H) and one helicopter battalion (made up of two squadrons: land support and sea support). Sweden has an extensive network of airfields – most of its 147 airfields may be used as bases for fighter aircraft. The armament and military equipment of the Air Force are consistently upgraded. In 2015–2020, the JAS 39 C/D fighter aircraft are going to be upgraded to E/F standard (as a result of which they will acquire the capability of mid-air refuelling, which only some aircraft have now), and new fighter aircraft in the E/F standard (40-60) are to be acquired. **The Navy** consists of two components: the combat fleet and amphibious units. Its strike capability is significant (5 submarines, 9 missile corvettes, including two Visby class stealth corvettes), as well as a smaller minesweeping force (6 vessels) and a patrolling force. The Navy's potential is being steadily upgraded – three new Visby class missile corvettes are in the testing phase, and the construction of new-generation submarines is to start this year. **The Army,** the largest branch in the Armed Forces, is in the initial phase of restructuring. It is expected to achieve operational readiness in the new structure in 2014. After the reform, the Army will be able to deploy seven battle groups. A battle group will consist of: a manoeuvre battalion (the core of the battle group) and combat support units (artillery, engineering or air defence units depending on the needs) as well as service support units. The Army possesses large quantities of heavy armament and military equipment, the great majority of which are state-of-the-art and relatively uniform. Its basic armaments include Leopard 2A5 tanks, CV90 infantry fighting vehicles, as well as Patria AMV wheeled armoured personnel carriers (in service since 2010) and 155 mm Archer artillery system (in service since 2011). It is notable that there are a high number of caterpillar armoured personnel carriers suitable for operations in polar conditions. One of the objectives of the current reform is to increase the importance of the **Home Guard**, i.e. the lighter component of the Swedish Armed Forces. The Home Guard will receive more technologically advanced armament and military equipment, and will be better trained. The Swedish Armed Forces also include the **Special Forces** formed in 2011, which have a special operations battalion at their core.

The Swedish Armed Forces possess a relatively good capability to independently defend the country's territory and safeguard Sweden's interests in the Baltic Sea. The well-developed and relatively well equipped Home Guard, on

the other hand, offers extensive possibilities to carry out irregular actions (including guerrilla warfare in areas taken by a potential enemy). The Swedish Armed Forces are also relatively well prepared to take part in operations abroad, including the ability to deploy an independent contingent (complete with logistic facilities) of any kind of service branch.

Sweden has a developed arms industry which largely provides for the needs of the Swedish Armed Forces in almost all possible areas. The Swedish arms industry is one of the strongest and most technologically advanced in the world. Due to the links that some Swedish companies have with arms producers in the US and Britain, i.e. the dominant players in the arms market, and with some Finnish, Norwegian and German companies, the Swedish arms industry has access to the newest technologies. The most important products of the Swedish arms industry include: armoured vehicles and artillery (BAE Hagglunds, BAE Bofors), combat aircraft (Saab), warships (Kockums), ammunition (Akers Krutbruk, BAE Hagglunds, Nammo Sweden, Norma) and guided missiles (BAE Bofors), ballistic protection systems (Akers Krutbruk, Bofors, CSM Materialteknik, Saab Barracuda), electronics and radio-electronics (Ericsson, Saab), optoelectronics (Aimpoint, Flir), and simulators and training aids (NSC, Saab). The Swedish arms industry is one of the leaders in new technologies (STEALTH, composite armours, Stirling engines), and co-operates in the development of new generations of armament (Saab created the hull for the prototype of Neuron, the European unmanned combat air vehicle). Finally, while the Swedish arms industry does not produce helicopters or transport aircraft, it does have the capacity to upgrade and service them.

II. THE BALTIC STATES

1. NORDIC-BALTIC CO-OPERATION

In the 1990s the Nordic and the Baltic states started co-operating in various bilateral formats as soon as Lithuania, Latvia and Estonia gained independence. The Nordic states would transfer used armament and military equipment to their Baltic partners, send instructors and advisors to assist them in the establishment of their armed forces, and later on, in the development of standards and infrastructure necessary for the Baltic states' membership in NATO. Denmark in particular was actively involved in this co-operation and supported the accession of Lithuania, Latvia and Estonia to NATO. Denmark could do so because, following German reunification, it was less geographically exposed to Russia, and its involvement in the region was already part of the effort to strengthen the alliance with the United States and position itself as the USA's best European ally. The prime objective for all the Nordic states was to facilitate the accession of the Baltic states to NATO (and the EU), and in doing so to enhance the security of the south-eastern part of the Baltic Sea region.

After the Baltic states joined NATO in 2004, the intensity of co-operation declined and its character changed. For the Nordic states, NATO was from then on in charge of the security of Lithuania, Latvia and Estonia. Nevertheless, in order to make use of the experience they had gained from establishing and transforming the Baltic security sectors, the countries in question launched Nordic-Baltic initiatives to support security sector reforms in Ukraine and the Western Balkans. In addition, individual Baltic states started to co-operate with the Nordic states on NATO operations (with Denmark in the Balkans and Iraq, and with Norway in Afghanistan), within the EUBG and NRF, or by affiliating their military units to the armed forces' units of the Nordic partners (mainly Denmark). Nevertheless, military co-operation was taking place on the margins of the broader Nordic-Baltic 8 (NB8) co-operation format under which the partners were co-operating in the areas of the economy (the Nordic states are currently among the most important investors and trading partners of the Baltic states), the financial sector, energy, environmental protection, culture and education. Since 2010, the Nordic and the Baltic states have been gradually developing closer foreign policy relations in a process triggered by the so-called "NB8 Wise Men Report". This is happening without separate co-operation structures being created, through stepped-up multilateral intergovernmental and inter-ministerial consultations and measures to co-ordinate and agree on joint positions (usually concerning developments in

distant regions of the world, such as the civil war in Syria). Such co-operation strengthens the position of the Nordic and Baltic states and boosts the region's visibility in international politics and as regards the United States. In order to further strengthen co-operation with the USA, the Nordic and Baltic states have also been seeking to use the e-PINE format of the US Department of State, which has been in place for several years and which provides a framework for dialogue on cooperative security, healthy societies and economies.

In the years since NORDEFCO was established, the Baltic states have shown an interest in broader co-operation within this organisation. From their point of view, such co-operation would strengthen military links with the Nordic states, and closer regional integration (though not undermining NATO's role) would indirectly provide additional security guarantees for the Baltic states and expand their room for manoeuvre in foreign policy. Owing to tensions in bilateral relations with Poland, until recently regarded as one of Lithuania's priority partners for military co-operation, **Vilnius** in particular has been seeking closer co-operation with the Nordic states in recent years, viewing the northern vector of its security and defence policy as a counterpoise, if not a substitute, for co-operation with Poland. This has been visible not only in Lithuania's activity within the NB8, but also in its ambition to participate in the Nordic Battle Group (NBG) and its support for the potential participation of Sweden and Finland in Baltic Air Policing. However, the Nordic states have been wary about developing closer military links with Lithuania, Latvia and Estonia. Officially, they want to see the results of co-operation in the smaller (Nordic) format first. The real reason is, however, their conviction that efforts to strengthen Nordic-Baltic military relations could be seen by Moscow as attempts at creating additional regional alliances against Russia. NATO could interpret these efforts as meaning that the Nordic members of NATO are assuming greater responsibility for the security of the Baltic states, and that Finland and Sweden are committing themselves to assisting the Baltic states militarily. In this context, the involvement of Sweden (in 2011 and 2012) and Finland (in 2012) in NATO's BRTE exercise (aimed at improving air policing over the Baltic states) should be seen as a way of increasing the interoperability of the Swedish and Finnish air forces with NATO member states in the region, and not as preparation to join the Baltic Air Policing mission. There is no political consent in Sweden and Finland for participation in NATO actions that directly refer to Article 5.

Nevertheless, over the last year the Nordic states have decided to extend security and defence co-operation with the Baltic states on specific projects, and this can be considered as a breakthrough of sorts. Since 2012, the chiefs of

defence of Lithuania, Latvia and Estonia have been able to take part in selected meetings of the NORDEFCO Military Co-ordination Committee and military representatives from the Baltic states may observe the proceedings of some working groups within the organisation. Still, the Nordic states prefer to limit institutionalised co-operation with the Baltic states to joint actions outside the region, i.e. operations abroad (both civilian and military) and activities related to capacity building and security sector reforms in developing countries, or "soft security" (cyber and energy security) issues and the use of Lithuania's and Estonia's know-how in those fields, developed within the NATO framework. By co-operating with the Baltic states, the Nordic states are seeking to strengthen their international position and the visibility of the Nordic-Baltic region, also in international security policy. Co-operation with Lithuania, Latvia and Estonia, especially in bilateral formats, is also considered in economic terms. The Nordic states expect to benefit from the likely increase in defence spending by Lithuania and Latvia, and the unchanged defence budget of Estonia. The Baltic states have hardly any arms industries, and their armed forces depend fully on external supplies of armament and military equipment. It is therefore possible that the joint acquisitions of armament and military equipment with the Baltic states, proposed by the Nordic partners, will lead to some more bilateral or trilateral co-operation on training and exercises, i.e. the areas in which the Nordic states may offer additional co-operation opportunities.

2. BALTIC CO-OPERATION

Defence co-operation between Lithuania, Latvia and Estonia after 1990 was stimulated by external factors. In the early 1990s the involvement of the Nordic states in the region provided the stimulus for Baltic co-operation in some areas. Later, closer co-operation became part of these countries' efforts to become members of NATO, since NATO regarded the Baltic states as a single entity. More recently, the Russian-Georgian war contributed to more intensive Baltic co-operation. The lasting legacy of earlier initiatives includes the joint mine countermeasures squadron BALTRON, which today is part of the Standing NATO Mine Countermeasures Group 1 (SNMCMG1), the BALTNET air surveillance and control system, which is part of NATO's NATINADS, and the Baltic Defence College (BALTDEFCOL) in Tartu, Estonia. After accession to NATO, co-operation between the Baltic states lost some of its momentum and continued only through the initiatives that were already in place at that time. Co-operation at the political level became more intensive only after the Russian-Georgian war in 2008, when the Baltic states stepped up joint efforts to obtain the contingency plans, a greater US and NATO military presence in the

region (through exercises), favourable provisions on collective defence in NATO's new Strategic Concept, and an extension of the Baltic Air Policing mission. At the military level, Lithuania, Latvia and Estonia jointly formed the Baltic Battalion which became part of the land component of NRF-14 in 2010 (Latvia withdrew from this project for financial reasons, leaving only a small number of staff personnel) and stepped up their joint Host Nation Support exercises. In recent years there have also been some cases of Lithuania, Latvia and Estonia co-operating on foreign operations (Kosovo) or jointly purchasing armament and military equipment.

Over the years, the obstacles encountered in co-operation between the Baltic states have been of a political, military and domestic/structural nature. At the political level, Lithuania, Latvia and Estonia have been more interested in developing co-operation with their larger neighbours than in regional integration (Estonia with Finland, Lithuania with Poland), because of geographical proximity considerations or political and economic priorities. At the military level, co-operation was hindered by the fact that the three countries possess and buy disparate types of equipment, have low interoperability and no basis to seek joint savings. All these factors are lingering consequences of the fact that back in the 1990s they developed their respective armed forces in co-operation with different partners (the USA, the UK, the Nordic states). Problems in managing the armed forces were also significant at the domestic level and this hampered the implementation of trilateral projects and left the partners frustrated with co-operation. In addition, the armed forces of the Baltic states had different priorities with regard to the development of their armed forces. Moreover, the Baltic states share similar concerns: about Russia's policy in its European neighbourhood; they have a common interest in maintaining transatlantic links; and agree on many defence policy issues. However, their national interests and priorities vary and there is often no "Baltic unity" at the political level. Lithuania, Latvia and Estonia are in competition for transit activity in their territories, Latvia and Estonia have refused to back Lithuania's efforts to block negotiations of the new EU-Russia agreement; and Lithuania and Estonia were rather slow in expressing political support for Estonia in the aftermath of the 2007 cyber attacks.

In future, the Baltic states should be expected: to continue co-operating politically within NATO; to work together politically and militarily on exercises organised in the region by themselves or within the NATO and Partnership for Freedom framework; to jointly support the development of Centres of Excellence in Estonia and Lithuania; to make regular joint contributions to NRF

(every four years according to plans); to jointly develop the BALTDEFCOL and possible new initiatives aimed at increasing the effectiveness and level of specialisation of training; and finally, to co-operate with respect to Host Nation Support. Limited joint purchases of armament and military equipment are also possible (such as the joint purchase of ammunition for the Carl Gustav antitank recoilless rifle, agreed upon in 2012). All three Baltic states are also interested in – and could co-operate on – preventing internal information campaigns that negatively affect the their image in the EU and NATO and which could result in NATO decreasing its presence in the region or which could discredit the Baltic states.

3. LITHUANIA, LATVIA AND ESTONIA

3.1. Defence policies

Despite having normalised their relations with Russia, the Baltic states still believe that Moscow's objective is to rebuild its political and economic influence in the former Baltic republics. Lithuania, Latvia and Estonia have been through numerous political and economic affairs (including the cyber attacks and riots over the Bronze Soldier monument in Estonia, and strikes and protests of the Russian-speaking minority in Latvia) that were related to the activities of pro-Russian forces, Russian-backed businesses or the Russian secret services in the Baltic states. Russia's sustained aggressive anti-Baltic rhetoric has further strengthened the perception held by the societies and political elites in the Baltic states that their political, social and economic stability is under threat. The war in Georgia, followed by Russia's "Medvedev doctrine" on the protection of Russian citizens, its interests and sphere of influence (construed as the CIS area) abroad and the *Zapad* and *Ladoga* military exercises (also involving Belarus) have also given rise to fears about the territorial integrity of the Baltic states.

Lithuania believes that the likelihood of a direct military confrontation is low, but it does not rule out the possibility that military force might be used in the future, given Russia's growing military potential and the country flexing its muscles in the region. However, Vilnius believes that the most serious threat to Lithuania's broadly understood security lies its energy and economic dependence on third countries (which implies Russia). The Lithuanian leadership still fears possible Russian pressure on the Lithuanian political system, the country's social and economic life and national identity. It is concerned about possible attempts at discrediting the state internationally – and Lithuania's fears

in this respect may refer not only to Russia, but recently also to Poland. Finally, Lithuania does not rule out the possibility of terror attacks.

Latvia officially applies a broad definition of threats to its security and believes that the likelihood of a direct military confrontation in its territory is relatively low. It does not rule out the possibility of such a confrontation, though, given Russia's rising military potential and Moscow's ambition to strengthen its position in international politics. According to the Latvian leadership, future threats may be difficult to predict and may consist in a combination of an attack or pressure using conventional means and non-standard actions (terrorism, organised crime, cyber attacks, informational and psychological warfare, instigation of social and ethnic tension). Of the three Baltic states, Latvia appears to be the "weakest link" in terms of security. It has the smallest military and the lowest defence spending (a tendency that has been exacerbated by the economic crisis). It also has the largest Russian-speaking minority among all the Baltic states (35%).

In **Estonia,** a direct military challenge to the country's territorial integrity now or in the future is regarded as being an unlikely possibility. However, Estonia does not rule it out in the longer term, taking into consideration Russia's rising military potential and its increasingly assertive policies. The Estonian leadership believes that it may become a target of external pressure aimed at discrediting the Estonian government and/or forcing it to take foreign and security policy or economic decisions that will run counter to Estonia's interests. Pressure involving military means may be combined with the use of economic instruments, cyber attacks or attempts at causing internal destabilisation. According to Estonian politicians, asymmetric regional development and ethnic divisions within Estonian society may potentially undermine the country's cohesion, as demonstrated by the riots over the Bronze Soldier monument.

The Baltic states consider the presence of the **United States** in the region to be key and highly important for the regional balance of power. In their view, only the US currently has the means and the political will to act in the event of a political crisis/conflict with Russia in the region. The Baltic states are therefore seeking for the US presence in the region to be stepped up and want to develop close military relations. They are also looking for their "specialisations" and global security topics on which they could co-operate with the United States. For them, the US presence in the region does not appear to be diminishing but, on the contrary, has slightly increased in recent years with the international military exercises conducted by the US (Sabre Strike), US participation in

exercises organised by the Baltic states (Baltic Host, Amber Hope) and exercises within NATO and Partnership for Peace frameworks. Military co-operation between the Baltic states and the US includes armed forces training (e.g. JTAC) as well as material and financial assistance. Lithuania, Latvia and Estonia have been trying to identify their "assets" and domains in which they could co-operate more closely with the United States. **Latvia** specialises in expanding its potential as a transit country and co-operates with the USA on the use of the Northern Distribution Network (NDN). It should be noted that the other Baltic states are also active in this area. Latvia has been trying to get involved in the co-ordination of transport with Russia and the Central Asian states; and has pledged to work more actively on the update of the EU Strategy for Central Asia. **Estonia** has been emphasising its expertise in cyber security issues as its speciality within NATO and an asset in relations with the United States (through the activities and promotion of the Cyber Defence Centre of Excellence (CoE) in Tallinn). **Lithuania** has been making efforts to obtain NATO accreditation and CoE status for the Energy Security Centre established in Vilnius.

The Baltic states treat membership in **NATO** and Article 5 as the foundations of their security. Commitments to the collective defence of the Baltic states under Article 5 have been strengthened by the 2010 annex to the contingency plans for Poland (Eagle Guardian), but the question of the staff and field exercises needed to enable the implementation of those plans remains open. The priorities for the Baltic states currently include: (1) continuation of the Baltic Air Policing mission; in this regard, the decision of the Chicago NATO summit to extend the operation on the condition that Lithuania, Latvia and Estonia increase their financial contributions can be considered a success; (2) increasing NATO visibility in the region through NATO and PfP exercises involving allied forces; (3) investments in military and civil infrastructures (development of airfields and ports) with a view to enhancing the ability of the Baltic States to accept allied military and civil assistance (Host Nation Support/HNS), as well as the participation of allies in the Baltic states exercises related to HNS (Baltic Host, Amber Hope); (4) the presence and activities of broadly understood NATO infrastructures i.e. Centres of Excellence that have the status of international military organisations (in Estonia and, in future, in Lithuania); (5) strengthening the NATO partnerships policy in view of the development of military relations between the Baltic states and Sweden and Finland; (6) strengthening the position of the Baltic states within the Northern Distribution Network (NDN). While the Baltic states benefit economically from the NDN, they treat the movement of US cargo – and that of other allies – via their territories, sea ports and airports as an additional security-enhancing factor, since the NDN positions them as important partners for

the USA (at least until 2014), especially considering the closed transport route via Pakistan. However, for political and economic reasons, participation in the NDN is also an area where the Baltic states, and especially Lithuania and Latvia, are in competition with each other. Involvement in foreign operations is seen in the Baltic states as their contribution to collective defence within NATO and a way to maintain good relations with the United States.

The Baltic states were initially sceptical about the development of the **EU** security policy and treated the CSDP as a rival project for NATO, however, in recent years they have started to perceive the CSDP instruments (EUBG, joint acquisitions, research co-operation under EDA, joint operations, development of civil-military capabilities) as conducive to integration and co-operation within the EU, and as enhancing cohesion among the member states. Participation in the EU Battle Groups in particular is seen in Lithuania, Latvia and Estonia as an opportunity to step up co-operation with priority partners. However, the three countries believe that the development prospects of the CSDP are dependent on the largest members of the EU.

3.2. Armed forces and the arms industries

The Lithuanian Armed Forces are small (8,500 troops; 15,700 including the home guard) and are treated as an instrument of state policy. Since their professionalisation in 2008, there most probably are no plans for expansion through mobilisation during wartime. The Lithuanian military includes the regular armed forces (the Land Forces, the Air Force, the Navy and the Special Forces, which operate as an independent service branch) as well as volunteer home guard (National Defence Volunteer Forces). Its units are poorly equipped (even accounting for size), but relatively well-trained. Military spending has been systematically falling back in recent years, from 1.2% of GDP in 2007 to 0.8% of GDP (US$ 350 million) in 2011. 85% of the military budget is spent on current activities. In 2012 Lithuania committed itself to gradually increasing the military budget, with a view to achieving a level of 2% of GDP. In 2010, the Lithuanian Armed Forces completed the reforms aimed at adaptation to NATO standards. The changes planned and implemented in recent years have been scattered and limited to technological upgrades designed to enhance defence capabilities (airspace surveillance and coastal water patrolling) and Lithuania's ability to take part in multinational foreign missions.

The Land Forces are the main service branch, with the well-developed "Iron Wolf" infantry brigade at its core. It possesses a limited quantity of heavy

armament and military equipment. The only significant items of equipment include older types of armoured personnel carriers, 105 mm howitzers and 120 mm mortars. Technological upgrade plans are in place mainly for the "Iron Wolf" brigade which is being prepared to take part in foreign operations and its equipment is being gradually modernised. In operational terms, the National Defence Volunteer Forces are an integral part of the Army. **The Air Force's** main task is to provide logistic support for the operations of the Land Forces and the Special Forces (a squadron of transport aircraft and helicopters); and its capability to train pilots of combat aircraft or to carry out combat operations against targets on land or at sea is merely symbolic. The Air Force includes an air defence battalion whose armaments allow it to counter low-flying targets. The Air Force modernisation plans are focused mainly on the combat service support component (e.g. the purchase of new helicopters and an upgrade to the radar station are under consideration). **The Navy** has limited patrolling and mine countermeasures capabilities. At its core are a mine countermeasures squadron and a patrol boat squadron. In future, the MCM squadron is expected to adapt to co-operate within NATO. **The Special Forces** have been established as a separate service branch mainly in view of Lithuania's ambition to mark its presence on foreign operations. It has been deployed in NATO operations (including in Afghanistan).

The Lithuanian Armed Forces have no capability to independently engage in regular defence of country's territory, and remain fully dependent on allied support in this respect. However, the potential of the regular forces and the volunteer formations enables them to carry out non-regular operations (including guerrilla warfare in areas occupied by the enemy). The Lithuanian military's capability to be deployed on missions abroad is limited. The Lithuanian Armed Forces can only participate as part of contingents of other countries.

Lithuania has no arms industry except for two electronics companies that provide services to the military (Elsis, Euroelektronika). The country's civil material and technological resources enable the armed forces to carry out basic inspections and small overhauls of some types of equipment. The Lithuanian Armed Forces are fully dependent on external supplies of armament and military equipment.

The Latvian Armed Forces have a very small potential (5,000 troops in peacetime with the capacity to expand to 50,000 during wartime), and are treated as an instrument of state policy. They include the regular armed

forces (the Land Forces, the Air Force and the Navy) and voluntary home guard (the National Guard, which in operational terms is part of the Land Force). The Latvian Armed Forces were professionalised in 2007. It is poorly equipped but relatively well-trained. Military spending has decreased in recent years from 1.5% of GDP in 2007 to 1.0% of GDP (US$ 290 million) in 2011. 80% of the military budget is spent on current activities. The new National Defence Concept adopted by the Latvian parliament in May 2012 includes a provision that the military budget should be gradually increased to reach a level of 2% of GDP by 2020. Under the Armed Forces' multiannual development plan to 2020, the objective is to complete adaptations to NATO standards and preparations for participation in international operations as part of multinational forces. As regards measures directly related to defence of the country's territory, Latvia is developing its radar protection system, mainly, however, in the maritime area.

The Land Forces are the largest service branch of the Latvian military. At its core is an infantry brigade which is serving as the foundation for the formation of a mechanised brigade, earmarked for deployment within multinational forces (the brigade is expected to gain operational readiness in 2017). The Land Forces have hardly any heavy armament (and no plans to acquire any) or military equipment (barely a dozen armoured personnel carriers and a limited number of 120 mm mortars). The Land Forces are primarily equipped with low-calibre weapons and portable weapons. **The Navy** has a relatively high capability to patrol coastal waters, and a limited mine countermeasure capability. Its main equipment includes patrol boats (new vessels are being put into service) and mine warfare vessels. **The Air Force** does not have a combat component. Its only squadron has no fighter aircraft or helicopters capable of performing combat tasks. The air defence squadron can only counter low-flying targets. No development of the Air Force is envisaged in the military's modernisation plans. The Latvian Armed Forces have no capabilities to independently engage in regular defence of country's territory, and remain fully dependent on allied support in this respect. However, the potential of the regular forces and the volunteer formations enables them to carry out non-regular operations (including guerrilla warfare in areas occupied by the enemy), provided they receive weapons supplies from outside. The Latvian Armed Forces have a limited ability to take part in operations abroad (they can do so only within the contingents of other states).

Latvia has no arms industry apart from the shipbuilding sector – the Riga Shipyard builds new patrol boats for the Navy. The country's civil material and technological resources enable the armed forces to carry out basic inspections

and small overhauls of some types of equipment. Otherwise the Latvian Armed Forces are fully dependent on external supplies of armament and military equipment.

The Estonian Armed Forces have a very small potential (5,000 soldiers during peacetime, with a relatively high mobilisation capacity during wartime – 30,000 regular troops, or 150,000 including the volunteer home guard), and are treated as a guarantor of the state's security. They include the regular forces (cadre in peacetime), i.e. the Land Forces, the Air Force and the Navy, as well as the volunteer home guard (the Defence League). The Armed Forces are poorly equipped but relatively well-trained (the regular forces and the Defence League units train systematically). Military spending has oscillated around 1.8% of GDP in recent years; in 2011 the military budget amounted to US$ 390 million. 25% of this budget is earmarked for investments. The Armed Forces development plan provides for comprehensive changes in its structure and equipment. The priority is to enhance capabilities to defend country's territory based on Estonia's own potential and on allied support, i.e. to develop the military infrastructures necessary for receiving and supporting the operations of allied forces (Host Nation Support), and – in the area of technological upgrades – to increase the combat capabilities of air defence.

The Land Forces are the largest service branch of the Estonian military, with an infantry brigade constituting its core during peacetime (during wartime, four brigades are supposed to be deployed). It possesses older types of heavy armament (Pasi/Sisu XA-180/188 armoured personnel carriers received from the Finnish Armed Forces and towed artillery donated by Finland and Sweden) in limited quantities which are nonetheless sufficient to equip a brigade and artillery units. Plans are in place to equip units with newer types of equipment, including anti-aircraft missile launchers and light Eurocopter EC-135 helicopters, as well as new tanks and new types of anti-tank weapons. **The Air Force** is currently being formed and is not a significant formation. Its only mixed squadron serves solely as a transport unit catering to the needs of the Land Forces. Estonia has no air defence measures, and the Amari air base is its only major military facility. By 2014, the first short-range air defence missile squadron is to be formed and radar stations are to become operational. **The Navy** possesses limited mine countermeasure capabilities. No Navy development plans are in place. The priority is to modernise the Tallinn and Paldiski marine bases with a view to potentially receiving allied forces there. The Armed Forces have a limited capability to independently defend the country's territory. With respect to air and maritime operations, they remain fully dependent on allied

support. However, the well-developed mobilisation capacity and the volunteer formations offer Estonia relatively good capabilities to carry out irregular operations (including guerrilla warfare in areas occupied by the enemy). The Estonian Armed Forces have a limited ability to take part in operations abroad (they can do so only within the contingents of other states).

Estonia has no arms industry. The country's civil material and technological resources enable the armed forces to carry out basic inspections and small overhauls of some types of equipment. The Estonian Armed Forces are fully dependent on external supplies of armament and military equipment.

III. THE VISEGRAD GROUP

1. VISEGRAD CO-OPERATION

1.1. History and the current status of co-operation

In the 1990s co-operation within the Visegrad Group (V4) was seen as a way of developing good neighbourly relations, but the primary objective was to buttress the process of the members' integration with the EU and NATO. The shape and intensity of co-operation was determined by how useful the political elites of V4 considered the Group to be in foreign policy. The initial scepticism about closer defence co-operation was motivated in part by fears that NATO could view the development of V4 as an alternative to full membership. Besides this, the priority of the V4 members was on developing co-operation with their Western allies. Co-operation stalled in the mid 1990s largely because the then Czech government was generally ill-disposed towards the development of V4. Better prepared to NATO membership than the other partners, Prague thought that a politically strengthened V4 could potentially be a burden on its path towards the Euro-Atlantic structures. When the invitation to join NATO was finally on the table, it provided an impulse for resuming co-operation. Another impulse came from the need to politically and militarily support Slovakia, which was lagging behind in terms of integration. V4 works, conducted within six working groups, served primarily to exchange information and co-ordinate the process of NATO accession. After Slovakia caught up and joined NATO in 2004, one of the motivations to develop regional co-operation disappeared and in 2005 Poland, the Czech Republic and Slovakia disbanded the staff of their joint brigade, the formation of which had been intended as a means of supporting Slovakia's accession.

Thus, accession to NATO initially caused activity within V4 to subside. Developing closer relations with the Western allies was the priority, and divergences of interests among the V4 members resurfaced. While it appeared that closer co-operation might be possible **at least in the domain of military technology,** i.e. that V4 could work together on upgrading Soviet-made military equipment (such as the T-72 tanks), even in this area the divergences of interests proved difficult to overcome. The agreement to co-operate on the Mi-24 helicopters upgrade, concluded in 2002, was thought to be of major significance. It provided for the upgrade of around one hundred helicopters in Poland. In 2003, however, the Czech Republic withdrew from the project. Its decision had been influenced by the stance adopted by Russia, which refused

to grant Poland the necessary licences and favoured bilateral talks with the individual V4 members.

As far as acquisitions of new armament and military equipment are concerned, the V4 countries have been focused mainly on their domestic production and the products of Western European and US companies which could also provide offsets and technology transfers. The particular interests of individual states prevailed in practice, the failure of co-operation on the acquisition of new fighter aircraft being the prime example (Poland eventually purchased the F-16, Hungary and the Czech Republic leased the JAS 39 Gripen, while Slovakia kept its MiG aircraft and received 12 new MiG-29A/UB as part of its debt settlement with Russia). A new opening in co-operation with regard to armament and military equipment became possible only in 2009 when the V4 established four working groups co-ordinated by its members: the group on the protection against weapons of mass destruction (co-ordinated by the Czech Republic); the "21st Century Soldier" project (co-ordinated by Poland); the group on air and missile defence modernisation (co-ordinated by Slovakia); and the group on strategic transport (co-ordinated by Hungary). Co-operation was intended to include to consultations, information exchange, a harmonisation of national rules and the creation of concept documents. However, the parties failed to implement joint research projects, to carry out joint upgrades and acquisitions or to jointly use training centres. The output of the working groups was limited to consultations and declarations. The political will was lacking, partly because the partners had limited confidence in one another and were afraid to locate production capacity abroad. However, it was not so much strategic and defence considerations that were decisive, but rather social and political reasons: the partners wanted to avoid layoffs in the arms industry.

Political co-operation in NATO, on the other hand, has been developing smoothly – the V4 states are all particularly interested in strengthening NATO's defence capabilities and in transatlantic co-operation, as demonstrated by their declaration "Responsibility for a strong NATO", adopted ahead of the NATO summit in Chicago in May 2012. During works on NATO's new strategic concept that was adopted in 2010, all the V4 members worked together to make sure that the document emphasises NATO as a collective defence alliance, and also to call for updates of contingency plans and to promote the principle that seats of NATO institutions should be distributed evenly between the old and the new member states. The V4 states also sought to highlight the significance of NATO's role as an important transatlantic forum for consultations on the territorial integrity, political sovereignty and security of its member states (Article 4), and argued

that the "open door policy" should continue. This does not mean, however, that the defence policies of the V4 countries were fully aligned. The differences in the perceptions of immediate threats within V4 are small enough for the members to act together as a regional group within NATO (usually with the Baltic states). They are, nevertheless, large enough for cohesion to be difficult to achieve in political and military initiatives that extend beyond the framework of NATO or the EU. For example, V4 has been split on the project to build elements of the US missile shield in Poland and the Czech Republic. Poland not only failed to persuade the other V4 partners to back those plans, it also failed to abate their objections to this project. Under leftist governments, Slovakia and Hungary expressed understanding for Russia's reservations. While the talks with the United States on this project did result in more intensive relations between Poland and the Czech Republic and the two states kept each other informed about the ongoing negotiations, they did not co-ordinate their actions, despite declarations of their willingness to co-operate more closely. The respective attitudes the V4 countries have towards Russia have been different; they have all supported Ukraine's and Georgia's membership ambitions more (Poland and the Czech Republic) or less (Hungary) actively. Although the V4 governments had all acted in a similar manner during the Russian-Georgian war in 2008, their perceptions of it varied, especially with respect to the policy that NATO should adopt towards Russia in its aftermath (Poland and the Czech Republic took tougher stances).

Military co-operation has seldom taken the form of closer co-operation among the V4 on NATO's foreign operations (there have been no significant collaboration other than the Czech-Slovak battalions in the KFOR and OEF operations, and the presence of Slovaks and Hungarians in the Polish sector in Iraq). Individual V4 members were more focused on developing co-operation with the "old" members of NATO. The Czechs operated in the British sectors in Bosnia, Kosovo and then Iraq, and a Czech brigade was deployed with the 1st British division within NATO's ARRC corps, while the Hungarians co-operated with Italy. Nor was any closer co-operation established in Afghanistan between the V4 contingents, despite some attempts in that direction and despite the fact that they had complementary capacities. However, the requirements of the Afghanistan mission did trigger broader training and operational co-operation among the states that possess the Mi helicopters. In 2009, the HIP Helicopter Task Force was launched, which involves V4 as well as Spain, Norway, the UK and Albania, and is co-ordinated by the Czech Republic.

The armed forces of V4 states are also co-operating within NATO's institutions in Central Europe. V4 officers make up a substantial proportion of staff

at the Joint Force Training Centre (JFTC) in Bydgoszcz, Poland, where the commander is a Slovak, and the chief of staff is Czech, and the same applies to the command of the 3rd NATO Signal Battalion (3NSB) currently being created in Bydgoszcz. Czech and Slovak platoons are part of the Multinational Military Police Battalion (MNMPBAT, expected to be accredited in 2012). Regional partners will certainly also be heavily involved in the Military Police Centre of Excellence, currently being established in Bydgoszcz (even though this is an area in which Romania also specialises). The Czechs want their regional partners to be involved in the creation of the MATC training centre for helicopter pilots. However, Poland and Hungary are the only V4 partners to participate in the SAC consortium that operates transport aircraft from a base in Hungary.

Co-operation within the EU. As new EU Member States, the V4 countries initially decided not to build a joint Battle Group. Slovakia joined the Polish--German-Lithuanian-Latvian Battle Group, and the Czech Republic created a BG with Germany and Austria (later joined by Croatia, Macedonia – on duty in the second half of 2012), while Hungary created a BG with Italy and Slovenia. A Czech-Slovak Battle Group was also created (on duty in the second half of 2009) but owing to the Slovak side's tardiness and its inadequate delivery on commitments, this was not a positive experience.

In January 2007, the armed forces chiefs of staff meeting in Sliač, Slovakia, discussed the concept of a Visegrad Battle Group (also involving Ukraine). The partners pointed to the need to take into account complementariness between the NATO Response Force and EU actions. However, concept works dragged on between 2007 and 2011, the Hungarian part was making very slow progress on the feasibility study, and the V4 countries were not able to pledge the capacities crucial for the Battle Group's functioning. In addition, Hungary was inclined to adopt a lower level of ambition for the V4BG than envisaged in the EU rules on Battle Groups. The project gained momentum only in May 2011 when the meeting of defence ministers in Levoča, Slovakia, restated their commitment to the creation of a V4BG that could begin its first duty in the first half of 2016. On the same occasion the partners said they expected Poland to take the role of the framework state. Further progress was made during the Czech presidency in the V4 (2011/2012). The Czechs put forward a proposal for closer V4 co-operation under the CSDP (with a view to the development of Battle Groups), backed the creation of a V4BG that would match the EU's maximum level of ambition with a significant contribution from the V4 states, and suggested that it could become a permanent structure whose logistic facilities could also be used in other initiatives. The capabilities pledged by the Czechs were probably decisive in overcoming the

impasse created by the fact that Slovakia and Hungary on their part did not contribute adequate capabilities. Ultimately it was decided that Poland would deploy 1,200 troops as the framework state, the Czech Republic – 800 troops, Slovakia – 400 troops and Hungary – 350 troops. The Czechs have pledged to contribute and manage a medical component and to provide MEDEVAC using a CASA aircraft or STRATEVAC (where an Airbus 319 can be used to transport the wounded), as well as a mine clearance company, an explosive ordnance disposal unit, a helicopter unit and logistic facilities complete with a Medium Cargo platoon and a Movement Control team. The Czech side has also expressed its readiness to deploy a combat unit in Pandur armoured vehicles.

1.2. Attitudes towards co-operation

The rise of the pooling & sharing and smart defence concepts has prompted the V4 partners to start thinking about closer regional co-operation in the context of strengthening NATO and the CSDP. This does not mean, however, that motivations within the V4 are fully shared. While the catalogue of reasons raised by the political, ministerial or military circles in the states in question is in principle the same, there are variations in the role of different arguments and the distribution of where stress is laid. The arguments that are raised refer to: concern about the efficacy of the NATO security umbrella in view of the United States' waning interest in Europe (particularly important for the Czech Republic); NATO's crisis highlighted by the intervention in Libya (which the Czech Republic, Slovakia and Hungary are concerned about); eroding confidence in the EU in view of the euro zone crisis (important for the Czechs and the Hungarians); the perceived rise of Russia's power (demonstrated by the war in Georgia) and the growing sense of threat, exacerbated by historical experiences (mainly in the Czech Republic and Hungary); uncertainty about the direction of Germany's policy and its rapprochement with Russia (sporadically raised by the Czechs and the Slovaks); the necessity of further budget cuts (important for Slovakia, Hungary and the Czech Finance Ministry), or even closer co-operation as a useful political justification for more cuts (in Slovakia in particular); opportunities to consolidate the region and improve bilateral relations (noted by the Czech Republic, Slovakia and Hungary); and finally, opportunities to strengthen domestic arms companies in view of the liberalisation of the EU defence market and technological progress (especially important for the Czech Republic).

The Czech Republic is interested in developing deeper co-operation, including joint defence planning, which could lead to joint acquisitions and could generate savings. While the country regards the V4 as the primary regional format

for multilateral co-operation, in practice it prefers to develop bilateral projects which other countries may join if they are interested. The Czech Republic has significant expectations about developing co-operation with Poland, which Slovakia and Hungary could join (the Polish-Czech motor of V4), but co-operation with Austria, Croatia and Slovenia is also important for Prague. It was in this broader Central European format that the Czechs initiated the meetings of Foreign Affairs Ministry Directors (Regional Round Table on Capabilities Sharing) in 2011. Prague also wants the Baltic states to be involved in multilateral co-operation (V4+B3).

Slovakia is a natural regional partner for the Czech Republic, but two decades following the separation of the two countries, their armed forces now differ considerably while experiences from military co-operation so far are not constructive and adversely affect mutual confidence. The two states have announced that they will pursue closer co-operation, for instance on transport and logistics, military training or firing range maintenance. However, there is a great asymmetry in their respective attitudes towards more ambitious initiatives. Slovakia is relatively more open to large-scale co-operation concepts (joint acquisitions, air defence) that involve giving up certain capabilities to cut costs and letting an ally take over responsibility in the given area. The Slovak political elite lack determination with regard to financing defence. Bratislava is probably counting on concrete co-operation proposals from Poland and the Czech Republic. For example, the idea to extend allied air policing to Slovakia has been raised.

Military co-operation between Slovakia and **Hungary** has developed smoothly for years (despite tensions in bilateral relations), but it cannot be the driving force behind any more ambitious regional initiatives, if anything because of the two states' limited potentials. Under Victor Orbán's rule, Hungary expects initiatives and has explicitly declared its openness to co-operation with Poland, however, considering its economic situation, the country's capacity to develop such co-operation is rather limited, and Hungary's contribution to the V4BG to be created will probably be the group's weakest link.

2. THE CZECH REPUBLIC

2.1. Defence policy

The Czech Republic, neighbouring NATO allies and the neutral Austria, considers the likelihood of a military attack on its territory to be low, but it has emphasised that an attack on any of its allies would be a challenge to its own

security. It has also pointed out the growing risk of asymmetric threats such as cyber attacks, treats to critical infrastructure, or interruptions in strategic resources and energy supplies. The Czech Republic also regards Russia's ambition to build a sphere of influence using a combination of political, economic and military pressure, and the activity of the Russian secret services, as a threat to its own security and the security of its allies. Potential sources of problems include both politically motivated disruptions of the supplies of key resources and acquisitions of stakes in companies that manage critical infrastructures by risky economic actors. The Czech Republic is also concerned about the sustained high activity of the Russian secret services on its territory. However, Prague does not view Russia as a direct threat to its territorial security. The Russian-Georgian war polarised the Czech political scene. The centre-right government of Mirek Topolánek backed the Georgian side, while the leftist opposition argued that the government in Tbilisi was also partly to blame, and the Czech president Václav Klaus defended Russia's position.

The Czech Republic views the **United States** as its key partner and a guarantor of Czech and European security; it has striven for many years to obtain a US military presence on its territory. However, as the US withdrew from co-operation with the Czechs on the missile defence project, this prompted Prague to review its relations with Washington. The Czech Republic will readily participate in US global security projects, but it will no longer uncritically accept the US point of view. Prague puts a lot of emphasis on the development of technology co-operation with the USA – the signature of an agreement granting Czech companies direct access to the US defence market was a success in this area. The Czech Republic is concerned about the change of the US defence strategy priorities and views it as a factor diminishing its security. According to Czech experts, Central Europe should come up with concrete projects that could serve as a kind of investment in transatlantic relations and which would strengthen Central Europe's defence capabilities, including its expeditionary capabilities (the creation of V4BG could serve this purpose).

There is a strongly held conviction in the Czech Republic that membership in **NATO** and Article 5 safeguard the country's security and that, if under threat, the Czech Republic will receive assistance from its allies. The Czechs do not expect their own armed forces to be able to independently defend the country against an external threat, and count on the allied forces in this respect, with the Czech military tasked primarily with supporting the allied operation. According to Czech experts, however, this reasoning has led to deep cuts in the defence budget, which are not backed by any specific defence concept. Experts

predict that in the longer term, the only option for the armed forces of countries the size of the Czech Republic will be to specialise. Consequently, in some aspects the armed forces of those countries will depend on co-operation with their allies. The Czechs treat their involvement in foreign operations as a means of strengthening the guarantees of allied assistance, should the country come under threat. In the Czech view, collective defence and involvement in operations abroad are equally important and complementary. For this reason, the Czechs take their own participation in NATO operations seriously, considering it to be also a way to strengthen relations with the USA. Due to their limited military capabilities and the recent deep cuts in defence spending, the Czechs are now focused on the operation in Afghanistan. Another important project concerns the creation of the Multinational Aviation Training Centre (MATC) to be used by the NATO and EU countries for the training of helicopter pilots, ground personnel and instructors. Croatia is a partner on this project, talks are underway with Hungary, and an invitation is to be extended to Slovakia. The Czechs have been specialising in helicopter training for several years: since 2009 they have been co-ordinating NATO's HIP Helicopter Task Force (HHTF) and then the Helicopter Task Force Initiative, which involves the V4 states as well as Spain, Norway, the UK and Albania and consists in training and operational co-operation among countries that possess the Mi helicopters. The project is based in the Pardubice training centre which currently trains pilots from the Afghan army, among other activities. In 2012, the Czechs launched the first training course for Croatian and Czech pilots to prepare them for the mission in Afghanistan where they will train Afghan pilots on how to operate the Mi-17.

The **CSDP** does not feature prominently in debates on security and defence. The EU is regarded primarily as a guarantor of the region's stability, but not its security, therefore the Czechs are focused on co-operation within NATO. The Czech Republic formally backs projects under the CSDP. Its involvement, however, is limited to those actions that can at the same time constitute a contribution to NATO. This refers to the V4BG and likewise to the MATC.

The Czechs are keenly interested in developing **regional co-operation** and regard the V4 as the primary multilateral format. However, co-operation does not necessarily have to consist in large projects involving the entire V4, since such projects could stumble on a number of major obstacles. Prague is therefore advocating the development of bilateral projects which the other countries may join. Regional co-operation should generate savings and added value, although according to the Czech Defence and Foreign Affairs Ministries,

it should not serve as justification for more cuts in defence spending (which the Finance Minister is insisting on). Therefore, developing regional co-operation, apart from serving commitments within NATO, may also help a section of the Czech political class in their efforts to maintain defence spending and even to increase it in the longer term).

In reference to regional co-operation, the Czechs usually mention projects that concern co-operation among educational institutions, the joint use of firing ranges and training facilities (as a result of which the less effective units could be discarded); or joint projects of the arms sectors (e.g. the co-operation agreement between Česká Zbrojovka and Poland's Bumar concluded in 2011). The Czechs have also been raising questions about the feasibility and consequences of such closer co-operation. They are aware of the political problems involved in a decision to give up some capabilities and rely on an ally (such as the ally's possible refusal to deliver on commitments following a change of government or due to internal policy reasons). In the view of the Czech Republic, it is necessary that all parliamentary parties in the countries choosing to co-operate closely should agree on the scope of commitments regarding their allies, including the possibility to amend laws in order to transfer some responsibility for the defence of one's country to another state, or to use one's own armed forces in the territory of another state without having to launch lengthy procedures for foreign missions.

Apart from the V4, the Czechs also regard Germany, Austria and the Balkan states, including Croatia in particular, as their regional partners. Co-operation with Croatia enables the Czech Republic to present itself in the international scene as a mature partner transferring its experience to a newer NATO member. This approach is also reflected in the composition of the EU Battle Group (on duty in the second half of 2012), which includes, apart from the Czech Republic, also Germany, Austria, Croatia, Macedonia and Ireland. The Czech government is also interested in developing co-operation with the Baltic states, including in the V4+B3 format. The Czech JAS 39 jet fighters have participated in Baltic Air Policing, and Lithuania has expressed interest (in 2009) in purchasing the Czech-made L-159A ALCA aircraft around 2018.

2.2. Armed forces and the arms industry

The Armed Forces of the Czech Republic (21,700 troops in peacetime and 25–30,000 during wartime) possess a small potential and are treated as one of the instruments of state policy. Since 2004, it has been a professional

force. It consists of the combat component (Joint Forces), which includes the Land Forces and the Air Force, and the logistics component (Support Forces), which is a separate branch mainly in the technical and administrative sense. The Czech Armed Forces are relatively well trained and equipped, with strong logistic facilities but with a limited potential and capabilities, mainly due to its size. Military spending increased slightly in the late 2000s, but since 2009 it has decreased again from 1.6% of GDP to 1.1% of GDP in 2011 (corresponding to less than US$ 2.5 billion). More than 80% of the budget is spent on current activities. The priority for the current government is to consolidate public finance. Further cuts in military spending are therefore possible. The Czech Armed Forces have largely completed its reorganisation, which was to be implemented by the end of this year and aimed at adapting to NATO standards, developing expeditionary capabilities and creating a professional military. The upgrades carried out in recent years have been scattered and limited to technically expanding the capability to take part in multinational operations (the purchase of new transport aircraft and wheeled personnel carriers).

The **Land Forces** are the largest service branch of the Czech Armed Forces. At their core are two mechanised brigades, one of which includes an airborne battalion, it maintains a high level of combat readiness and is nominally a rapid response brigade. It is worth noting that the Liberec-based WMD protection battalion is the Czech Republic's speciality in NATO (and also its contribution to the NRF). The technological levels of the Land Forces' equipment vary. The only relatively modern equipment includes the Pandur II wheeled armoured personnel carriers, now being put into service; and to a lesser extent, the T-72M4CZ tanks upgraded in the Czech Republic, the BMP-2 infantry fighting vehicles and the DANA self-propelled howitzers. Most armament held by the Land Forces' units date back to the mid 1980s (infantry fighting vehicles, artillery). The **Air Force** includes a relatively well-developed (and versatile) combat component, and a support component. At its core there are four squadrons in charge of air defence (a squadron of JAS 39 Gripen multirole fighter aircraft and a squadron of the combat and training L-159 ALCA aircraft), and support for the Land Forces (a squadron of Mi-24/Mi-35 combat helicopters and a squadron of combat and training L-39ZA Albatros aircraft), as well as two brigades – an air defence missile brigade and a command, control and surveillance brigade. The tactical air force units hold modern equipment (JAS 39, L-159); the same applies to transport aircraft (four CASA C-295) and the ground component of air defence. However, the remaining aircraft of the Air Force are Soviet and Czech-made machines made in the 1970s and 1980s. The Czech leadership has not yet taken the final decision on the future of the JAS 39 fighters, on lease till 2015. A decision to extend

the lease will probably be taken already in 2012. The terms and conditions of the extension have already been agreed by the Czech Defence Ministry. Prague also plans to give up its combat helicopters and to specialise further still in transport helicopters (training, servicing, upgrades) with a view to developing capabilities beyond the needs of the Czech Armed Forces.

The ability of the Czech Armed Forces to engage in short-term, independent defence of country's territory through a combined air and land operation is limited. The reserve system created after universal conscription was abolished can expand the potential of the Czech Armed Forces in wartime to a limited extent only. Taking into account the combined potential of the Czech military, the Czech Republic has a relatively high capability to participate in operations abroad. This includes even the ability to deploy a relatively independent contingent with its own logistic facilities on site, but with limited ability to move to the operation theatre (as it has no means to transport heavy armament and military equipment).

The Czech arms industry has the potential to maintain world-class production in some segments. The Czech aerospace companies are doing quite well in free market conditions (e.g. the manufacturer of light combat aircraft – Aero Vodochody), as are the manufacturers of small arms and light weapons (Česká Zbrojovka, one of the largest manufacturers of this kind of weapons in Europe), ammunition (including tank ammunition), wheeled chassis (Tatra, also for mortars and multiple missile launchers) and radio electronics for air defence systems (Retia), radars (Ramet) and communication systems (Era). The Czechs have also preserved capacity in the area of overhauls and upgrades of tanks (VOP-25 and VOP-26) and helicopters (LOM Praha), which are sufficient from the point of view of the current needs of the Armed Forces. However, maintaining this capacity is difficult because the military has been placing no major orders recently (although the Czechs do try to supply their Armed Forces with domestic products), and because it is dependent on export sales (Česká Zbrojovka sells 90–95% of its production abroad).

3. SLOVAKIA

3.1. Defence policy

Defence policy is not a major topic of public debate in Slovakia. While strategic documents do take into account threats to the country's territorial integrity, they are not considered to be a prominent subject. Slovakia applies a broad

definition of security threats. This includes threats to energy and cyber networks, or the proliferation of weapons of mass destruction. The country is aware that the potential of its armed forces is insufficient to independently deliver the prime objective of defence policy, i.e. ensure the security of the state and its citizens, and that security can only be assured within NATO. For this reason, Slovakia emphasises the importance of collective defence, and has declared that it regards the security of its NATO partners as significant for its own security. The priority of Slovakia's defence policy is to deliver on its commitments in NATO. Bratislava does not view Russia as a threat to the security of its territory. However, it recognises that Slovakia's dependence on a single source of energy resource supplies is a problem for the country's energy security (Slovakia was heavily affected by the 2009 gas crisis). According to many Slovak experts, Russia is not a fully predictable country; nonetheless it is necessary to maintain dialogue with it and to foster the chances of partner relations between NATO and Russia. The Slovaks also believe that they should co-operate with Russia at the bilateral level, but debates are ongoing about the scope of such co-operation. While right-wing circles are quite cautious about it, experts with links to the ruling left-wing party argue that the two countries should develop economic co-operation (e.g. by extending the broad gauge railway). During the Russian-Georgian war the Slovak prime minister Robert Fico blamed Georgia for having provoked the conflict, but at the same time considered Russia's reaction to be excessive and called for an immediate ceasefire, while the Slovak Ministry of Foreign Affairs strongly criticised Russia.

The current Slovak leadership is reluctant to emphasise the key role of the **United States** for Europe's security, and is more willing to stress that it is NATO that guarantees the security of its members. Smer-SD, Slovakia's ruling party, emphasises collective defence within NATO, and presents relations with the USA in the broader context of the need to preserve transatlantic links. In 2009, Prime Minister Fico (who is back in office today) announced that as long as he remained the head of government, he would not allow the deployment of elements of the US missile defence in Slovakia. US-Slovak relations improved later on during Barack Obama's presidency (for example, in 2010 Slovakia agreed to receive three former Guantanamo Bay detainees). Nevertheless, Slovak experts are concerned about the eroding US presence in Europe, as they consider the United States to be the guarantor of stability in Europe and are aware of the European Union's limitations with respect to security and defence policy. According to Slovak experts, cuts in the US military budget mean that US support (including financial support) for Central Europe, which has hitherto enhanced its capacity to modernise the armed forces, will decline. Joint

transatlantic projects may also be at risk, and the EU will have to manage possible conflicts in its peripheries on its own.

During the works on **NATO's** new strategic concept, Slovakia argued that the interpretation of Article 5 should not be extended because this could create the risk that NATO will not be able to fulfil all its tasks, leading to a devaluation of its collective defence commitments. Participation in operations abroad is a way for Slovakia to deliver on its commitments as an ally, but it is also treated as an important element of the country's foreign and security policy, strengthening its international position and boosting its reliability. Despite the cuts in military spending, Slovakia has stepped up its military presence abroad in recent years, especially in Afghanistan. In addition, its priority has been also placed on these modernisation projects that are crucial for the involvement of the Slovak Armed Forces in NATO and EU operations. This also refers to Slovakia's contribution to the NRF and the Battle Groups. However, Slovakia has been criticised at home for its management of the participation of the Armed Forces in foreign operations. As a rule, the country deploys units formed *ad hoc*, which are then dissolved once they return from the mission. It has also been criticised for carrying out only those investments which are oriented towards expeditionary missions. Slovak experts believe that the country should specialise in one concrete domain, and focus, for instance, on the deployment of combat units or the development of engineering, chemical protection, or sapper units. The latter two types of operations have recently become a Slovak speciality.

In recent years Slovakia has demonstrated a reserved attitude towards the **CSDP**, based on the assumption that it has no added value for the Slovak Armed Forces. It is possible that the current government will decide to back the CSDP politically but, due to the deep cuts in defence spending, Slovakia will be able to get involved in the CSDP only to the extent to which the activities will be complementary with NATO projects.

The Czech Republic is Slovakia's natural partner for **regional co-operation**, not only in the areas of security and defence. Slovakia is also interested in developing co-operation within the V4, whose achievements hitherto are currently being presented as enhancing the state's security. Regional co-operation has even served as an example of measures that facilitate further cuts in defence spending during the coalition games under the previous centre-right government. However, Slovak experts are aware that the disparity of armament and military equipment possessed by the individual V4 members will considerably hamper joint projects. They believe that the modernisation and

replacement of land, aircraft and radar equipment is necessary in order to improve the opportunities for co-operation with the allied armed forces. New acquisitions would have to be financed from loans with repayment periods extending beyond the term of one government, and this is unrealistic at present. Slovakia is therefore likely to focus on projects that generate savings and which do not require major investments (e.g. joint exercises and training – Slovakia has been trying to convince its allies to use its special forces training range in Lešť). Alternatively it will specialise in specific domains, giving up some of its defence capabilities (though this is a less probable scenario). In recent years, Slovakia has co-operated more closely with Hungary, with which it maintains a joint contingent as part of the UN mission in Cyprus (UNFICYP). Bratislava also considers the Western Balkan states, including in particular Serbia – but also Montenegro and Croatia to which it is transferring its transformation experience – as partners for security co-operation. As regards Ukraine, while Bratislava supports the Euro-Atlantic ambitions in Kyiv's policy and backs the Eastern Partnership, it considers the country to be a rather unreliable partner for regional co-operation.

3.2. Armed forces and the arms industry

The Slovak Armed Forces (14,000 troops during peace, with limited ability to expand through mobilisation during wartime) have limited potential and are of little significance from the point of view of the state's policy. It has been a professional force since 2006. It consists of the operational component (the Land Forces and the Air Force), and the support component (Support and Training Forces). The Armed Forces' equipment is mostly of the older types, with limited capabilities and potential. Financial constraints have been hindering re-arming and do not allow the Armed Forces to train systematically (only units that maintain constant readiness train more or less regularly, mainly as part of joint projects with their Western partners). Military spending, which was centred around 1.5% of GDP until 2009, has been decreasing in recent years (to 1.1% of GDP in 2011 (corresponding to slightly over US$ 1 billion) and will probably continue to decrease in the coming years, or remain unchanged. More than 85% of the military budget is spent on current activities. The Slovak Armed Forces are continuing measures aimed at achieving full compliance with NATO standards (the Model 2015 programme). The changes are primarily designed to prepare units to serve within multinational forces (in a deteriorating financial situation this is happening mainly at the expense of other units). The second highest priority, i.e. participation in NATO's air defence system NATINADS, should be seen as a project which has increasingly slim chances of

being implemented, considering the deteriorating financial and technological situation of Slovakia's air force. Upgrades of equipment are not systematic and are limited to the equipment of the contingent serving in Afghanistan.

The **Land Forces** are the main service branch of the Slovak military. Its core consists of two well-developed mechanised brigades. It is worth mentioning that the special forces regiment has been operationally separated from the Land Forces and is subordinated directly to the General Staff. The Land Forces' equipment is at various technological levels; most items are either Slovak or Soviet-made and represent the technological standards of the mid-1980s. Even though the potential to upgrade is considerable, only maintenance and current overhauls are being carried out. The potential of the **Air Force** is limited and largely obsolete. At the core of the combat air units are the relatively modern MiG-29 fighter aircraft, but only four of them are used in operations. The fleet of Mi-17 helicopters is worth mentioning – it is used, for instance, in joint operations with the special forces regiment. The Air Force does not have any combat helicopters, though. The ground component of air defence has a relatively large capability (including a battery of long-range S-300 missiles) which fully shields the country's air space.

The Slovak Armed Forces have limited capabilities to independently defend the country's land territory. As regards air operations, they are fully dependent on allied support, as the Air Force's ability to carry out short tactical operations is merely symbolic. Following the abolition of universal conscription, Slovakia did not create any system to increase the number of troops during wartime, nor did it develop any other capability oriented primarily or exclusively towards defence of the country's territory. The country is continuing to develop the capability to use the Armed Forces abroad. However, the Slovak military has no ambitions to take part in operations other than participation in another country's contingent or a multinational contingent.

The Slovak arms industry to a large extent caters to the needs of the Land Forces (mainly with respect to weapons and munitions, but its products are not state-of-the-art. Most of them represent the technological standards of the mid 1980s. The dominant players are manufacturers of heavy armament and military equipment, including armour and artillery (ZTS corporation is a potentate), and manufacturers of missiles (Technopol), as well as providers of ammunition, including missiles (ZVS, Konstrukta). Slovak companies also manufacture radio-electronic equipment, optoelectronics and communication systems, albeit on a smaller scale (Konstrukta, Metrodat). Metapol Group is

noteworthy; this is a Slovak-Belarusian-Russian consortium that provides upgrade packages for infantry fighting vehicles. Maintaining the arms industry's potential is difficult due to the absence of major orders from the Slovak Armed Forces or potential importers.

4. HUNGARY

4.1. Defence policy

Hungary considers military threats in a wider security context. It is aware of global threats such as regional conflicts, the proliferation of weapons of mass destruction, terrorism, natural and industrial disasters, organised crime, drugs trafficking, migrations and the undemocratic actions of radical groups, but it also points to threats to the country's financial, energy and cyber security. Hungary believes the likelihood of a conventional armed attack against its territory to be low, although it warns of the danger of disregarding it. Budapest regards the stability of its Western Balkan neighbourhood to be particularly important for its own security. It is in Hungary's interests for the EU and NATO to step up their involvement in the region, as is the aspiration of the countries which neighbour them to become full members of the two organisations or to maintain as close relations as possible with them. Budapest advocates deeper co-operation between NATO and Russia, but also insists that such co-operation should take into account the interests of Central European states.

Hungary considers the **United States** to be its key ally in the area of security and defence. Budapest is interested in a sustained US presence in Europe and in a continuing transatlantic strategic partnership. The USA has supported the Hungarian Armed Forces in recent years, including with financial donations, and has equipped the Hungarian contingent in Afghanistan with 14 Humvee vehicles and has offered 32 used helicopters. Hungary views **NATO** and Article 5 as being the safeguards of its independence, sovereignty and territorial integrity. The country has also been raising the question of expanding the possibilities of consultations under Article 4. Budapest backs greater EU activity in the areas of security and defence. One of the priorities of the Hungarian Presidency in the EU Council (first half of 2011) concerned deeper integration in the area of security and fostering NATO-EU co-operation. Hungary takes part in NATO and EU missions, both military and civil. Its priority is on the stabilisation of the Western Balkans and their integration into Euro-Atlantic structures. Hungary has a relatively extensive military presence in the region (KFOR, EUFOR ALTHEA), and is also involved in the mission in Afghanistan.

Budapest pursues **regional co-operation** with all of its neighbours within the framework of NATO and the EU, or under bilateral agreements. With Slovakia, it conducts joint training of military personnel (e.g. pilot training). A Hungarian-Slovak unit has served on the UN mission in Cyprus since 2001. Hungary, Romania, Slovakia and Ukraine jointly created the Tisa engineering battalion in 2002. Those countries' commands have been working on methods for joint response in the event of a natural disaster in the Tisa river region for a decade, but it is unclear if the unit could be practically deployed in a crisis situation because the relevant legal regulations are lacking. A Romanian-Hungarian peacekeeping battalion created under a 1998 agreement became operational in 2000. However, while it has been engaged in joint exercises, it has never been deployed on a mission. Since 2007, Hungary has been participating in an Italian-led EU Battle Group with Italy and Slovenia (the Group is a successor of a former joint brigade created by the three countries). Hungary also is developing close defence co-operation with Croatia and Serbia. Budapest has emphasised the need to support the Euro-Atlantic aspirations of Western Balkan states, also in the V4 forum. It has been arguing that NATO should keep its "open door policy" in place for the Western Balkans. The government of Viktor Orbán has put greater emphasis on regional co-operation, especially within the V4, than its left-wing predecessors. However, the potential for co-operation has been seriously impeded by the country's economic situation which prevents Hungary from adopting an ambitious approach to the creation of the V4BG (Hungary is less actively involved in the project than the other V4 members).

4.2. Armed forces and the arms industry

The Hungarian Armed Forces are small (19,000 troops in peacetime, limited ability to expand through mobilisation during war), have a limited potential, and are of little significance from the point of view of the state's policy. They have been a professional force since 2004. They consist of the Land Forces and the Air Force, as well as support and combat support units subordinated directly to the Joint Forces Command (the separate commands of individual service branches were dismantled in late 2006). In wartime conditions, the Border Guard (10,000 troops) of the Ministry of Justice and Public Administration may also be deployed to support the Armed Forces. The Hungarian military is mainly equipped with older types of armament and military equipment, which offer limited potential and capabilities. Due to financial constraints, it has been facing difficulties in re-arming, and has not been able to train systematically (only the units that maintain constant readiness train more or less regularly, mainly as part of joint exercises with their Western

partners). Military spending has decreased in recent years from 1.3% of GDP in 2007 to 1.0% of GDP in 2011 (corresponding to nearly US$ 1.4 billion). More than 85% of the military budget is spent on current activities. Hungary has committed itself to keeping military spending at the current level in 2013–2015 and to increasing it, starting from 2016, to 1.39% of GDP by 2022. The principal objective of the Armed Forces reform plan to 2016 is to increase its interoperability within NATO and to re-arm. However, because of the financial constraints, upgrades have been limited to what is necessary to meet the needs of the Hungarian contingent in Afghanistan (Hungary has suspended acquisitions of new armament, the construction of the third NATINADS radar station and work on the guided missiles for the JAS 39 fighter aircraft). The directions the future development of the Armed Forces will take are unclear at the moment.

The core of the ground component of the **Joint Forces** consists of two infantry brigades. Their heavy armament and military equipment are all Soviet-designed and made, and represent the technological standards of the mid-1980s; and they are decreasing in quantity. Basic equipment includes the T-72M tanks (only 14 remain in service), the BTR-80A armoured personnel carriers and the now obsolete D-20 gun-howitzers. The priorities for modernisation are unclear. Upgrades are carried out in response to current needs (a limited upgrade of the BTR-80 armoured personnel carriers was launched in the mid-2000s, but was interrupted by the financial crisis). The Air Force and air defence troops are organised in two bases: the fighter aircraft base (JAS 39 Gripen multirole fighter aircraft) and the helicopter base (the Mi-24 combat helicopters and the Mi-8/Mi-17 transport helicopters), and also include an air defence missile regiment and a signal and command and control support regiment. Except for the state-of-the-art JAS 39 fighter aircraft leased from Sweden (the lease agreement was extended to 2026 in 2012) most of the equipment represents the technological standards of 1970s-1980s. Due to the need to cut costs, the relatively modern MiG-29 fighters were put out of service. At present an extension of the JAS Gripen lease and upgrades of the worn-out Mi-8/Mi-17 helicopters or potential acquisitions of their successors make up the entire development concept of Hungary's Air Force. The drastically constrained pilot training programme is noteworthy – except for the JAS 39 and transport helicopter pilots, Hungarian pilots exercise mainly using training facilities.

The Hungarian Armed Forces have limited capabilities to independently defend the country's territory through a short regular operation. Hungary has abolished universal conscription, but it has not created any alternative system to significantly expand the number of troops in wartime, nor has it developed

any other capability oriented primarily or exclusively towards defence of the country's territory. It is continually working to develop its capabilities to deploy its Armed Forces on foreign missions. However, the level of ambition with regard to foreign deployment is limited to participation in multinational contingents or those of other countries.

The Hungarian arms industry has a small potential and is not capable of catering to the needs of the Armed Forces. Its products represent the technological standards of the mid-1980s and include, primarily, radio-electronics (ArmKom, Radiant, Videoton) as well as vehicle and equipment for engineering troops and WMD protection units (Csepel, Raba). In 2008 Raytheon opened a service and maintenance centre for the AGM-65 Maverick missiles, i.e. one of the basic types of armaments for the JAS 39. A potential modernisation of the Armed Forces would have to rely entirely on imported equipment. In 2012, the Defence Ministry released its Arms Industry Modernisation Plan, the objective of which is to enhance the ability of domestic manufacturers to cater to the needs of the Armed Forces and to expand the state's role in the arms industry. Given the current financial situation, the plan should be treated mainly as a declaration of intent, and not a basis of real change in the arms sector.

IV. ROMANIA AND BULGARIA

1. ROMANIA

1.1. Defence policy

The strategic context of Romania's policy is defined by the challenges in the Black Sea region and the Western Balkans and, more recently, also in the Middle East. The priority objective of Romania's defence policy is to consolidate the country's membership in NATO and the EU – the pillars of Romania's broadly understood security – and to deepen the strategic partnership with the United States. Romania traditionally views Russia as a rival – with the geopolitical affiliation of neighbouring Moldova being the object of this rivalry – and as a source of problems in the Black Sea region. It has been calling for an "internationalisation" of the Black Sea region, i.e. a stepped up US and EU presence in that area, viewing this as an opportunity to expand its own influence and to enhance the security of the entire region. For this reason, Romania has been a determined advocate of Ukraine's and Georgia's accession to NATO, and has lobbied for Moldova's and Turkey's membership in the EU.

Romania's location between the Western Balkans, the Black Sea region and the Middle East offers opportunities to build the country's international position (including through co-operation with the USA) and to achieve economic development (the prospects of goods and resources transit from the Caspian region). However, it also generates a relatively high level of threat, among which Romania counts international terrorism, the proliferation of weapons of mass destruction, the development of missile programmes, and organised crime. Romania also views Russia as a source of problems in the Black Sea region because of Moscow's direct or indirect involvement in the so-called "frozen conflicts" in Transnistria and the Caucasus, and also because of Russia's withdrawal from the Treaty on Conventional Armed Forces in Europe and its continued criticism of NATO's plans to build a missile defence system. Moldova, lost by Romania to the Soviet Union in 1940, is a special area of rivalry between Romania and Russia. The Romanians stand by the principle of Moldova's territorial integrity and have been objecting to the presence of Russian troops in separatist Transnistria. The Russian context also determines Romania's relations with Ukraine. Even though tensions exist between the two countries – for example over respecting the rights of national minorities – Romania has consistently backed the prospect of Ukraine joining NATO and the EU, fearing that otherwise Ukraine will find itself in the Russian sphere of influence.

While Romania considers Russia to be generating problems in the region, it does not believe that Russia poses a direct threat to the security of its territory. The 2008 Russian-Georgian conflict did not affect the Romanian perception of threats – it only reaffirmed the original assumptions of Romania's defence policy, according to which the risk of destabilisation in the region is high. Finally, internal factors also come into the broadly understood concept of Romania's security. These include: issues related to ineffective state institutions, corruption, problems caused by the economic crisis, and energy security (in connection with Romania's aspiration to become the EU's gateway for Caspian resources).

The United States is Romania's most important security and defence partner, and the two countries maintain close military relations. In 2006 Romania signed an agreement under which it granted US forces access to its military bases as part of the Task Force East initiative (the Kogălniceanu airfield and the Constanța sea port serve as transit and logistics bases for US troops deployed in Afghanistan and, previously, in Iraq) and, in 2011 the two countries concluded an agreement on the deployment of an SM-3 missile launcher, which forms part of the US missile defence system, at the airfield in Deveselu. Co-operation with the USA also includes joint military exercises, US financial assistance in the modernisation of Romania's Armed Forces, and close intelligence co-operation. Romania considers its co-operation with the United States to be a factor strengthening its position in the region. For the US, Romania is the single most important partner in South-Eastern Europe, providing transit and logistic support for the operations in Afghanistan, the Black Sea region and, potentially, in the Middle East. The ongoing transformation of the US security strategy is seen in Romania as an opportunity rather than a threat, since the country is benefiting from the diminishing US involvement in Western Europe. For the last two decades, the Romanian political elite has maintained a broad consensus about the need to preserve close relations with the United States. However, the scale and dynamics of the political war that has been in place since mid-2012 between the centre-left government and the centre-right president may result in the internal disputes expanding into the foreign policy area, and would thus weaken the pro-US line of Romania's foreign policy.

Romania advocates maintaining **NATO's** military character and regards Article 5 as the organisation's foundation. It considers the deployment of elements of NATO infrastructure (the missile defence system) on its territory to considerably enhance its security. It has, however, been stressing that NATO should take new threats into account, including the challenges related to the security

of energy resource supplies and cyber threats. Romania has not called for them to be also covered by Article 5, though. Bucharest views NATO's involvement in foreign operations as complementary to collective defence, and not in competition with it. The country's considerable and sustained participation in NATO's foreign operations is regarded as an important contribution to enhancing NATO's reliability and cohesion – and hence the security of Romania – and as an element of the alliance with the USA. It is also helpful in modernising and training the Armed Forces, and adapting them to NATO standards. Romania also attaches great significance to the "open door policy" and the development of NATO's partnerships, which for Bucharest are a way to build an area of security and stability in its neighbourhood.

Romania treats its contribution to the **CSDP** as an important instrument with which it can consolidate its position within the EU, but at the same time it emphasises that a strong NATO and strong transatlantic relations should be the foundation of security. In 2010 Romania had the third largest number of personnel deployed on EU missions (due to its large contribution to the EULEX mission in Kosovo), but currently its involvement in EU missions has subsided considerably (due to cuts in defence spending and the withdrawal from Kosovo). Romania also attaches great significance to the development of the military police, including in the European context; since 2009 it has been a member of the European Gendarmerie Force (EGF) co-created by France, Italy, the Netherlands, Spain and Portugal. It backs the EUBG initiative and participates in two Battle Groups: the Balkan BG (with Greece, Bulgaria and Cyprus, 2007) and the Italian-Romanian-Turkish Battle Group (2010). Romania attaches great political significance to regional co-operation in the Black Sea region, e.g. since 2009 it has been taking part in Black Sea Harmony, an anti-terror operation initiated by Turkey in 2004. Furthermore, twice a year it takes part in BLACKSEAFOR, an exercise of the navies of all the Black Sea countries. Romania also co-operates with its neighbours by participating in the joint peacekeeping battalion with Hungary, and the "Tisa" engineering battalion with Ukraine, Hungary and Slovakia.

Romania recognises the need for **closer political and military co-operation** in the region at present, mainly due to the economic crisis, which in Romania has triggered one of the deepest and longest recessions in the EU. Its preferred area of co-operation is in joint purchases of armament and military equipment – Romania has signalled its willingness to jointly purchase fighter aircraft with Bulgaria and Croatia; it has also signed an agreement on air policing with Bulgaria (September 2012). It also seeks to continue and to extend

military co-operation with Turkey which it sees as its key partner in the Black Sea region. This co-operation is important especially in the domains of missile defence and combating terrorism and illegal migration. In the Western Balkans, Serbia is the main partner with which Bucharest intends to develop co-operation on military exercises. Finally, Poland is Romania's relatively "youngest" partner for military co-operation.

1.2. Armed forces and the arms industry

The Romanian Armed Forces (73,000 troops during peacetime, 153,000 during wartime) have a large potential and are treated as an instrument of state policy. They were professionalised in 2007. The Armed Forces include an operational component (the Land Forces, the Air Force and the Navy) and support structures under the Joint Logistic Command, which are nevertheless operationally distributed among the different service branches. The Romanian Armed Forces have large quantities of armament and military equipment, but mostly of older types. Financial constraints have hindered their re-arming, and have also prevented systematic training (only the units that maintain constant readiness and the relatively well-developed special forces units train on a regular basis, usually in joint exercises with Romania's Western allies). Military spending has decreased in recent years (from 1.5% of GDP in 2007 to 1.3% of GDP, i.e. US$ 2.4 billion 2011). 90% of the military budget is spent on current activities. Romania is currently implementing a three-step modernisation of the Armed Forces. They are set to achieve full compatibility with NATO standards – also with regard to armament and military equipment – by 2015. By 2025, it is expected to develop logistic capabilities to increase its expeditionary capabilities and become relatively independent of its allies, and to achieve an equal technological level. Insufficient funding has hindered the implementation of those plans; therefore, the objectives will be attained later than planned and their scope will most likely be limited.

The Land Forces are the largest service branch of the Romanian military. At its core are three divisions structured into brigades (a total of nine general brigades, including two mountain infantry brigades). The mountain infantry brigades play a special role as, *inter alia*, the units from which the battalions taking part in combat operations in Afghanistan are recruited. The special forces regiment is also worth mentioning since it serves as the core of the Special Forces that also comprise units from the other service branches. The technological levels of the Land Forces' equipment vary, with most of the items representing the technological standards of the mid-1980s. The Piranha III

armoured personnel carriers are the only state-of-the-art items held by the Land Forces. Other items have only partly been upgraded, or are currently being upgraded. Except for the acquisition of the armoured personnel carriers mentioned above (which are mainly for the purposes of the mission in Afghanistan), the Land Forces' upgrade plans are reliant on the products of the domestic arms industry. **The Air Force** includes a comprehensively developed combat component and also support units. At the core of the Air Force are five combat squadrons and a surface to air missiles brigade. The equipment held by the Air Force is largely obsolete. Some upgrades were undertaken in recent years despite the financial constraints: the airlift units and the helicopter fleet are being upgraded as a priority (mainly for the purposes of ensuring support for the contingent in Afghanistan). Choosing the successors for the obsolete MiG-21 Lancer fighter aircraft (which have not been approved for operations with NATO joint forces) is the Air Force's greatest challenge. In June 2012 the Air Force disclosed a plan to buy 15 used F-16 jet fighters from the Dutch Armed Forces (provided the financial situation improves, Romania has plans to buy a total of 24 used and 24 new F-16s. The question of upgrading the ground component of air defence has not yet been resolved. **The Navy** has a relatively high strike capability (3 frigates and 7 corvettes) which is relatively modern for Black Sea conditions (even though it represents the technological standards of the mid-1980s). Romania has no submarine fleet, but it does have a strong river flotilla on the Danube.

The Romanian Land Forces and the Navy are relatively well-prepared to independently ensure regular defence of the country's territory and to secure Romania's interests in the Black Sea. The Air Force's ability to engage in independent operations is highly limited, making Romania dependent on support from its allies. In some respects, such as mountain warfare, the Romanian Armed Forces are also well-prepared to engage in irregular operations. Their capabilitiy to take part in operations abroad is also relatively good. In future, the Romanian Armed Forces should develop a capability to deploy an independent contingent (with its own logistic support).

Romania has a well-developed arms industry. Its main disadvantage, though, is that it lags behind technologically despite some improvements having been achieved by the acquisition of Western licences. The largest manufacturers of tanks, artillery, small arms and ammunition all operate under the umbrella of the state-controlled RomArm company (Mecanika, Ratmil Regie Autonoma, Roman, MFA SA Mizil). The Romanian arms industry also has the capacity to manufacture and upgrade aircraft, including combat aircraft,

and aircraft components (Avioane, Aerostar, which also produces armament for the Land Forces, Romaero), helicopters (IAR), aircraft engines (Turbomecanica, working under a Rolls-Royce licence), guided missiles (Aerofina), radio electronics for fighting vehicles, command and communication systems (Elektromagnetica, working under a German licence), communication systems (Elprof, working under a British licence), radar stations (UTI Systems in co-operation with Lockheed Martin) and optoelectronics (Pro Optica). The shipbuilding industry has experience in building all the vessel types currently in service in Romania's Navy (the Mangalia shipyard), but it has not been able to attain an adequate technological level.

2. BULGARIA

2.1. Defence policy

The strategic context of Bulgaria's policy is defined by the country's location in the neighbourhood of three "unstable" regions: the Western Balkans, the Black Sea and the Middle East. Bulgaria considers non-military risks related to a possible destabilisation of those regions – including the rise of organised crime, smuggling or a sudden migration pressure – to be the main threats to its broadly understood security, and attaches no greater significance to military threats. The only significant military threat in Bulgaria's view is a possible missile attack from the Middle East. The priority of Bulgaria's policy is to consolidate the country's membership in NATO and the EU, and to support the enlargement of these organisations into the Western Balkans and the Black Sea regions. Other issues of importance for Bulgaria include: internal security concerns such as effective ways to combat organised crime and corruption, and enhanced energy security. Defence policy issues are treated as being of secondary importance – when the crisis set in, it was in the defence sector that the deepest cuts were made. Bulgaria has historically had good relations with Russia, under whose patronage the country gained independence and freed itself of the "Turkish yoke" in the 19th century. Those experiences continue to influence the Bulgarian perception of the strategic context – Bulgaria is wary of military co-operation with Turkey, and has declared that it could act as a mediator should relations between the West and Russia deteriorate (e.g. it suggested that its territory could serve as a neutral ground for peace negotiations during the 2008 Russian-Georgian war). However, the traditionally good relations with Russia do not mean that Sofia's and Moscow's positions on security are the same. For example, Bulgaria has firmly backed Georgia's territorial integrity and has

expressed possible consent to having elements of the missile defence system deployed in its territory. Emphasising good relations with Moscow is a way for Bulgaria to strengthen its international position, but Sofia does it in a way which does not to call into question the fact that Bulgaria is now embedded in the Euro-Atlantic structures. Bulgaria has historically competed with Serbia for the status of Balkan leader, but currently the two states have been co-operating closely with respect to security. Bulgaria has also been an advocate of Macedonia's membership in NATO and the EU, but the two countries' shared history and language (Bulgaria having called into question the status of Macedonian as a separate language) are also a source of tension in their relations. There have been signals that Bulgaria may withdraw its support for Macedonia.

The **United States** is Bulgaria's most important security partner. Bulgaria made its military infrastructures available to the USA under a 2006 agreement concerning the Task Force East, and the facilities currently serve as logistics and training centres for US troops being moved to Afghanistan and, potentially, to the Middle East (and in previous years, also to Iraq). Co-operation also includes joint exercises and US assistance in the modernisation of the Bulgarian Armed Forces. The United States views Bulgaria as an important partner in the region, but prefers, however, co-operation with Romania. Part of the reason for this is probably Bulgaria's smaller potential and the fact that the country has relatively short tradition of working together with the USA. Bulgaria's reaction to the change in the US defence doctrine has been balanced, and the new direction of the US security policy is seen in Bulgaria as natural phase in the transformations of US presence in Western Europe, which is actually resulting in greater US involvement in South-Eastern Europe through the deployment of elements of the US missile defence system in the region.

In **NATO,** Bulgaria has been emphasising the importance of Article 5 as "fundamental" for its security. Nevertheless, it has been pointing out that its provisions are not sufficiently precise. It has called for the creation of contingency plans for all member states, and has championed the principle that a single NATO member should not have the right to veto the application of those plans. Bulgaria treats its participation in international operations as a way to deliver on its commitments within NATO, and also as an instrument to enhance the professionalism of its Armed Forces, and a way to build international prestige. Despite the economic crisis and the very deep cuts in defence spending, Bulgaria has stepped up its involvement in foreign missions (e.g. the contingent in Afghanistan). However, major political parties in Bulgaria (the centre-right

GERB and the post-communist BSP) disagree on the country's participation in operations abroad. GERB, in power since 2009, has been actively advocating an expansion of Bulgaria's expeditionary capabilities This has been criticised by the leftist opposition which is less enthusiastic about an expeditionary model of the Armed Forces and foreign military involvement.

Bulgaria views participation in the **CSDP** mainly as a means of consolidating its membership in the EU (hence its relatively high involvement in EU operations), but at the same time sees CSDP as a potential threat to the development capabilities within NATO. Bulgaria has opposed the creation of a permanent EU operational headquarters, arguing that it could duplicate the functions of NATO's command structures.

Bulgaria is seeking to develop closer **regional co-operation** mainly with its Western Balkan partners. The South-Eastern Europe Brigade (SEEBRIG), which Bulgaria co-created with Albania, Greece, Macedonia, Romania, Turkey and Italy is the flagship initiative. Bulgaria has been advocating the creation of a permanent command for the brigade and has lobbied for the SEEBRIG headquarters to be established on its territory. In the Western Balkans, Bulgaria is also involved in co-operation in the area of internal security, including combating cross-border and organised crime, terrorism and smuggling (SEECP). In the Black Sea region, the country takes part in the BLACKSEAFOR exercises (a biannual exercise of rescue and humanitarian operations involving one navy vessel from each Black Sea state). On the other hand, it was only in 2011 that Sofia expressed an interest in taking part in the Black Sea Harmony anti-terror operation initiated by Turkey in 2004 – this could mean that Bulgaria is becoming more interested in military co-operation with Turkey. The economic crisis has provided an impulse for closer military co-operation in the region. In 2010, Bulgaria signed an agreement on air policing with Greece and, in 2012, with Romania. Bucharest is increasingly being regarded as Sofia's main partner in NATO. In late 2011, the two states established a mechanism for annual intergovernmental consultations, and they have pointed out that they might also co-operate on joint purchases of armament and military equipment, including multi-role fighter aircraft. Bulgaria also seeks to "internationalise" its firing ranges and has been developing close military co-operation with Serbia in this respect. Bulgaria has been also trying to use the smart defence initiative to boost its international position (it has proposed that a special centre for smart defence at one of Bulgaria's universities be established) and as a development opportunity for its arms industry (the optical, electronics and light weapons sectors).

2.2. Armed forces and the arms industry

The Bulgarian Armed Forces have a total of 26,100 troops during peacetime; their potential is small, and the they are treated as an instrument of state policy. Following their professionalisation in 2008 it most likely has no plans in place to mobilise reserves during wartime. They consist of the Land Forces, the Air Force and the Navy. Most of the armament and military equipment are older types. Financial problems have hindered re-arming and have had an adverse impact on the level of training (the Armed Forces do not train much, mostly during joint exercises with Bulgaria's Western partners). Military spending has decreased in recent years from 2.4% of GDP in 2007 to 1.4% of GDP, i.e. US$ 760 million, in 2011. More than 90% of the military budget is spent on current activities. The Bulgarian Armed Forces have still not been able to attain the expected levels of compatibility and interoperability with NATO. The changes implemented over the last couple of years have been intended primarily to prepare selected units to operate within multi-national forces. The directions that the Armed Forces' transformations have taken have remained unchanged since 2004 when the first programme for the modernisation of the Bulgarian Armed Forces to 2015 was adopted; the deteriorating financial conditions have only resulted in the scale of the reforms being reduced. In 2011 Bulgaria adopted a new military investments plan for the years 2011–2020, under which most of the projects provided for in the 2004 programme are to be implemented, albeit in more modest variants. However, due to the financial constraints, only the most important projects aimed at preparing selected units to co-operate within multinational forces will be carried out.

The Land Forces are the biggest service branch in the Bulgarian military. At their core are four well-developed brigades (two mechanised brigades, a light infantry brigade and a special operations brigade) whose equipment consists primarily of items designed and built by Soviets, dating back to the 1970s-1980s and overhauled to a limited extent only. The priority for the modernisation of the Land Forces is to form and equip (with one of the mechanised brigades serving as the core) an expeditionary battalion battle group (of approximately one thousand soldiers) that could take part in NATO operations as a component of a multinational tactical level unit, with the possibility to rotate every six months. The creation and maintenance of a unit of this kind which, by necessity, will engage the potential of an entire brigade, will consume most of the funding available for the Land Forces' maintenance and modernisation. **The Air Force** is relatively large (three fighter squadrons and one mixed squadron, an air defence missile brigade and a radio-technical regiment), however it is

not a major force capable of independent operation. As in the case of the Land Forces, its armament is mostly Soviet-made and designed (MiG-21bis fighters, S-75 Volokhov missiles). Twelve combat aircraft of all types (including five MiG-29 fighters) maintain operational readiness. The ground component of air defence has a relatively high capabilities – when compared with the remaining components – due to the Russian-made long-range S-300 missile systems. The Air Force is being modernised to the greatest extent possible. Recent acquisitions include new transport aircraft and helicopters. The current priority is to purchase eight multirole fighter aircraft (most probably used Eurofighter Typhoon or F-16) by 2015 and another eight in the second half of the decade. Despite playing a secondary role in Bulgaria's defence doctrine, **the Navy** is in a slightly better situation with respect to equipment than the other service branches, as it has recently acquired some Western-designed and manufactured items (including three missile frigates). Even though the vessels were not the newest, they enabled the Navy to achieve relative interoperability with NATO's naval forces. Bulgaria's priority now is to restore full operational capability to the frigates in order to make one available for NATO operations for 3 to 6 months. Bulgaria has decided not to keep any submarine forces as part of its Navy. The measures undertaken to upgrade the radio-navigation equipment of the fleet are intended to enhance its ability to operate within multinational forces.

The Bulgarian Armed Forces have a limited ability to engage in short-term, independent defence of country's territory, and the ability of the Air Force to carry out independent operations is residual and concerns the tactical level only. After abolishing universal conscription Bulgaria did not create a system to expand the size of its Armed Forces during wartime, nor is it developing any other capabilities related primarily or exclusively to the defence of country's territory. The Bulgarian Armed Forces are in the process of developing capabilities to take part in operations abroad. Ultimately, the Armed Forces will be able to participate in such missions only as part of another state's multinational contingent.

Bulgaria has a relatively well developed arms industry which produces lighter arms and military equipment based on older, Soviet designs representing the technological standards of the 1970s-1980s. Its products include small arms and light weapons (the Arsenal plant), explosives (Videx JSC), ammunition (Arcus), aircraft bombs (Dunarit) and unguided missiles (Vazovski Zavod), as well as optical instruments (Opticoelectron Group, Optix) and communications equipment (Samel-90PLC), all relatively low-tech. The Bulgarian arms

industry also has the technological capacity to produce light tracked fighting vehicles under a licence for the Soviet MT-LB personnel carrier (Terem). Only part of the arms manufactured in Bulgaria meet NATO standards (STANAG). Most products are destined for export to less-developed countries. In that market segment, the Bulgarian arms industry is able to meet the needs of its country's Armed Forces. It also has a limited capacity to overhaul and maintain heavy armament and military equipment such as tanks and air force and navy equipment (Terem EAD).

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APPENDICES

GLOSSARY OF NAMES AND ABBREVIATIONS

A

ABC – atomic, biological and chemical weapons of mass destruction

ARRC – Allied Rapid Reaction Corps, one of the eight formations of NATO's Allied Joint Forces in Europe

ASDE – Air Situation Data Exchange, a programme for the exchange of information on the situation in the airspace of NATO member states

B

BALTDEFCOL – Baltic Defence College, a military academy for officers from Estonia, Lithuania, Latvia and partner states; located in Tartu, Estonia

Baltic Air Policing – NATO Air Defence Quick Reaction Alert in the Baltic States

BALTNET – Baltic Air Surveillance Network, an airspace control system covering the Baltic states; it forms part of NATINADS

BALTRON – Baltic Naval Squadron, a squadron of the mine warfare vessels of the Baltic states; it forms part of SNMCMG1

BLACKSEAFOR – Black Sea Naval Force, an *ad hoc* formation of the naval forces of all the Black Sea states (Ukraine, Russia, Turkey, Georgia, Bulgaria, Romania) which conducts joint sea rescue, humanitarian and mine countermeasure exercises at least twice a year

BRTE – Baltic Region Training Event, a series of NATO exercises and training organised in the Baltic states and aimed at enhancing interoperability between the armed forces of the Baltic states and the allied forces

C

CIS – Commonwealth of Independent States

CMX – Crisis Management Exercise, an annual NATO exercise in crisis management

CoE – NATO Centre of Excellence

CFSP – Common Foreign and Security Policy of the European Union

CSDP – Common Security and Defence Policy of the European Union

E

EDA – European Defence Agency

EGF – European Gendarmerie Force, an initiative of EU Member States aimed at enhancing the capabilities of the military gendarmerie

EPAA – European Phased Adaptive Approach, part of the US missile defence system to be incorporated into the projected NATO missile defence system

e-PINE – Enhanced Partnership in Northern Europe, a US Department of State programme addressed to the Nordic and Baltic states

ESDP – European Security and Defence Policy, the new name introduced by the Treaty of Lisbon is CSDP

EUBG – European Union Battle Group

EUFOR Althea – European Union Force in Bosnia and Herzegovina

EULEX Kosovo – European Union Rule of Law Mission in Kosovo, the EU policing mission in Kosovo

H

HNS – Host Nation Support, civil and military assistance provided by the host nation to the NATO allied forces deployed in its territory or moving across its territory

J

JFTC – Joint Force Training Centre, NATO training centre in Bydgoszcz, Poland

JTAC – Joint Terminal Attack Controller, a soldier guiding air strikes from the ground

K

KFOR – Kosovo Force, a NATO-led international military operation in Kosovo

M

MATC – Multinational Aviation Training Centre, a NATO training institution for helicopter pilots and ground personnel, currently being established in the Czech Republic

MCPPN – Marine Corps Prepositioning Program Norway, a programme for the storage of the US Marine Corps' armament and military equipment in Norwegian territory

MEDEVAC – Medical Evacuation, rescue operations consisting in the transportation to medical facilities of the injured from a battlefield or an area affected by a natural disaster

MNMPBAT – Multinational Military Police Battalion, a NATO formation created at the initiative of Poland, the Czech Republic, Slovakia and Croatia

N

NATINADS – NATO Integrated Air Defence System

NATO – North Atlantic Treaty Organization

NB8 – a format of regional co-operation between the Nordic states (Sweden, Finland, Norway, Iceland) and the Baltic states (Lithuania, Latvia, Estonia) with regular meetings at the levels of heads of government, ministers, secretaries of states, political directors from the ministries as well as members of parliaments

NBG – Nordic Battlegroup, a European Union Battle Group formed by Sweden, Finland, Estonia and Norway (framework nation: Sweden)

NDN – Northern Distribution Network, a network of ground supply routes serving the purposes of the OEF and ISAF missions in Afghanistan; it connects

the Baltic and Black Sea ports with Afghanistan via roads and rail connections in Russia, the Caucasus and the countries of Central Asia

NORDAC – Nordic Armaments Cooperation, a Nordic organisation for co-operation on joint research and development of armament and military equipment and joint acquisitions, incorporated into NORDEFCO in 2009

NORDCAPS – Nordic Coordinated Arrangement for Military Peace Support, a Nordic organisation in charge of co-ordinating Nordic co-operation on peacekeeping missions, incorporated into NORDEFCO in 2009

NORDEFCO – Nordic Defence Cooperation, a Nordic organisation for military co-operation, formed by Sweden, Norway, Finland, Denmark and, nominally, Iceland

NORDSUP – Nordic Supportive Defence Structures, a Nordic organisation for co-operation on the maintenance and development of military capabilities, incorporated into NORDEFCO in 2009

NRF – NATO Response Force, NATO's rapid response force on high readiness

O

OCC – Operational Capabilities Concept within the framework of NATO's Partnership for Peace programme

OEF – Operation Enduring Freedom, a series of US military operations within the framework of the "war on terror", including in Afghanistan (OEF-A)

P

PARP – Planning and Review Process within the framework of NATO's Partnership for Peace programme

PfP – Partnership for Peace, a programme for co-operation between NATO and states in the Euro-Atlantic area, currently mainly countries of the CIS and the former Yugoslavia, but also Western European partners that are not NATO members

S

SAC – Strategic Airlift Capability, a consortium of ten NATO member states as well as Sweden and Finland, created for the purpose of purchasing and jointly operating Boeing C-17 transport aircraft from a base in Hungary

SEEBRIG – South-Eastern Europe Brigade, a military formation of the Multinational Peace Force of South-Eastern Europe (MPFSEE), intended for participation in peace operations, created by Albania, Bulgaria, Greece, Macedonia, Romania, Turkey and Italy

SNMCMG1 – Standing NATO Mine Countermeasures Group 1

SECI – Southeast European Cooperative Initiative, an organisation of thirteen states in South-East Europe (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Montenegro, Macedonia, Greece, Moldova, Romania, Serbia, Slovenia, Turkey and Hungary), initiated by the OSCE and aimed at close co-operation in combating cross-border crime

SEECP – South-East European Cooperation Process, the most important forum for co-operation in South-East Europe, whose objectives include strengthening security, stability and good neighbourly relations, as well as integration within NATO and the European Union

STANAG – Standardization Agreement, an agreement laying down processes, procedures, terms and conditions for common military or technical procedures and equipment of NATO member states

Stealth – technologies aimed at decreasing the detectability of objects with known observation methods

STRATEVAC – Strategic Medical Evacuation, air evacuation at the strategic level, the domain of the United States Air Force within NATO

SUCBAS – Sea Surveillance Co-operation Baltic Sea, a co-operation system for the exchange of information on the situation at sea among the countries of the Baltic Sea basin (all except Russia)

U

UNFICYP – United Nations Peacekeeping Force in Cyprus

UNSC – United Nations Security Council

V

V4 – Visegrád Four, member states of the Visegrád Group

V4BG – V4 Battle Group, the Battle Group formed by Visegrád Group member states

Table 1. Military spending in 2007–2011 (US$ million)

	Denmark	Finland	Norway	Sweden	Estonia
2011					
official	4518	3652	7232	6103	389
according to SIPRI	4515	3656	7083	5960	336
as % of GDP	1.4	1.5	1.5	1.3	1.7
2010					
official	4504	3461	6499	6157	332
according to SIPRI	4504	3400	6390	5886	330
as % of GDP (according to SIPRI)*	1.5	1.4	1.6 (1.5)	1.3	1.8 (1.7)
2009					
official	4337	3556	6196	5672	353
according to SIPRI	4230	3474	6596	5438	429
as % of GDP (according to SIPRI)	1.4	1.5	1.7	1.3	1.8 (2.3)
2008					
official	4788	3105	6371	5793	430
according to SIPRI	4499	3309	6215	5545	471
as % of GDP (according to SIPRI)	1.4	1.3	1.4	1.3 (1.2)	1.8 (2.1)
2007					
official	4175	2848	5875	6264	371
according to SIPRI	4332	3074	6181	6235	488
as % of GDP (according to SIPRI)	1.3	1.2	1.5	1.4	1.7 (2.1)

* Only where different from calculations based on official budget documents.
No SIPRI calculations are available for 2011.

Lithu-ania	Latvia	Bulgaria	Romania	Czech Republic	Slovakia	Hungary	Poland
351	289	758	2380	2448	1065	1378	8908
405	267	722	1945	2254	968	1287	9149
0.8	1.0	1.4	1.3	1.1	1.1	1.0	1.7
326	251	832	2086	2660	1138	1351	8502
410	260	894	2086	2498	1130	1351	8781
0.9 (1.1)	1.0 (1.1)	1.7 (1.9)	1.3	1.3	1.3	1.1 (1.0)	1.8 (1.9)
402	316	905	2225	3129	1350	1476	7475
487	343	940	2265	2752	1293	1506	8414
1.1 (1.4)	1.2 (1.4)	1.9 (2.0)	1.4	1.6 (1.4)	1.5	1.2 (1.1)	1.7 (1.8)
531	539	1162	3000	3090	1411	1899	8165
638	540	989	2664	2673	1351	1690	7848
1.1 (1.4)	1.6 (1.7)	2.2 (2.0)	1.5	1.4	1.5	1.2	1.5 (1.7)
453	444	990	2608	2527	1139	1776	7833
611	552	1181	2417	3136	1320	1819	8774
1.2 (1.4)	1.5 (1.7)	2.4 (2.5)	1.5	1.4 (1.6)	1.5	1.3	1.8 (2.0)

Table 2. Numbers of service personnel at end of 2011 / beginning of 2012 (thousands)

	Denmark	Finland	Norway	Sweden	Estonia
total: – posts – actual numbers*	18	15 (34.7**) 15	23 21	21	5.5
in this***: – Army – Air Force – Navy	 9.1 3.4 3.5	 8.7 (27.3**) 3.1 (4.4**) 2.3 (3**)	 7.5 2.1 3.7	 7.3 3.6 3.4	 4.95 0.25 0.3
% of population	0.32	0.28 (0.64**)	0.46	0.22	0.42
military spending per 1 active service person (US$ thousands)	251	243.7	344.4	290.1	70.7

* Where significantly different from the number of posts.
** Finland has the capacity to more than double the number rapidly during peacetime.
*** Formations outside the three service branches and home guard maintained by the armed forces during peacetime were not included. In the case of Hungary, where the service branches are not organisationally separate, the numbers are indicative.

Lithuania	Latvia	Bulgaria	Romania	Czech Republic	Slovakia	Hungary	Poland
8.5	5	29 26.1	73 66	23 21.7	16 14	19	100
6.5 1 0.5	4 0.25 0.5	15 6.5 3.4	45.8 9.7 7.1	6.2 4.6 –	7 4 –	11 5 –	60 25.4 10.1
0.27	0.22	0.39	0.33	0.21	0.26	0.19	0.26
41.3	57.8	29	36.1	112.8	76.1	72.5	89.2

Table 3. Army – numbers of basic categories of offensive weapons according to CFE

	Denmark	Finland	Norway	Sweden	Estonia
tanks					
1st generation (1980s)		[70]			
2nd generation (1980s)					
2nd generation (1990s)					
3rd generation (1980s)		91	52	[160]	
3rd generation (1990s)					
3rd generation (21st century)	20+[37]			120	
total **– of this in service**	57 **20**	161 **91**	52 **52**	280 **120**	
infantry fighting vehicles					
1st generation (1970s)					
1st generation (1980s)		110			
2nd generation (21st century)	45	102	103+(43)	385	
total **– of this in service**	45 **45**	212 **212**	103+(43) **103**	385 **385**	

Lithu-ania	Latvia	Bulgaria	Romania	Czech Republic	Slovakia	Hungary*	Poland
			42				
		80+[270]	249	[134]	30+[39]	15+[146]	341+[243]
			54				
							126
				30			232
		350 **80**	345 **345**	164 **30**	69 **30**	161 **15**	942 **699**
		20+[80]	23	250	143+[236]	[502]	1377
		114	174	207	91		
		214 **134**	197 **197**	457 **457**	470 **234**	[502] **–**	1377 **1377**

	Denmark	Finland	Norway	Sweden	Estonia
armoured personnel carriers					
older types (before 1990)	416	940	288	425	139
new types (after 1990)	90	62		113**	
total **– of this in service**	506 **506**	1002 **1002**	288 **288**	538 **538**	139 **139**
artillery, cal. 100 mm or higher (guns/howitzers and similar, mortars, multiple missile launchers)					
self–propelled gun howitzers – older types – new types	12	[90]	14 (24)***	(24)***	
towed gun howitzers – older types – new types		618 54		220	66
mortars – older types – new types	20	927 24+(18)		50	179
multiple missile launchers – older types – new types		58	12		
total	32	1771+(18)	26+(24)	270+(24)	245
– of this in service	**32**	**1681**	**26**	**270**	**245**

* The Hungarian Army lists 43 of the 146 tanks in store and 287 of the gun howitzers in store, the remaining items in store have been deleted from the list of arms.
** With an option to purchase more arms of this type: armoured personnel carriers (Sweden 113, Romania 60) and gun howitzers (Poland 48).
*** Deliveries started in 2011.
{in working order/in operational use} [withdrawn/in reserve] (ordered)

Lithu-ania	Latvia	Bulgaria	Romania	Czech Republic	Slovakia	Hungary*	Poland
210		300+[890]	930	57	56+[149]	591	
			31**	40+(67)			487+(408)
210 **210**		1190 **300**	961 **961**	97+(67) **97**	205 **56**	591 **591**	487+(408) **487**
		206	[46]	48+[116]	16	[153]	643 4+(20)**
54		150	434		[74]	12 [287]	
109	several	356	317	93	37		170
		92+[200]	134 54	[60]	26	[62]	249 54+(21)
163 **163**	several	1004 **804**	985 **939**	317 **141**	153 **79**	514 **12**	1120+(41) **1120**

Table 4. Air force – numbers of combat aircraft and combat helicopters according to CFE

	Denmark	Finland	Norway	Sweden	Estonia
combat aircraft					
3rd generation (1980s)					
4th generation (1980s)	30+[32]		57		
4th generation (1990s – 21st century)		62		134 {120}	
total	**62**	**62**	**57**	**134**	
upgrade plans purchase plans: – 4th generation – 5th generation	30 *	62	 52	100 10 60–80	
combat helicopters					
1980s					
1990s					
total					
combat support helicopters					
1980s			18	10	
1990s					
21st century	14	12+(8)		8+(7)	
total	**14**	**12+(8)**	**18**	**18+(7)**	

* No decision as yet or no publicly disclosed information on the number of machines or upgrade/purchase plans.
{in working order/in operational use} [withdrawn/in reserve] (ordered)

Lithu-ania	Latvia	Bulgaria	Romania	Czech Republic	Slovakia	Hungary	Poland
		43 {7}	48				48
		15 {5}	[12]		21 {4}	[12]	31
				14		14	48
		58	**60**	**14**	**21**	**26**	**127**
		*					16
		16	24 24				
		6 {3}		14		12	29
				10			
		6		**24**		**12**	**29**
		18 {4}	35	12	10	15	32
		11	23	16			
		29	**58**	**28**	**10**	**15**	**32**

Table 5. Navy – numbers of basic warships according to the Vienna Document

	Denmark	Finland	Norway	Sweden	Estonia
missile frigates					
1970s					
1980s					
21st century	3+2*		5		
corvettes					
1980s				4	
1990s					
21st century				5	
missile boats					
1970s					
1980s					
1990s		4			
21st century	2+(1)	4	4 +(2)		
submarines					
1960s					
1980s				2	
1990s			6	3	
total					
	7+(1)	**8**	**15+(2)**	**14**	

* Two Absalon-class multirole vessels with missile frigate characteristics are classified as command and support vessels.
(number of vessels under construction) [number of vessels in reserve]

Lithu-ania	Latvia	Bulgaria	Romania	Czech Republic	Slovakia	Hungary	Poland
		4					2
			3				
		3	5				3
			2				
		3					
			3				
							3
							4
			[1]				1
		10	**14**				**13**

Table 6. Basic and prospective types of armament that may be used for military-technological co-operation*

	Denmark	Finland	Norway	Sweden	Estonia
tanks					
Leopard 2A5/2A6**	57			120	
Leopard 2A4		91	52	[160]	
T-72M					
infantry fighting vehicles					
CV90	45	102	103+(43)	385	
BMP-2		110			
BMP-1					
armoured personnel carriers					
AMV/Rosomak		62		113**	
Piranha III	90				
artillery, cal. 100 mm or higher					
Archer			24	24	
Dana/Zuzana****					
surface-to-air missile launchers					
9K33 Osa					
2K12 Kub					
NASAMS 2		(24)	24		
combat aircraft					
JAS 39 Gripen				134	
F-16 - version C/D - version A/B	62		57		
MiG-29					

Lithu-ania	Latvia	Bulgaria	Romania	Czech Republic	Slovakia	Hungary	Poland
							126
		80+[270]		[134]	30+[39]	15+[43]	341+[243]
				207	91		
		23+[80]	122	250	143+[236]	[502]	1377
							487+(408)
			31***				
				48+[116]	16		111
		24	16				60
		20	40	4	4	12+[32]	30
				14		14	
							48
		15	[12]		21	[12]	31

	Denmark	Finland	Norway	Sweden	Estonia
transport aircraft					
C–130J Super Hercules	4		3+(2)		
C–130 Hercules – version E/H – version B				8	
C–27J Spartan					
C–295		2+(1)			
combat helicopters					
Mi–24/Mi–35					
transport and combat support helicopters					
Mi–8/Mi–17					
UH–60 Black Hawk				8+(7)	
NH90		12+(8)	(14)	4+(14)	
tactical unmanned aerial vehicles					
RQ–7 Shadow				8	
anti–ship missiles					
RBS–15		yes		yes	
NSM			yes		

* The table does not include basic and prospective arms and weapons held by the armed forces of single states. These are unlikely to be purchased by other states covered by this report, and therefore unlikely to become subjects of co–operation (such as the F/A–18 Hornet combat aircraft of the Finnish Armed Forces, the AW101 transport helicopters of the Danish Armed Forces or the TR–85 tanks of the Romanian Armed Forces).
** Danish and Swedish tanks represent a standard between 2A5 and 2A6 (the Danish tanks are in fact model 2A6 with the previous version of the gun).
*** With an option to buy more carriers (Sweden 113, Romania 60).
**** The armed forces of the Czech Republic and Poland possess Dana cal. 152 mm gun howitzers (Warsaw Pact standard), while the Slovak Armed Forces have Zuzana cal. 155 mm gun howitzers (NATO standard), which are an upgraded version of the former type (after the break–up of Czechoslovakia, Slovakia inherited the plant manufacturing gun howitzers, among other assets).
[withdrawn / in reserve] (ordered)

Lithu-ania	Latvia	Bulgaria	Romania	Czech Republic	Slovakia	Hungary	Poland
			1 4				5
3		3	5+(2)				
				4			11
		6		24		12	29
		18		28	10	15	32
			11				
							yes
							(yes)

Table 7. Engagement in NATO/EU/US operations

	Denmark	Finland	Norway	Sweden	Estonia
land operations (number of troops deployed as at end of 2011 / first half of 2012)					
Afghanistan (ISAF)	750	156	406	500	163
Kosovo (KFOR)	35	20	3	67	1
Bosnia and Herzegovina (Althea)	–	4	–	–	2
air operations (number of combat aircraft engaged)					
Baltic Air Policing	3x4 (2004, 2009, 2011)		2x4 (2005, 2007)		
Libya (Odyssey Dawn)	6 (2011)		6 (2011)		
Libya (Unified Protector)	6 (2011)		6 (2011)	5* (2011)	
naval operations (number of ships engaged)					
Horn of Africa (Enduring Freedom)	1 (since 2008)				
Somalia (Atalanta)		1 (2011)	1 (2009)	4 (2009–2010)	
Libya (Unified Protector)					

* Before June 2011, eight Swedish combat aircraft were participating in the operation.

Lithuania	Latvia	Bulgaria	Romania	Czech Republic	Slovakia	Hungary	Poland
237	139	602	1938	519	308	383	2560
–	–	10	59	7	–	261	229
1	–	119	56	–	32	160	188
			4 (2007)	4 (2009)			4x4 (2006, 2008, 2010, 2012)
		1 (2011)	1 (2011)				

Table 8. Involvement in multinational formations and operations – partners

	Denmark	Finland	Norway	Sweden	Estonia
European Union Battle Groups					
partners		**Nordic*** Sweden Estonia Ireland Norway **"107"**** Germany Nether-lands Austria Lithuania	**Nordic*** Sweden Finland Estonia Ireland	**Nordic*** Finland Estonia Ireland Norway **II–2013** UK	**Nordic*** Sweden Finland Ireland Norway
operation in Afghanistan (ISAF)					
partners	Estonia	Sweden	Latvia	Finland	Denmark
lead states	France UK	France Germany	France Germany	France Germany	France UK
operation in Kosovo (KFOR)					
partners	Estonia				Denmark
lead states	France				France

* I–2008, I–2011, I–2015
** I–2007 (without Austria and Lithuania), I–2011
*** II–2007, II–2011

Lithuania	Latvia	Bulgaria	Romania	Czech Republic	Slovakia	Hungary	Poland
I–2010 Poland Germany Latvia Slovakia **„107”**** Germany Netherlands Finland Austria	**I–2010** Poland Germany Lithuania Slovakia	**HEL–BROC***** Greece Cyprus Romania	**HEL–BROC***** Greece Cyprus Bulgaria **II–2010** Italy Turkey	**II–2009** Slovakia **II–2012** Germany Austria Croatia Macedonia	**I–2010** Poland Germany Lithuania Latvia **II–2009** Czech Republic	**II–2012** Italy Slovenia	**I–2010** Germany Lithuania Latvia Slovakia
	Norway						
France	France Germany	France Italy	France USA	France	France Canada	France	France USA
USA			USA Italy			Italy	USA

The contracting defence budgets in Europe, the difficulties in developing the EU's security policy, NATO's transformation, the reorientation of US security policy and the problems experienced by European defence industries – all together have in recent years created an increased interest in political, military and military-technological co-operation in Europe. It has manifested itself in concepts of closer co-operation within NATO and the EU (smart defence and pooling&sharing), bilateral and multilateral initiatives outside the structures of NATO and the EU (such as the Nordic Defence Co-operation or the Franco-British co-operation) and debates about the prerequisites, principles and objectives of bilateral, multilateral and regional security and defence co-operation.

The present report aims to analyse the potential for security and defence co-operation among selected countries in the area between the Baltic Sea and the Black Sea, i.e. the Nordic states (Denmark, Finland, Norway and Sweden), the Baltic states (Lithuania Latvia and Estonia), Poland's partners in the Visegrad Group (the Czech Republic, Hungary and Slovakia) as well as Romania and Bulgaria. The authors were guided by the assumption that those states are Poland's natural partners for closer regional military co-operation. It may complement the 'Western' direction of Poland's security and defence policy, i.e. relations with the partners from the Weimar Triangle and the US. Its goal is not to replace the existing security structures but rather to strengthen military capabilities in the region within NATO and the EU.