



POLICY PAPER

EUROPEAN DETERRENCE INITIATIVE

BOLSTERING THE DEFENCE OF THE BALTIC STATES

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Cover page photo: soldiers of the Estonian Defence Forces fire Javelin anti-tank missile (photo credit: Estonian Defence Forces, pildid.mil.ee)

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INTRODUCTION

On June 3, 2014, President Obama announced the European Reassurance Initiative (ERI) in Warsaw, where he said: „Today, I’m announcing a new initiative to bolster the security of our NATO Allies here in Europe. Under this effort, and with the support of Congress, the United States will preposition more equipment in Europe. We will be expanding our exercises and training with allies to increase the readiness of our forces.”¹ ERI was first authorised in the fiscal year (FY) 2015 National Defence Authorisation Act (NDAA) and its name shifted to European Deterrence Initiative, or EDI in FY 2017 military budget and is officially recognised by that name in FY 2018.²

1. THE BACKGROUND

Over the last three years, the majority of ERI/EDI funding has gone to support U.S. European Command (EUCOM), the authority responsible for U.S. troops in Europe. Specifically, EDI has financed Operation Atlantic Resolve (OAR), which ensures a persistent rotational presence of U.S. forces in Central and Eastern Europe (OAR countries are Poland, Bulgaria, Romania, Hungary, Lithuania, Latvia, Estonia).³ Broadly, EDI funding is designed to support the United States in increasing its presence, conducting training and exercises, enhancing prepositioning, improving infrastructure, and building partner capacity.⁴

The FY 2017 NDAA included what then was a rather large expansion of the ERI up from 2016 (\$789 million) to a total of \$3.4 billion. Arguably the most significant component of the legislation was the financing of an additional Army Armoured Brigade Combat Team (BCT) (4,000-5,000 troops, 90 Abrams tanks, 90 Bradley infantry fighting vehicles, and 112 support vehicles) – raising the total number of the U.S. BCTs in Europe to three at all times, and four during times of handover.⁵

¹ [“Remarks by President Obama and President Komorowski of Poland in a Joint Press Conference,”](#) The White House, Office of the Press Secretary, June 3, 2014.

² 115th Congress, [National Defense Authorization Act FY2018](#), H.R.2810 (Washington DC, 2017).

³ [“European Reassurance Initiative \(ERI\) Fact Sheet,”](#) U.S. European Command Public Affairs Office, January 5, 2017.

⁴ [“Fact Sheet: the FY2017 European Reassurance Initiative Budget Request,”](#) The White House, February 2, 2016.

⁵ Mark F. Cancian, Lisa Sawyer Samp, [“The European Reassurance Initiative,”](#) Center for Strategic and International Studies, February, 2016.

In addition to increasing U.S. military presence in Europe, EDI has also funded several significant infrastructure and procurement projects in the Baltic states. From 2015 to present, Estonia has received several million dollars in funding for infrastructure improvements to Ämari Airbase and Tapa, where the Estonia-based Enhanced Forward Presence (eFP) battlegroup is located. In Latvia, ERI has supported infrastructure projects at Adaži Military Base and Lielvarde Air Base and in Lithuania ERI funding has gone towards modernisation and reconstruction at training grounds of Pabradė and Gaižiūnai.⁶

EDI funding is designed to support the United States in increasing its presence, conducting training and exercises, enhancing prepositioning, improving infrastructure, and building partner capacity.

Besides funding for infrastructure projects, past ERI funding has also been used in the Baltics to support several acquisition programmes. \$33 million in ERI funding was used to support Estonia’s acquisition of Javelin anti-tank missiles in 2016, as well as Joint Terminal Attack Controller (JTAC) training to enable precision NATO airstrikes.⁷ In Latvia, ERI funding supported the \$33 million-dollar purchase of Sentinel Air Defence Radars.⁸ Finally, Lithuania also underwent a \$33 million-dollar purchase of specialised radio equipment.⁹

2. NATIONAL DEFENCE AUTHORISATION ACT OF 2018

The FY 2018 NDAA passed the House of Representatives in July (a vote to 344-81), and the Senate (a vote 89-9) in September. The NDAA is U.S. federal law that specifies the budget and expenditures of the U.S. Department of Defence. Following the NDAA, the U.S. Federal Government ap-

⁶ [“US Funds – for Modernization and Reconstruction of Lithuanian Infrastructure and Training Grounds,”](#) Ministry of National Defence of the Republic of Lithuania, October, 2017.

⁷ [“Estonia Takes Delivery of Javelin Anti-Tank Missiles,”](#) U.S. Embassy in Estonia, March 20, 2016.

⁸ [“Baltic Invest in National Defense,”](#) U.S. Mission to NATO, June 2016.

⁹ Ibid.

propriations bill is divided into 12 separate pieces of legislation, one of these appropriates discretionary funding for the Department of Defence.¹⁰ The bill includes EDI funding authorisations for \$4.7

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billion – an increase of \$1.4 billion from FY 2017. The bill passed the ‘resolving differences’ stage – a review of amendments and differences between House and Senate versions of the bill. The conference report passed Senate and House on November 8, and November 15 respectively. President Trump signed it on December 12, 2017.¹¹

Despite a shift in the Senate version of the 2018 NDAA, which transitioned EDI from the Overseas Contingency Operations (OCO) fund to part of the base Pentagon budget, the conference version of the bill reverted the fund back. The language used, including the required Secretary of Defence report to Congress due in April 2018, establishes the EDI timeframe for 5 additional years. The funding shift away from OCO would have signalled some additional permanence for the programme – but given the United States’ existing Sequestration law (Budget Control Act), which caps defence spending at \$549 billion (FY 2018 NDAA authorises \$634 billion) this year’s NDAA is shrouded in ambiguity.¹² OCO is a sequestration exempt fund, meaning that EDI authorisations will not be affected by the defence spending cap.

3. EUROPEAN DETERRENCE INITIATIVE IN 2018 NDAA

The FY 2018 NDAA included a remarkable expansion of the funds appropriated for EDI – in addition to the BCT established in the FY 2017 NDAA,

the current text of legislation includes the financing of an additional rotational force made up of a Combat Aviation Brigade based in Latvia, Poland and Romania. Such a unit is comprised of 10 Chinooks, 50 Blackhawks, 24 Apaches as well as 2,200 personnel.¹³ However, the number of troops of this unit committed to the Baltic states is low overall.¹⁴

For FY 2018, EUCOM identified a number of service-specific projects. For the Army, the most significant will be the deployment of the Combat Aviation Brigade. The Air Force will continue to specialise in infrastructure projects and exercises in the Baltic states. The Navy is set to take on projects to improve infrastructure to support P-8A Poseidon operations in the North Atlantic. Recently, the United States, UK, and Norway signed a trilateral statement of intent and U.S. P8-As will be returning to Iceland.¹⁵ Finally, the Marine Corps will see a Marine-Air Ground task force deployed in the Black Sea, and the Caucasus.¹⁶

2018 NDAA authorises up to \$100 million through EDI to Estonia, Latvia and Lithuania to support a single joint programme of the Baltic states.

4. BALTIC JOINT PROCUREMENT FUND

The FY 2018 NDAA authorises up to \$100 million through EDI to Estonia, Latvia and Lithuania to support a single joint programme of the Baltic states for the stated purpose of improving interoperability and developing the capacity to deter and resist Russian aggression. The fund allows the Baltic states, in cooperation with the approval of the U.S. Department of Defence and Department of State to jointly commit to one of the following projects:

¹⁰ Matt Vallone, “Don’t Believe the NDAA Hype: Congressional Appropriations Will Determine Defense Spending Levels,” *War on the Rocks*, November 17, 2017.

¹¹ “Remarks by President Trump at Signing of H.R. 2810, National Defense Authorization Act for FY2018”, <https://www.whitehouse.gov/briefings-statements/remarks-president-trump-signing-h-r-2810-national-defense-authorization-act-fy2018/>

¹² “Senate Sends \$700 Billion Defense Bill to Trump, Funding Uncertain,” *Reuters*, November 16, 2017.

¹³ “Atlantic Resolve Fact Sheet,” U.S. European Command Public Affairs Office, January 4, 2017.

¹⁴ “U.S. Troops Arrive in Latvia for the Next Atlantic Resolve Rotation,” Ministry of Defence of the Republic of Latvia, November 1, 2017.

¹⁵ “Pentagon Seeks Increased P-8 Ties with Norway, UK,” *Defense News*, July 2017.

¹⁶ Office of the Under Secretary of Defense (Comptroller), *European Reassurance Initiative* (Washington DC, May 2017).

- Real-time or near-real-time actionable intelligence, including by lease of such capabilities from the U.S. commercial entities;
- Unmanned aerial tactical surveillance systems;
- Lethal assistance, such as anti-armour weapon systems, mortars, crew-served weapons and ammunition, grenade launchers and ammunition, and small arms and ammunition;
- Air defence radars and anti-aircraft weapons;
- Other defence articles or services agreed to by the Baltic nations and considered appropriate by the Secretary of Defence, with the concurrence of the Secretary of State.¹⁷

CONCLUSIONS AND RECOMMENDATIONS

The FY 2018 NDAA further mandates the Pentagon to provide Congress with a plan for the next five years of EDI. While this plan will in large part examine current and future needs of EUCOM, it will also likely take into account goals of enhancing U.S. partner capabilities as part of the overall U.S. strategy in responding to possible Russian aggression. While defence spending of the Baltic states will be increasing to NATO required 2% in 2018 (Estonia already spends 2.1%, Latvia and Lithuania reach 2% in 2018) and the total defence spending of Baltic states will reach \$2.1 Billion by 2020, it is evident that, in the long-term perspective, there will not be enough local financial assets available to fulfil all the necessary capability gaps to provide credible defence against potential adversaries.¹⁸ Specifically, while making future long-term funding of the EDI with regards to the Baltic Allies, the U.S. Administration and Congress could examine the following aspects:

- **Shifting the funding to the defence base budget:** EDI should be eventually shifted from OCO to the base U.S. defence budget. This move would make EDI more permanent, long-term and reduce uncertainty over the future of the funding. Equally important, it would reduce barriers in Baltic defence planning with EDI. Estonia, for example, sets 10-year defence planning goals which are reviewed every four

years – the articulation of EDI’s long-term plan and security in the U.S. budgetary process will enable the Baltic states to better collaborate with the U.S. initiative in the future and therefore needs to be better coordinated.

- **Continued U.S. presence:** Following the deployment of NATO’s eFP battlegroups to the Baltics and Poland (UK-led in Estonia, Canada-led in Latvia, Germany-led in Lithuania, U.S.-led in Poland), the United States’ rotational persistent presence of U.S. forces in the Baltic states which started in 2014 has been reduced to elements of an Army Combat Aviation Brigade in Latvia as well as units participating in the Baltic Air Policing operation.¹⁹ In early November 2017, the next nine-month rotation of U.S. aviation troops began in Latvia with around 60 personnel. The role of the United States in maintaining deterrence capability in Europe is irreplaceable, as the U.S. is the only NATO member capable of independently and quickly offer military forces as well as logistical and material support in the region. It is critical that the U.S. military presence and rotations continue not only in Poland, but also in Estonia, Latvia, Lithuania, and that future Congressional approval of EDI long-term planning and financing proposals include this necessity. Therefore, it is

It is both politically and militarily imperative, that in addition to NATO eFP battlegroups deployment, the rotation of the U.S. Army Armoured Brigade units in the Baltic states continues as long as the current security environment and security concerns remain unchanged.

both politically and militarily imperative, that in addition to NATO eFP battlegroups deployment, the rotation of the U.S. Army Armoured Brigade units in the Baltic states continues as long as the current security environment and security concerns remain unchanged.

- **Pre-positioning equipment:** Currently, the U.S. pre-positioned equipment which is located in the Netherlands, Belgium, Germany

¹⁷ 115th Congress, [National Defense Authorization Act FY2018](#).

¹⁸ “[Baltics, Fearing Russia, to Triple Military Spending by 2018: Report](#),” Reuters, October 20, 2016.

¹⁹ “[U.S. Troops Arrive in Latvia for the Next Atlantic Resolve Rotation](#),” Ministry of Defence of the Republic of Latvia, November 1, 2017.

Pre-positioning of necessary military equipment in the Baltic states is as an important factor in building a credible deterrent as is the U.S. military presence.

and Poland cannot be used speedily enough to support NATO and local forces in early stages of military conflict. The United States should consider pre-positioning meaningful military equipment and ammunition in each of the Baltic states, and EDI could be an excellent tool to be used for this purpose. Pre-positioning of necessary military equipment in the Baltic states is as an important factor in building a credible deterrent as is the U.S. military presence.

This funding would be crucial in either helping to integrate Estonian, Latvian, and Lithuanian air defence with the aim of procurement and maintenance of necessary air defence systems or providing financing for the U.S. or the U.S. components of NATO air defence solutions to the Baltic states.

- **Addressing air defence:** While the authorised \$100 million in funding for joint procurement projects in the Baltic states in 2018 is both welcomed and needed, a similar EDI fund could be used to establish a long-term framework for the development of mid- and long-range air defence solutions, which is one of the most critical capability gaps in the Baltic states.²⁰ This funding would be crucial in either helping to integrate Estonian, Latvian, and Lithuanian air defence with the aim of procurement and maintenance of necessary air defence systems or providing financing for the U.S. or the U.S. components of NATO air defence solutions to the Baltic states.
- **Restructuring Baltic Air Policing mission:** The Baltic Air Policing mission which has been

conducted on a rotational basis by NATO since 2004, has been an effective peacetime tool to safeguard the integrity of NATO Alliance members' airspace. However, existing processes prevent air assets designated to the operation from rapidly being scaled up to respond quickly in the event of a military crisis in the Baltic. The current Baltic Air Policing mission is authorised to run to 2018. Its next iteration should make it permanent from currently used air bases and be considered as part of a broader examination of air defence in the region, and the role of the Baltic Air Policing mission and its command structures should be re-evaluated accordingly. EDI funding should be considered with the aim of the United States taking lead in an effort to move NATO's current Baltic Air Policing mission to a more robust Baltic Air Defence mission.²¹

- **Building up Sea Policing mission:** The Baltic Sea has become a major area of Russian naval and amphibious exercises and many allied navies of the region are just now becoming the focus of defence spending. At present, the U.S. has prioritised EDI engagement in the Black Sea. In addition to the expansion of U.S. P8-A Poseidon submarine tracking in the North Atlantic, an expansion of naval exercising or port-calls in the Baltic beyond the annual BALTOPs exercise and already planned port visits could contribute to the Baltic maritime regional security. Similar to Air Policing, Sea Policing (including measures to enhance maritime domain awareness building

EDI funding should be considered with the aim of the United States taking lead in an effort to move NATO's current Baltic Air Policing mission to a more robust Baltic Air Defence mission.

on the progress made through Sea Surveillance Co-Operation Baltic Sea) is needed for maintaining the security of the territorial waters and protection of submarine critical infrastructure in the Baltic Sea. Persistent rotational presence of

²⁰ "Luik: Air defense a critical capability gap of Baltic Sea region," *ERR News*, September 24, 2017.

²¹ Luke Coffey, Dan Kochis, "Time for Baltic Air Policing Mission to Become the Baltic Air Defence Mission," The Heritage Foundation, October 2, 2017.

the U.S. and NATO's European navies in the Baltic Sea would serve the idea of Sea Policing and should be considered in the future plans of EDI.

Persistent rotational presence of the U.S. and NATO's European navies in the Baltic Sea would serve the idea of Sea Policing and should be considered in the future plans of EDI.

- **Logistical/legal issues in the movement of military forces across Europe:** Lt. Gen. Ben Hodges, the former Commander of U.S. Army Europe, has raised the logistical and legal difficulties of moving troops across Europe to the Baltics on a number of occasions. This was critically evaluated also by the Department of Defence Office of Inspector General, which has stated that "... Operation Atlantic Resolve countries lack movement agreements with other NATO countries, transportation infrastructure and related capacity evaluations, and experience with controlling military convoys and equipment belonging to multiple security forces. This increases the risk of insufficient transport capacity to deploy U.S., allied, and partner-nation military forces rapidly to deter aggression against OAR countries."²² In the event of a crisis, the speed of response in reinforcing the NATO's Eastern flank elsewhere is of paramount importance. A review of EDI should include the examination of possible areas of funding, namely infrastructure, that could better enable quick movement and deployment of forces in the Baltic states. Additionally, the idea of a "military Schengen zone," and increased military mobility across NATO's borders should continue to be explored in political venues of both NATO and the European Union.²³

Over the last 70 years, the United States' commitment to European defence has made an immeasurable impact to peace, security and well-being of the European continent. The United States Foreign Military Funding (FMF) and ERI/

EDI have served as important tools in developing the military capabilities of Estonia, Latvia and Lithuania since these states regained independence and joined NATO. With the steady increase of defence expenditure and the continued financial support of the United States, these countries should work together to determine the most important military projects for the future EDI funding in order to tackle capability, legal and logistics gaps when strengthening common defence posture of the region. To achieve this, it is critically important that EDI funding eventually become part of the U.S. base defence budget (bearing in mind an agreement on ending sequestration is reached), which would provide long-term financing for the most critical aspects of defence for the Baltic states.

A review of EDI should include the examination of possible areas of funding, namely infrastructure, that could better enable quick movement and deployment of forces in the Baltic states.

²² U.S. Department of Defense Office of Inspector General, [Evaluation of the European Reassurance Initiative \(ERI\)](#), 23.

²³ David M. Herzenhorn, "Call for 'Military Schengen' to Get Troops Moving," Politico Europe, August 2017; "Joint press conference by NATO Secretary General Jens Stoltenberg and EU High Representative/Vice President Federica Mogherini following the meeting of the North Atlantic Council at the level of NATO Foreign Ministers," NATO, December 5, 2017.

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