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Estonia, Latvia, and Lithuania: Background and U.S.-Baltic Relations

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Estonia, Latvia, and Lithuania: Background and U.S.-Baltic Relations

Estonia, Latvia, and Lithuania, often referred to as the *Baltic states*, are democracies and close U.S. allies. Strong U.S. relations with these three states are rooted in history. The United States never recognized the Soviet Union's forcible incorporation of the Baltic states in 1940, and U.S. officials applauded the restoration of their independence in 1991. Congress backed these policies on a bipartisan basis. The United States supported the Baltic states' accession to the North Atlantic Treaty Organization (NATO) and the European Union (EU) in 2004. Especially since Russia's initial invasion of Ukraine in 2014, potential threats posed to the Baltic states by Russia have been a primary driver of increased U.S. and congressional interest in the region.

Regional Security Concerns

Russia's February 2022 renewed invasion of Ukraine has intensified U.S. and NATO concerns about the potential threat of Russian military action against the Baltic states. The Baltic states have supported Ukraine, including by providing military assistance and imposing sanctions against Russia that go beyond those adopted by the EU. Baltic states have been seeking to build up their military capabilities, but their armed forces remain relatively small and their capabilities limited. Consequently, the Baltic states' defense planning relies heavily on their NATO membership. The Baltic states fulfill NATO's target for member states to spend at least 2% of gross domestic product on defense.

Defense Cooperation and Security Assistance

The United States and the Baltic states cooperate closely on defense and security issues for the purposes of building capacity to deter and resist potential Russian aggression. In FY2021 and FY2022 combined, Congress appropriated nearly \$349 million in U.S. Department of Defense security assistance funding to the Baltic states through the *Baltic Security Initiative*.

Under the U.S. European Deterrence Initiative (EDI), launched in 2014, the United States has enhanced its military presence in Central and Eastern Europe, with rotational U.S. forces conducting training and exercises in the Baltic states. The United States has stationed additional personnel and capabilities in the Baltic states since February 2022. NATO also has helped to bolster the Baltic states' security. In 2016, the allies agreed to deploy multinational *Enhanced Forward Presence* battlegroups to the Baltic states. NATO allies have deployed additional personnel to these battlegroups since February 2022. Baltic leaders have advocated for further enhancements to the U.S. and NATO deployments.

Potential Hybrid Threats

Some observers have expressed concerns that Russia could use the Baltic states' ethnic Russian minorities as a pretext to manufacture a crisis. Many ethnic Russians in the Baltic states traditionally receive their news from Russian media sources, potentially making those communities a leading target for disinformation and propaganda. The Baltic states suspended many Russia-based television channels following Russia's 2022 invasion of Ukraine. Cyberattacks are another potential hybrid threat; addressing potential vulnerabilities with regard to cybersecurity is a top priority of the Baltic states.

Energy Security

The Baltic states have taken steps to end energy reliance on Russia, including through a liquefied natural gas (LNG) terminal in Lithuania and new pipeline interconnections with their European neighbors. Lithuania ended imports of Russian gas in April 2022, and Estonia and Latvia plan to do the same by the end of 2022.

Relations with China

A variety of factors have contributed to the Baltic states developing a skeptical view of China over the past several years. In 2021 (Lithuania) and 2022 (Estonia and Latvia), the Baltic states quit the 17+1, a forum China launched to deepen cooperation with countries in Central and Eastern Europe. Tensions between Lithuania and China are especially acute, with China recently launching a de facto trade embargo against Lithuania due to Lithuania's expanded relations with Taiwan.

Contents

Introduction and Issues for Congress	1
Domestic Politics.....	2
Estonia.....	2
Latvia	3
Lithuania	4
Economic Issues	5
Response to Russia’s Invasion of Ukraine	6
Regional Relations with the United States	7
Security Partnership and Assistance.....	8
Economic Relations	9
Regional Security Concerns and Responses.....	9
Defense Spending and Capabilities.....	11
U.S. and NATO Military Presence	12
Hybrid Threats	13
Disinformation Campaigns and Ethnic Russians in Baltic States.....	13
Cyberattacks.....	14
Energy Security	15
Relations with China	16
Outlook.....	18

Figures

Figure 1. Map of the Baltic Region	1
Figure 2. Allied Forces in the Baltic States	13

Tables

Table 1. Baltic States Defense Information	11
--	----

Contacts

Author Information.....	18
-------------------------	----

Introduction and Issues for Congress

Many U.S. officials and Members of Congress consider Estonia, Latvia, and Lithuania, often referred to collectively as the *Baltic states*, to be valued U.S. allies and among the most pro-U.S. countries in Europe. Strong ties between the United States and the Baltic states have deep historical roots. Lithuania, Latvia, and Estonia gained independence in 1918, after the collapse of the Russian Empire. In 1940, they were forcibly incorporated into the Soviet Union, but the United States never recognized their annexation.¹ The United States strongly supported the restoration of the countries' independence in 1991 and was a leading advocate of their accession to the North Atlantic Treaty Organization (NATO) and the European Union (EU) in 2004.

Figure 1. Map of the Baltic Region



Source: Created by CRS using data from the Department of State and ESRI.

The United States and the Baltic states work closely together in their respective bilateral relationships and within NATO, as well as in the context of U.S.-EU relations. The U.S.-Baltic partnership encompasses diplomatic cooperation in pursuit of shared foreign policy objectives, extensive cooperation on security and defense, and a mutually beneficial economic relationship. The United States provides considerable security assistance intended to strengthen the military capabilities of the Baltic states.

Since 2014, U.S. focus on the Baltic region has increased, driven by concerns about potential threats posed by Russia. Such concerns have intensified in the context of Russia's renewed

¹ U.S. Department of State, Office of the Historian, "Press Release Issued by the Department of State on July 23, 1940," at <https://history.state.gov/historicaldocuments/frus1940v01/d412>. Also see U.S. Department of State, "Message on the 80th Anniversary of the Welles Declaration," July 22, 2020, at <https://2017-2021.state.gov/message-on-the-80th-anniversary-of-the-welles-declaration/index.html>.

aggression against Ukraine in 2022, leading the United States and NATO to increase their military deployments to the Baltic states.

Developments related to security concerns about Russia and the implications for U.S. policy and NATO likely will have continuing relevance for Congress. The Baltic states are central interlocutors and partners in assessing and responding to these challenges. As indicated by annual security assistance appropriations and the Baltic Security Initiative created in 2021 (see *Security Partnership and Assistance* below), as well as numerous congressional delegations to the region and congressional resolutions adopted or introduced in recent years, Congress broadly supports the maintenance of close relations and security cooperation with the Baltic states. Increased attention to the Baltic states in the 117th Congress, especially since Russia's renewed invasion of Ukraine in 2022, has led to the introduction of bipartisan legislation that would expand and increase the U.S. commitment to providing the Baltic states with security assistance.

The House Baltic Caucus, a bipartisan group of 71 Members of the House of Representatives, and the Senate Baltic Freedom Caucus, a bipartisan group of 14 Senators, seek to maintain and strengthen the U.S.-Baltic relationship and engage in issues of mutual interest.²

Domestic Politics

Given the three countries' many similarities, observers typically view Estonia, Latvia, and Lithuania as a group. The countries cooperate extensively with one another and hold comparable views on foreign and security policy (particularly with regard to the threat posed by Russia). Estonia, Latvia, and Lithuania stand out as the leaders of democracy among post-Soviet states and are the only states formerly part of the Soviet Union that have joined NATO and the EU. Since the restoration of their independence, the three countries' governments have tended to consist of multiparty coalitions, which have maintained pro-U.S., pro-NATO, and pro-EU orientations.

At the same time, citizens of the three countries tend to point out that alongside the similarities are notable differences in national history, language, and culture. Each country has its own unique domestic political dynamics, and the viewpoints and priorities of the three countries are not always perfectly aligned.³

Estonia

Prime Minister Kaja Kallas of the center-right Reform Party leads the government of Estonia. The Reform Party formed a new governing coalition with the conservative *Isamaa* (Fatherland) party and the center-left Social Democratic Party in July 2022.⁴ The coalition is Estonia's fourth government since the country's 2019 parliamentary election. The Reform Party came in first place in the 2019 election with 28.9% of the vote (34 seats in Estonia's 101-seat unicameral parliament, the *Riigikogu*), but it was unable to secure enough support from potential coalition partners to form a government.⁵ Instead, the populist center-left Center Party, which came in second place with 23.1% of the vote (26 seats), formed a government after it reversed its campaign pledge to not work with the far-right Conservative People's Party of Estonia (EKRE),

² In the 117th Congress, the cochairs of the House Baltic Caucus are Rep. Don Bacon and Rep. Ruben Gallego. The cochairs of the Senate Baltic Freedom Caucus are Sen. Richard Durbin and Sen. Charles Grassley.

³ See, for example, Rein Taagepera, *Lithuania, Latvia and Estonia: 100 Years of Similarities and Disparities*, International Center for Defence and Security (Estonia), February 16, 2018, at <https://icds.ee/lithuania-latvia-and-estonia-100-years-of-similarities-and-disparities/>.

⁴ Estonian Public Broadcasting, "Estonia's New Government Takes Office," July 18, 2022.

⁵ See full election results at <https://rk2019.valimised.ee/en/election-result/election-result.html>.

which came in third place. The three-party coalition government of the Center Party, EKRE, and *Isamaa* collapsed in January 2021, when Prime Minister Juri Ratas of the Center Party resigned due to a corruption scandal involving members of his party.

The Reform Party subsequently took over leadership of the government after reaching a coalition agreement with the Center Party, with Kaja Kallas becoming the country's first female prime minister. The coalition comprised two parties with a history of differing ideologies and opposing policies.⁶ The arrangement collapsed in June 2021 due to differences over education reform and social welfare spending.⁷ Prime Minister Kallas briefly led a minority government before forming the new coalition the following month.

The Reform Party previously led a series of coalition governments from 2005 to 2016. The Center Party, whose support comes largely from Estonia's Russian-speaking population, led the government from 2016 to 2019. In 2016, a change in the party's leadership reoriented the Center Party away from a pro-Russia outlook to one more aligned with NATO and the EU.

The next election is due in March 2023.

In August 2021, Estonia's parliament elected Alar Karis as President of Estonia. Karis formerly served as Auditor General of Estonia and director of the Estonian National Museum.⁸ The president is elected indirectly by the *Riigikogu* and regional electoral colleges and serves a five-year term. The president has largely ceremonial duties but plays a role in defining Estonia's international image and expressing the country's values.

Latvia

Prime Minister Krisjanis Karins of the center-right New Unity Party (JV) leads a four-party coalition government in Latvia.⁹ Latvia's 2018 general election produced a fragmented result, with seven parties winning seats in the country's 100-seat unicameral parliament (*Saeima*).¹⁰ JV leveraged its experience as a member of the previous governing coalition to put together and lead the new government despite being the smallest party in the *Saeima*, with eight seats.

Estonia: Basic Facts

Population: 1.33 million

Ethnicity: 68.7% Estonian, 24.8% Russian

Languages: Estonian is the official language and first language of 68.5% of the population; Russian is the first language of 29.6% of the population.

Religion: 70.8% listed as none or unspecified, 16.2% Orthodox, 9.9% Lutheran

Gross Domestic Product (GDP), 2021

(Current Prices): \$36.287 billion; per capita GDP approximately \$27,282

Currency: euro (€)

Political Leaders: *President:* Alar Karis; *Prime Minister:* Kaja Kallas; *Foreign Minister:* Urmas Reinsalu; *Defense Minister:* Hanno Pevkur

Sources: International Monetary Fund (IMF), *World Economic Outlook Database*, April 2022; Central Intelligence Agency (CIA), *World Factbook*.

⁶ See Joanna Hyndle-Hussein, *Estonia: The Liberal Reform Party Returns to Power*, Centre for Eastern Studies (Warsaw), March 5, 2019.

⁷ *Deutsche Welle*, "Estonia: Governing Coalition Collapses," June 3, 2022.

⁸ *Euronews*, "Estonian MPs Elect Alar Karis as President at Second Attempt," August 31, 2021.

⁹ Gederts Gelzis, "Latvia's Karins Confirmed as PM, Ending Lengthy Political Deadlock," Reuters, January 22, 2019. Karins was born and educated in the United States before moving to Latvia in 1997.

¹⁰ Joanna Hyndle-Hussein, *Parliamentary Elections in Latvia: The Fragmentation of the Political Scene*, Centre for Eastern Studies (Warsaw), October 9, 2018.

The other coalition members are the conservative, nationalist National Alliance (NA); the New Conservative Party (JKP), which campaigned on an anti-corruption platform; and the liberal Development/For! alliance. The anti-establishment Who Owns the State? (KPV LV) party dropped out of the coalition in June 2021, making the coalition a minority government with a combined 47 seats in parliament and reliant on ad hoc deals with opposition members to pass legislation. The opposition center-left Harmony Social Democratic Party (SDPS), which draws its support largely from the country's ethnic Russian population, won 23 seats in the 2018 election and is the largest party in parliament.

Strong showings in the 2018 election by KPV LV and JKP (each won 16 seats) appeared to reflect public dissatisfaction with corruption and the political establishment following high-profile bribery and money-laundering scandals.¹¹ The three parties of the previous coalition government, the centrist Union of Greens and Farmers (ZZS), the Unity Party (rebranded New Unity in 2018), and the NA, lost nearly half their total seats, dropping from a combined 61 seats to 32 seats.¹²

The next election is scheduled to take place on October 1, 2022. Polls indicate the election is likely to result in a similar center-right coalition; as of September 2022, polls indicated support for JV at 19% and support for NA at 11%.¹³ Support for SDPS had declined from 17% in September 2021 to 10%, likely owing to the party's past ties with the United Russia party of Russian President Vladimir Putin.

In 2019, the *Saeima* elected Egils Levits, a former judge at the European Court of Justice, to be Latvia's president. The president serves a four-year term and performs a mostly ceremonial role as head of state but also acts as commander-in-chief of the armed forces and can propose and block legislation.¹⁴

Lithuania

Prime Minister Ingrida Simonyte of the center-right Homeland Union-Lithuanian Christian Democrats (TS-LKD) leads the government of Lithuania. TS-LKD came in first place in Lithuania's October 2020 election, winning 50 out of 141 seats in the unicameral Lithuanian parliament (*Seimas*).¹⁵ Analysts observed that the main issues in the election included the previous government's handling of the Coronavirus Disease 2019 (COVID-19) pandemic and

Latvia: Basic Facts

Population: 1.889 million

Ethnicity: 62.7% Latvian, 24.5% Russian

Languages: Latvian is the official language and first language of 56.3% of the population; Russian is the first language of 33.8% of the population.

Religion: 36.2% Lutheran, 19.5% Roman Catholic, 19.1% Orthodox, 23.5% listed as none or unspecified

GDP, 2021 (Current Prices): \$38.965 billion; per capita GDP approximately \$20,581

Currency: euro (€)

Political Leaders: President: Egils Levits; Prime Minister: Krisjanis Karins; Foreign Minister: Edgars Rinkevics; Defense Minister: Artis Pabriks

Sources: IMF, *World Economic Outlook Database*, April 2022; CIA, *World Factbook*.

¹¹ John O'Donnell and Gederts Gelzis, "Corruption Scandal Casts Long Shadow over Latvia," Reuters, April 12, 2019.

¹² See Central Election Commission, <https://sv2018.cvk.lv/pub/ElectionResults>.

¹³ *Politico Europe*, "Latvia—National Parliament Voting Intention," June 8, 2022.

¹⁴ Corinne Deloy, *Egils Levits, Candidate Supported by the Government Coalition Parties, Should Become the Next President of the Republic of Latvia*, Robert Schumann Foundation, May 27, 2019.

¹⁵ *Seimas, Results of the 2020-2024 Parliament Elections*.

competing plans on how to reduce economic disparities between urban and rural areas.¹⁶ The government is a three-party coalition that also includes the center-right Liberal Movement and the center-left Freedom Party; the coalition controls a narrow parliamentary majority with a combined 74 seats.

The main opposition parties are the centrist Lithuanian Farmers and Greens Union (LVZS), which led the government from 2016 to 2020, the center-left Social Democratic Party of Lithuania (LSDP), which led the government from 2012 to 2016, and the new Union of Democrats “For Lithuania.”

The next parliamentary election is due in 2024.

Lithuania’s president is Gitanas Nausėda, a pro-European, politically independent centrist and former banker who was elected in 2019.¹⁷ The president is elected directly for a five-year term. The Lithuanian president plays an important role in shaping foreign and national security policy, is commander-in-chief of the armed forces, appoints government officials, and has the power to veto legislation.

Lithuania: Basic Facts

Population: 2.79 million

Ethnicity: 84.1% Lithuanian, 6.6% Polish, 5.8% Russian

Languages: Lithuanian is the official language and first language of 82% of the population; Russian is the first language of 8% of the population; Polish is the first language of 6% of the population.

Religion: 77.2% Roman Catholic, 4.1% Orthodox, 10.1% listed as unspecified

GDP, 2021 (Current Prices): \$65.479 billion; per capita GDP approximately \$23,473

Currency: euro(€)

Political Leaders: *President:* Gitanas Nausėda; *Prime Minister:* Ingrida Simonyte; *Foreign Minister:* Gabrielius Landsbergis; *Defense Minister:* Arvydas Anusauskas

Sources: IMF, *World Economic Outlook Database*, April 2022; CIA, *World Factbook*.

Economic Issues

The COVID-19 pandemic negatively affected the Baltic states’ economies, but less so than it did the economies of most other EU countries (the EU economy as a whole contracted by more than 6% in 2020).

- Estonia’s gross domestic product (GDP) contracted by 3% in 2020 before rebounding to 8.3% growth in 2021. Growth is forecast to be 0.2% in 2022. Unemployment is 7.2%.¹⁸
- Latvia’s GDP contracted by 3.8% in 2020 before growing 4.7% in 2021. Growth is forecast to be 1.0% in 2022. Unemployment is 8.1%.
- Lithuania’s GDP contracted by 0.1% in 2020 before growing 4.9% in 2021. Growth is forecast to be 1.8% in 2022. Unemployment is 7.3%.

The Baltic states each use the euro as their currency (Estonia adopted the euro in 2011, Latvia in 2014, and Lithuania in 2015).

As in many other countries, high inflation and rising energy and commodity costs pose challenges to the Baltic states’ economies. As of June 2022, the Baltic states had the three highest increases in annual inflation among the 19 countries using the euro; year-on-year inflation was 22% in

¹⁶ *Euronews*, “Lithuania Votes: Centre-Right Opposition Wins Second Round of Legislative Elections,” October 26, 2020.

¹⁷ Andrius Sytas, “Lithuania’s Nausėda Wins Presidential Election,” Reuters, May 26, 2019.

¹⁸ Economic statistics from International Monetary Fund (IMF), *World Economic Outlook Database*, April 2022. Figures rounded to the nearest tenth of a percent.

Estonia, 20.5% in Lithuania, and 19% in Latvia, compared with the euro area average of 8.6%.¹⁹ Additionally, sectors reliant on trade with Russia, including importers of steel, wood, and fertilizer, are affected negatively by EU sanctions on Russia.

With considerable investment in the financial services sector, Sweden is the largest foreign investor in the region, followed by Finland and the Netherlands.²⁰ Major regional trading partners include Finland, Germany, Poland, Russia, and Sweden.²¹

Response to Russia's Invasion of Ukraine

The Baltic states have been outspoken in condemning Russia's 2022 war against Ukraine and expressing their view that Russia's aggressive ambitions may well go beyond Ukraine. The Baltic states have committed substantial military and financial support to Ukraine. According to the nongovernmental Kiel Institute, which tracks international aid to Ukraine, the Baltic states provided an estimated €613 million (approximately \$597 million) in bilateral military assistance and €692 million (approximately \$673 million) in total bilateral assistance (military plus financial and humanitarian assistance) to Ukraine between January 24 and August 3, 2022.²² Over the same time period, in terms of total bilateral assistance to Ukraine as a percentage of GDP, Estonia ranked as the top country in the world (0.83%), Latvia ranked second (0.8%), and Lithuania ranked fifth (0.32%), according to the Kiel Institute.²³ Military assistance to Ukraine from the Baltic states has included Javelin anti-tank missiles, Stinger anti-aircraft missiles, other air defense and anti-tank weapons, howitzers, armored vehicles, small arms, grenades, communications equipment, night vision equipment, ammunition, helmets, medical equipment, fuel, and food. As of August 30, 2022, more than 134,000 Ukrainian refugees had registered for temporary protection in the Baltic states (approximately 63,300 in Lithuania, 38,400 in Latvia, and 32,600 in Estonia), equivalent to nearly 2% of the three countries' combined population.²⁴

The Baltic states have advocated the strongest possible EU sanctions against Russia and have implemented measures beyond those adopted by the EU. The three countries have stopped issuing tourist visas to Russian citizens, for example, and have called for all EU countries to do the same. The Baltic states also have barred entry to Russian tourists seeking to travel to other destinations in Europe.²⁵ Russia's invasion of Ukraine has prompted the three countries to remove Soviet monuments and World War II memorials as a "risk to public order" and an unwanted reminder of Russia's former occupation of their territories.²⁶ The parliaments of the Baltic states have adopted resolutions describing Russia's actions in Ukraine as genocide, and the parliaments of Lithuania and Latvia have declared Russia a "terrorist state" and a "state sponsor of terrorism,"

¹⁹ Eurostat, "Euro Area Annual Inflation up to 8.6%," July 1, 2022.

²⁰ Jorge Durán, *FDI & Investment Uncertainty in the Baltics*, European Commission, March 2019.

²¹ World Bank, *World Integrated Trade Solution Database*.

²² Kiel Institute for the World Economy, *Ukraine Support Tracker*, accessed June 19, 2022. Hereinafter, Kiel Institute.

²³ Kiel Institute. Poland, Norway, the United Kingdom, and the United States rank third, fourth, sixth, and seventh, respectively.

²⁴ European Council and Council of the European Union, "Refugees from Ukraine in the EU," infographic, September 5, 2022.

²⁵ Andrew Higgins, "The Baltic States Agree to Bar Land Crossings by Russian Tourists," *New York Times*, September 7, 2022.

²⁶ *Euronews*, "Estonia to Remove Soviet-Era Monuments to 'Ensure Public Order,'" August 17, 2022.

respectively.²⁷ Latvia suspended all Russia-based television channels in June 2022;²⁸ Estonia and Lithuania also have banned numerous Russian television channels from broadcasting or retransmission. EU sanctions block access to state-owned Russian media (Sputnik and Russia Today) in all member countries.²⁹

Since the invasion, the Baltic states have made additional plans to increase their defense spending and acquire new military capabilities. They also have advocated for a substantial increase in the U.S. and NATO forces stationed on their territory (see *Regional Security Concerns and Responses* below).

Regional Relations with the United States

The U.S. State Department describes Estonia, Latvia, and Lithuania as strong, effective, and reliable allies that have helped to promote security, democracy, and prosperity in Europe and beyond.³⁰ Many citizens of the Baltic states remain grateful to the United States for consistently supporting their independence throughout the Cold War and playing a key role in promoting the restoration of their independence in 1991. Most policymakers in the Baltic states tend to see their countries' relationship with the United States as the ultimate guarantor of their security against pressure or possible threats from Russia. All three Baltic states joined NATO and the EU in 2004 with the full backing of the United States. Successive U.S. Administrations have maintained strong bilateral partnerships with the Baltic states and have expressed a continued U.S. commitment to ensuring the security of the Baltic region.³¹

In addition to maintaining a pro-NATO and pro-EU orientation, the Baltic states have sought to support U.S. foreign policy and security goals. For example, they worked closely with the United States in Afghanistan, where the three Baltic states contributed troops to NATO-led missions for nearly two decades. The three countries also have been partner countries in the Global Coalition to Defeat the Islamic State, providing personnel, training, weapons, and funding for efforts to counter the Islamic State in Iraq and Syria since 2014.³²

During the 117th Congress, the Senate adopted a resolution (S.Res. 499) celebrating 100 years of diplomatic relations between the United States and the Baltic states and committing to continued economic and security cooperation. A similar resolution (H.Res. 1142) was introduced in the House of Representatives.

²⁷ Radio Free Europe/Radio Liberty, "Lithuania Adopts Resolution Calling Russia 'Terrorist State,' Accuses Moscow of 'Genocide,'" May 10, 2022; Radio Free Europe/Radio Liberty, "Latvian Parliament Designates Russia a State Sponsor of Terrorism," August 11, 2022.

²⁸ Public Broadcasting of Latvia, "All Russia-Based TV Channels Banned in Latvia," June 6, 2022.

²⁹ Council of the European Union, *EU Imposes Sanctions on State-Owned Outlets RT/Russia Today and Sputnik's Broadcasting in the EU*, March 2, 2022.

³⁰ See U.S. Department of State, *U.S. Relations with Estonia*, December 3, 2020; *U.S. Relations with Latvia*, December 3, 2020; and *U.S. Relations with Lithuania*, August 5, 2020.

³¹ See White House, "Remarks by Vice President Harris, President Levits of Latvia, President Nausėda of Lithuania, and Prime Minister Kallas of Estonia Before Multilateral Meeting," February 18, 2022; and "Readout of President Biden's Meeting with Prime Minister Kaja Kallas of Estonia, President Egils Levits of Latvia, and President Gitanas Nausėda of Lithuania," June 14, 2021. Also see White House, *A Declaration to Celebrate 100 Years of Independence of Estonia, Latvia and Lithuania and Renewed Partnership*, April 4, 2018.

³² See Global Coalition Against Daesh, <https://theglobalcoalition.org/en/>.

Security Partnership and Assistance

The United States provides significant security assistance to the Baltic states. Recent highlights include the following:

- The Baltic Security Initiative (BSI) directs U.S. Department of Defense (DOD) security cooperation funding to the Baltic states.³³ Congress appropriated nearly \$169 million for the BSI in FY2021 and \$180 million in FY2022.³⁴ Developing the Baltic states' air defense systems has been a priority of DOD security assistance.
- The Baltic Defense and Deterrence Act, introduced in the House of Representatives (H.R. 7290) and the Senate (S. 3950) in March 2022, would codify the BSI, authorize \$250 million in DOD funding for the BSI annually from FY2023 through FY2027, and establish a complementary Baltic Security and Economic Enhancement Initiative at the State Department.
- From FY2018 to FY2021, the United States provided the Baltic states with \$252 million in security assistance through the State Department's Foreign Military Financing (FMF) program and approximately \$18.3 million through the International Military Education and Training (IMET) program.³⁵ The Administration's FMF and IMET requests for the three countries total approximately \$162.3 million for FY2022 and \$165.3 million for FY2023.
- Since FY2015, the State Department has notified Congress of approximately \$2 billion in proposed sales of defense articles and services to the Baltic states under the Foreign Military Sales program.³⁶
- In 2019, the United States and the three Baltic states signed separate bilateral defense cooperation strategic road maps focusing on specific areas of security cooperation for the period 2019-2024. Areas of emphasis include training, exercises, and multilateral operations; improving maritime domain awareness in the Baltic Sea; improving regional intelligence-sharing, surveillance, and early warning capabilities; and building cybersecurity capabilities.
- Since 1993, the Baltic states have participated in the U.S. National Guard State Partnership Program. Under the program, Estonia's armed forces partner with units from the Maryland National Guard, Latvia's armed forces partner with the Michigan National Guard, and Lithuania's armed forces partner with the Pennsylvania National Guard.

³³ See CRS In Focus IF11677, *Defense Primer: DOD "Title 10" Security Cooperation*, by Christina L. Arabia.

³⁴ Funding for the Baltic Security Initiative was included in the Department of Defense Appropriations Act, 2021, passed in December 2020 as part of the Consolidated Appropriations Act, 2021 (P.L. 116-260), and the Department of Defense Appropriations Act, 2022, passed in March 2022 as part of the Consolidated Appropriations Act, 2022 (P.L. 117-103).

³⁵ State Department Congressional Budget Justifications, FY2020-FY2023. Data may not account for all recent increases in appropriations for the Baltic states.

³⁶ Defense Security Cooperation Agency, "Major Arms Sales," at <https://www.dsca.mil/press-media/major-arms-sales>.

Economic Relations

U.S. economic ties with the three Baltic states remain relatively limited, although the State Department asserts that there are “growing commercial opportunities for U.S. businesses” and “room for growth” in economic relations.³⁷

- In 2021, U.S. goods exports to Estonia were valued at \$449.8 million and goods imports from Estonia were valued at more than \$1.9 billion.³⁸ Main U.S. exports to Estonia are computer and electronic products, machinery, and transportation equipment; Estonia’s top exports to the United States are computer and electronic products, machinery, electrical equipment, and wood products. U.S. affiliates employ about 3,000 people in Estonia, and U.S. foreign direct investment (FDI) in Estonia was \$74 million in 2020.³⁹
- In 2021, U.S. goods exports to Latvia were valued at \$413.2 million and goods imports from Latvia were valued at \$686.3 million.⁴⁰ Main U.S. exports to Latvia and top U.S. imports from Latvia both consist of transportation equipment, beverage products, and computer and electronic products. U.S. affiliates employ about 1,700 people in Latvia, and U.S. FDI in Latvia was \$37 million in 2020.⁴¹
- In 2021, U.S. goods exports to Lithuania were valued at nearly \$1.24 billion and goods imports from Lithuania were valued at more than \$2 billion.⁴² Main U.S. exports to Lithuania are used machinery, liquefied natural gas (LNG), transportation equipment, and chemicals; top U.S. imports from Lithuania are petroleum and coal products, chemicals, and furniture. U.S. affiliates employ about 5,100 people in Lithuania, and U.S. FDI in Lithuania was \$182 million in 2020.⁴³

Regional Security Concerns and Responses

Over the past two decades, officials in the Baltic region increasingly have viewed Russia as a threat to their countries’ security. Baltic officials have expressed concern over a buildup of Russian forces in the region, large-scale military exercises, and incursions by Russian military aircraft into Baltic states’ airspace.⁴⁴

Russia’s 2022 war against Ukraine has significantly intensified NATO concerns that the Baltic states (as well as Moldova and Georgia, which are not NATO members) could be targets for aggressive Russian ambitions beyond Ukraine. The presence of a large ethnic Russian population in the Baltic states, particularly in Latvia and Estonia, also is a factor in these concerns, given that

³⁷ U.S. Department of State, *U.S. Relations with Latvia*, December 3, 2020; and *U.S. Relations with Lithuania*, August 5, 2020.

³⁸ U.S. Department of Commerce, U.S. Census Bureau, “Trade in Goods with Estonia.”

³⁹ Daniel S. Hamilton and Joseph P. Quinlan, Johns Hopkins University School of Advanced International Studies, *The Transatlantic Economy 2022*, p. 156. Hereinafter, Hamilton and Quinlan, *Transatlantic Economy*.

⁴⁰ U.S. Department of Commerce, U.S. Census Bureau, “Trade in Goods with Latvia.”

⁴¹ Hamilton and Quinlan, *Transatlantic Economy*, p. 164.

⁴² U.S. Department of Commerce, U.S. Census Bureau, “Trade in Goods with Lithuania.”

⁴³ Hamilton and Quinlan, *Transatlantic Economy*, p. 165.

⁴⁴ Jaroslaw Adamowski and Martin Banks, “Without a NATO-Wide Effort, the Skies Along the Northeastern Flank Could Be in Peril,” *DefenseNews*, June 16, 2019.

Russian claims of persecution against Russian communities were a large part of Russia's pretext for its invasion of Ukraine. One of the central principles of Russian foreign policy is to act as the defender and guarantor of the "rights" of Russian-speaking people wherever they live.⁴⁵

Scenarios for Russian action against the Baltic states include a full invasion after a military buildup, with the aim of capturing the region and closing it off from NATO reinforcements; an attempted land grab following a quick mobilization; and a limited incursion or "ambiguous invasion" similar to the tactics employed in Crimea in 2014.⁴⁶ Some analysts view a full Russian invasion of the Baltic states as unlikely due to the risk of escalation Russia would face in an open confrontation with NATO; in a March 2022 visit to the region, U.S. Secretary of State Antony Blinken declared that NATO would defend "every inch" of its territory.⁴⁷ Despite the acute concerns caused by Russia's 2022 invasion of Ukraine, Baltic leaders maintain that they see no "immediate threat" of a full-scale Russian invasion against their own countries.⁴⁸

NATO has increased its deterrent presence in the Baltic states since 2016, with a further increase in 2022, although Russia retains a large advantage in the number of forces in the region. The likely accession of Sweden and Finland into NATO also would substantially enhance the alliance's ability to defend the Baltic states and prevent a scenario in which Russia might effectively close off the region. Such factors may make Russian action in the region "less likely, but that doesn't mean it's unlikely," according to one Lithuanian analyst; in June 2022, a former Russian prime minister predicted that if Ukraine falls, "the Baltic states will be next."⁴⁹

Kaliningrad: Russia's Strategic Territory on the Baltic Sea

Kaliningrad, a 5,800-square-mile Russian exclave on the Baltic Sea located between Poland and Lithuania, is a key strategic territory for Russia, allowing the country to project military power into NATO's northern flank (see **Figure 1**). The territory has a heavy Russian military presence, including the Baltic Fleet, a large naval airbase, a mechanized division, Iskander ballistic missiles capable of carrying nuclear weapons, S-400 surface-to-air missile systems, and coastal defense missile systems. In August 2022, Russia reportedly deployed three MiG-31 aircraft equipped with hypersonic missiles to Kaliningrad.

According to NATO officials, Russia uses Kaliningrad to pursue an anti-access/area denial (A2/AD) strategy that involves layering surface-to-air missiles to potentially block access to the Baltic states and much of Poland. Analysts warn that Kaliningrad's geographic isolation creates a scenario in which Russia could try to seize the Suwalki Gap, the 100-kilometer border between Poland and Lithuania separating Kaliningrad from Russia's ally Belarus.

In summer 2022, Lithuania encountered Russian diplomatic backlash when it enforced EU sanctions on the transit of steel and other metals from Russia; Lithuania's implementation of the sanctions affected freight shipments (but not passengers) on trains transiting its territory to travel between Kaliningrad and the rest of Russia.

Sources: U.S. Department of State, "EU Sanctions on Russia and Shipments to and from Kaliningrad," July 13, 2022; Stefan Hedlund, *Scenarios for Russia's Strategic Kaliningrad Exclave*, Geopolitical Intelligence Services AG, June 21, 2022; Sebastien Roblin, "Fortress Kaliningrad: Russia's Baltic Fleet Now Has a Mechanized Division," and *National Interest*, "Why Russia's Kaliningrad Naval Base Poses a Deadly Dilemma for NATO," March 30, 2021.

⁴⁵ Reuters, "Putin Approves New Foreign Policy Doctrine Based on 'Russian World,'" September 5, 2022. See also President of Russia, "Address by President of the Russian Federation," March 18, 2014, at <http://en.kremlin.ru/events/president/news/20603>. For additional information, see CRS Report R46761, *Russia: Foreign Policy and U.S. Relations*, by Andrew S. Bowen and Cory Welt.

⁴⁶ Lukas Milevski, "Scenarios for Baltic Defence: What to Prepare Against," *Lithuanian Annual Strategic Review*, vol. 17 (2019).

⁴⁷ Missy Ryan, "'Every Inch of NATO': Blinken Seeks to Deter Any Russia Thought of Pushing Beyond Ukraine," *Washington Post*, March 8, 2022; Ben S. Wermeling, "Fighting Russia? Modeling the Baltic Scenarios," *US Army War College Quarterly: Parameters*, vol. 48, no. 2 (Summer 2018).

⁴⁸ Richard Milne, "War in Ukraine: Will the Baltics Become the 'New West Berlin?,'" *Financial Times*, March 9, 2022.

⁴⁹ Matthew Karnitschnig, "The Most Dangerous Place on Earth," *Politico Europe*, June 20, 2022.

Defense Spending and Capabilities

The national militaries of the Baltic states are relatively small (see **Table 1**) and have limited capabilities (no combat aircraft or main battle tanks, for example). The Baltic states' defense planning consequently relies heavily on NATO membership. The Baltic states have emphasized active participation in the alliance through measures such as contributing troops to NATO's mission in Afghanistan. Prompted by Russia's aggression against Ukraine since 2014, the Baltic states have increased their defense budgets and acquired new capabilities. All three countries exceed NATO's target for member states to allocate at least 2% of GDP for defense spending, and all three plan for defense spending to reach 2.5% of GDP either in 2022 (Lithuania and Estonia) or by 2025 (Latvia).

Lithuania has the largest military of the three Baltic states, with 23,000 total active duty personnel and 7,100 reserves.⁵⁰ According to NATO, Lithuania's defense spending increased from \$428 million in 2014 to \$1.318 billion in 2021, equivalent to 2.03% of GDP.⁵¹ In the past several years, the Lithuanian armed forces have acquired new self-propelled artillery, infantry fighting vehicles, and short- to medium-range air defense systems. Lithuania is in the process of acquiring new anti-tank weapons, including Javelin missiles.

Estonia's defense spending was 2.16% of GDP (\$771 million) in 2021.⁵² The country's armed forces total 7,200 active personnel and 17,500 reserves.⁵³ Acquisitions by the Estonian armed forces over the past several years include new self-propelled artillery, infantry fighting vehicles, and Javelin anti-tank missiles. Estonia is in the process of acquiring new rocket artillery systems, coastal defense systems, and short- to medium-range air defense systems.

Latvia's armed forces total 8,750 active personnel and 11,200 reserves.⁵⁴ According to NATO figures, Latvia has more than doubled its defense spending as a percentage of GDP over the past five years, from 0.94% of GDP in 2014 to 2.16% of GDP (\$835 million) in 2021.⁵⁵ Acquisition projects underway for the Latvian armed forces include armored personnel carriers, self-propelled artillery, and Black Hawk helicopters.

Table 1. Baltic States Defense Information

	Active Armed Forces Personnel	Armed Forces Reserves	2021 Defense Expenditure	Defense Spending % of GDP
Estonia	7,200	17,500	\$771 million	2.16
Latvia	8,750	11,200	\$835 million	2.16
Lithuania	23,000	7,100	\$1.318 billion	2.03

Sources: International Institute for Strategic Studies (IISS), *The Military Balance 2022* and NATO Public Diplomacy Division, *Defence Expenditures of NATO Countries (2014-2022)*, June 27, 2022.

⁵⁰ International Institute for Strategic Studies (IISS), *The Military Balance 2022*, p. 124-125. Hereinafter, IISS, *Military Balance*.

⁵¹ NATO Public Diplomacy Division, *Defence Expenditures of NATO Countries (2014-2022)*, June 27, 2022. Hereinafter, NATO Public Diplomacy Division, *Defence Expenditures*.

⁵² NATO Public Diplomacy Division, *Defence Expenditures*.

⁵³ IISS, *Military Balance*, pp. 100-101.

⁵⁴ IISS, *Military Balance*, pp. 122-123.

⁵⁵ NATO Public Diplomacy Division, *Defence Expenditures*.

U.S. and NATO Military Presence

In 2014, the United States launched the European Deterrence Initiative (EDI, originally called the European Reassurance Initiative) in response to Russia's initial invasion of Ukraine. Under EDI, the United States has rotated about 7,300 U.S.-based military personnel into Central and Eastern Europe, typically under a nine-month deployment, while not increasing its permanent troop presence in Europe.⁵⁶ The *Atlantic Resolve* mission, as this rotation is called, includes an Armored Brigade Combat Team and a Combat Aviation Brigade. The forces conduct training and exercises in more than a dozen European countries, including the Baltic states, and the U.S. Army V Corps forward headquarters located in Poznań, Poland is responsible for overseeing mission command of rotational units supporting *Atlantic Resolve*. EDI funding was \$3.8 billion in FY2022, with \$4.2 billion requested for FY2023.

Since February 2022, the United States has deployed more than 20,000 additional armed forces personnel to Europe to bolster deterrence and increase alliance defense capabilities, bringing the total number of U.S. military personnel in Europe to more than 100,000 by mid-year.⁵⁷ Enhanced U.S. rotational deployments in the Baltic states include armored, aviation, air defense, and special operations forces.

At the 2016 NATO Summit, the alliance agreed to deploy battalion-sized (approximately 1,100-1,500 personnel) multinational battlegroups to Poland and each of the three Baltic states. These *Enhanced Forward Presence* units are intended to deter Russian aggression by acting as a *tripwire* that ensures a response from the entire alliance in the event of a Russian attack. The United Kingdom leads the battlegroup in Estonia, Canada leads the battlegroup in Latvia, and Germany leads the battlegroup in Lithuania. (The United States leads the NATO battlegroup in Poland.)

Although several allies increased their deployments to the battlegroups (see **Figure 2**) following Russia's 2022 invasion of Ukraine, Baltic officials have expressed the view that NATO's tripwire forces are too small to deter Russian aggression.⁵⁸ Baltic officials have called for NATO to shift to a forward defense strategy with forces sufficient to deny Russia territorial gains in the first place rather than maintaining what one leader called a strategy of "lose it and liberate afterwards."⁵⁹ Many officials in the Baltic states advocate establishing permanent U.S. or NATO bases on their territory and call for the alliance to deploy a permanent brigade-sized presence (approximately 3,000-5,000 personnel) in each country.⁶⁰ NATO countries have discussed plans to form such combat-capable brigades in the Baltic states; initial efforts may include designating units outside the Baltic states that could be deployed rapidly for their defense.⁶¹

⁵⁶ See U.S. Army Europe and Africa, *Operation Atlantic Resolve*, at <https://www.europeafrica.army.mil/AtlanticResolve/>.

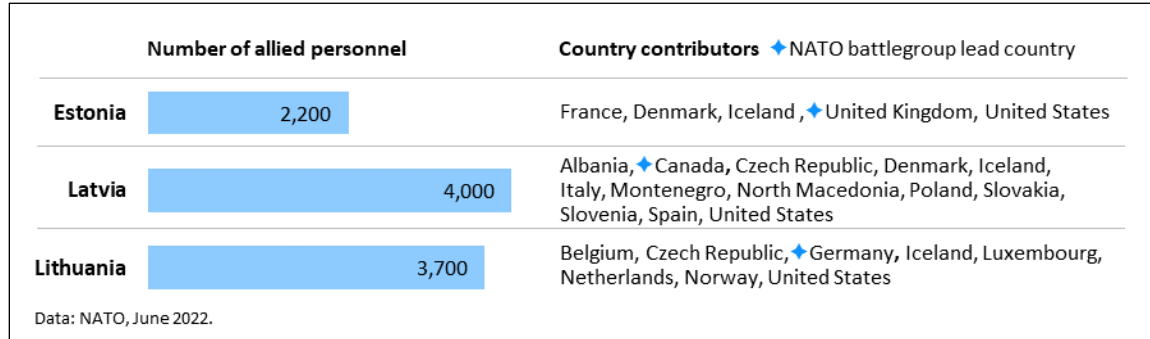
⁵⁷ U.S. Department of Defense, "U.S. Defense Contributions to Europe," fact sheet, June 29, 2022.

⁵⁸ Jacqueline Feldscher, "'Obsolete' NATO Force Presence in Baltics Needs Upgrade, Estonian Defense Leader Says," *DefenseOne*, June 15, 2022.

⁵⁹ Richard Milne, "Estonia's PM Says Country Would Be 'Wiped from Map' Under Existing NATO Plans," *Financial Times*, June 22, 2022.

⁶⁰ Andrea Dudik and Rosalind Mathieson, "Latvia's President Wants a NATO Brigade to Deter Russia," Bloomberg, May 23, 2022; Robbie Gramer and Jack Detsch, "Baltic States Are Pushing NATO for More Than Just a Tripwire Against Russia," *Foreign Policy*, May 19, 2022; Radio Free Europe/Radio Liberty "Lithuania Seeks Permanent U.S. Military Presence in Country," February 9, 2022; Estonian Public Broadcasting, "Congressman: Permanent U.S. Baltics Base Being Discussed, Would Be Major Task," February 22, 2022.

⁶¹ Reuters, "Canada to Lead Efforts to Form 'Combat-Capable' Brigade in Latvia," June 29, 2022; Dan Sabbagh and

Figure 2. Allied Forces in the Baltic States

Source: Created by CRS with information from NATO, *NATO's Eastern Flank: Stronger Defence and Deterrence*, June 2022.

Notes: Numbers do not include host countries' national armed forces.

Lacking their own fighter aircraft, the Baltic countries rely on their NATO allies to police and defend their airspace. NATO's Baltic Air Policing mission was launched in 2004 and is based at Siauliai Airbase in Lithuania and Ämari Airbase in Estonia. The Baltic states contribute to the costs of the mission, including by providing ground services for the aircraft and supplying aviation fuel.

Hybrid Threats

In addition to conventional military threats, analysts have observed that Russia targets the Baltic states with *hybrid* warfare tactics, such as disinformation campaigns and cyberattacks.

Disinformation Campaigns and Ethnic Russians in Baltic States

The collapse of the Soviet Union in 1991 left millions of ethnic Russians living outside Russia's borders. Ethnic Russians make up approximately 25% of the populations of Estonia and Latvia, respectively; Lithuania has a smaller percentage of ethnic Russians, approximately 6%.⁶²

A 2019 survey indicated that a large majority of the ethnic Russian community in the Baltic states received news primarily from Russian state media channels.⁶³ Analysts have documented how Russia uses traditional media (e.g., radio, television) and social media to propagate disinformation in the Baltic states and many other European countries.⁶⁴ Russian disinformation efforts against the Baltic states typically attempt to polarize society by portraying the Baltic states as illegitimate and dysfunctional, the EU as ineffective and divided, NATO and the United States as imperial powers, and Baltic governments as Russophobic fascist regimes that oppress their

Peter Walker, "Britain to Commit 1,000 Extra Troops to NATO's Defence of Estonia," *Guardian*, June 29, 2022; Andreas Rinke and Andrius Sytas, "Germany to Boost Military Mission in Lithuania," Reuters, June 8, 2022; William Mauldin and Sune Engel Rasmussen, "Blinken Says NATO Is Considering More Permanent Troops in Baltics," *Wall Street Journal*, March 7, 2022.

⁶² CIA, *World Factbook*.

⁶³ Sarah Coolican, *The Russian Diaspora in the Baltic States: The Trojan Horse That Never Was*, LSE IDEAS, December 2021, p. 14. Hereinafter, Coolican, *Russian Diaspora*.

⁶⁴ See, for example, Rihards Kols, *Hybrid Threats: The Baltic Experience with Russian Aggressive Behavior*, European Leadership Network, April 5, 2022; Jędrzej Duszynski, *Russian Disinformation in Latvia*, Warsaw Institute, December 11, 2020; Joseph Robbins, *Countering Russian Disinformation*, Center for Strategic and International Studies, September 23, 2020.

ethnic Russian populations. Russia's government routinely accuses the Baltic states of violating the human rights of Russian-speaking minorities, including by discriminating against the use of the Russian language in the media and schools.⁶⁵

Prior to adopting wider bans on Russia-based media in 2022, the Baltic states had imposed fines and temporary bans on Russian media outlets for what authorities called dangerous and unbalanced reporting. In 2015, the public broadcasting organizations of Estonia and Latvia jointly launched a new Russian-language television channel in an attempt to present Russian-speaking audiences with alternatives to the pro-Kremlin narratives typically featured on Russian state channels. Volunteer organizations in the Baltic states also have sought to expose and counter Russian disinformation online.

Researchers caution against implicit assumptions that the Baltic states' Russian-speaking communities support Russia or pro-Russian narratives monolithically; surveys indicate a diversity of attitudes within these communities with regard to views of Russia, Russia's invasion of Ukraine, and other Russia-related questions.⁶⁶ There has been no movement among Russian-speaking communities in the Baltic states advocating absorption by Russia. Members of these communities may prefer to be residents of the Baltic states for reasons including visa-free travel throughout the EU and average wages that are considerably higher than in Russia. Nevertheless, the Baltic states' Russian-speaking populations remain a significant factor in both Russian policy toward the region and assessments of the potential security threat posed by Russia. Concerns remain that Russia could attempt to foment tensions or civil unrest as a pretext for intervention or in an attempt to seize territory where ethnic Russians reside.

Cyberattacks

Vulnerability to potential cyberattacks is a primary concern for the Baltic states. Following a period of heightened tensions with Russia in 2007, Estonia's internet infrastructure came under heavy attack from hackers. Estonian officials said some assaults came from Russian government web servers, although many others appeared to come from all over the world.⁶⁷ According to analysts, what appeared as a series of smaller, individual distributed denial-of-service attacks was most likely a coordinated, large-scale effort.⁶⁸ The attacks did little long-term damage, and they gave Estonia experience in facing such incidents and prompted the country to strengthen its cyber defenses.⁶⁹ In August 2022, Estonia reported that it had repelled the largest cyberattack directed against it since 2007; a Russian hacker group claimed credit for the attack.⁷⁰

Estonia hosts the NATO Cooperative Cyber Defense Center of Excellence, which opened in 2008. The center fosters cooperation and information sharing on cybersecurity between NATO

⁶⁵ Reuters, "Moscow Says Baltic States' 'Russophobia' Will Further Damage Ties," August 30, 2022.

⁶⁶ Lenora Chu, "Who's a Latvian and Why? A Complex Question Just Got Harder," *Christian Science Monitor*, August 31, 2022; Phil McCausland, "Russian Speakers in Estonia Live in a Tug of War Between Russia and the West," NBC News, April 10, 2022; Gordon F. Sander, "They Speak Russian, But Do They Support Putin's War?," *Politico Europe*, March 20, 2022; Coolican, *Russian Diaspora*, pp. 11-12.

⁶⁷ NATO Strategic Communications Centre of Excellence, "2007 Cyber Attacks on Estonia" in *Hybrid Threats: A Strategic Communications Perspective, Annex of Case Studies*, 2019, pp. 51-69.

⁶⁸ Rain Ottis, *Analysis of the 2007 Cyber Attacks Against Estonia from the Information Warfare Perspective*, NATO Cooperative Cyber Defence Centre of Excellence, 2008.

⁶⁹ Damien McGuinness, "How a Cyber Attack Transformed Estonia," BBC News, April 27, 2017.

⁷⁰ Andrew Higgins, "Estonia Says It Repelled a Major Cyberattack Claimed by Russian Hackers," *New York Times*, August 18, 2022.

countries, conducts cyberwarfare research and training, and organizes exercises and conferences preparing NATO countries to detect and fight cyberattacks.⁷¹

In 2018, Lithuania adopted a national Cyber Security Strategy and integrated several government agencies into the National Cyber Security Centre (NCSC) under the Ministry of Defense. Lithuania's NCSC registered nearly 4,100 cybersecurity incidents in 2021.⁷²

The International Telecommunication Union's *Global Cybersecurity Index 2020* ranked Estonia third, Lithuania sixth, and Latvia fifteenth in the world based on measurements of legal, technical, organizational, capacity building, and cooperation measures related to cybersecurity.⁷³ (The United States ranked first, the UK and Saudi Arabia tied for second.)

Energy Security

While continuing to import most of their oil and natural gas from Russia since regaining their independence, the Baltic states have had increasing concerns about Russia using energy dependence as political and economic leverage. Over the years, they accordingly have positioned themselves to end their reliance on Russian energy through a series of steps that deepen their integration with European natural gas and electricity networks and allow them to diversify their supply sources and import routes. Following Russia's 2022 invasion of Ukraine, Lithuania announced in April 2022 that it had eliminated all imports of Russian gas; Latvia and Estonia have announced plans to quit the use of Russian gas by the end of 2022.⁷⁴

In 2014, a floating LNG terminal became operational at the Lithuanian port of Klaipeda, and Lithuania subsequently began importing LNG from Norway and the United States. The nearly 300-meter-long floating storage and regasification unit, the *Independence*, has the capacity to supply 100% of Lithuania's natural gas needs and 90% of the total natural gas needs of the three Baltic countries combined.⁷⁵ A pipeline linking the gas infrastructures of Estonia and Finland became operational at the start of 2020, and a pipeline linking Lithuania to Poland became operational in May 2022.⁷⁶ In April 2022, Finland and Estonia announced a joint decision to lease a floating LNG terminal.⁷⁷ Latvia is proceeding with plans to construct its own LNG terminal.⁷⁸

As a remnant of the Soviet era, the Baltic states' power grids remain connected and synchronized with those of Russia (including Kaliningrad) and Belarus.⁷⁹ Two projects to integrate the region's

⁷¹ See NATO Cyber Defence Center of Excellence at <https://www.ccdcoe.org/>. Lithuania hosts the NATO Energy Security Center of Excellence, and Latvia hosts the NATO Strategic Communications Center of Excellence. See NATO, *Centres of Excellence*, at http://www.nato.int/cps/en/natohq/topics_68372.htm.

⁷² Ministry of Defence of the Republic of Lithuania, *Key Trends and Statistics of the National Cyber Security Status of Lithuania*, 2021 – Q1 2022.

⁷³ International Telecommunications Union, *Global Cybersecurity Index (GCI) 2020*, pp 25.

⁷⁴ Maris Andzans, *The Baltic Road to Energy Independence from Russia Is Nearing Completion*, Foreign Policy Research Institute, May 25, 2022; *Euractiv*, "Baltic States Become First in Europe to Stop Russian Gas Imports," April 4, 2022.

⁷⁵ Lithuanian National Television and Radio, "Lithuanian LNG Terminal Turns Seven: 'Weapon Against Russia's Aggressive Energy Policy,'" November 4, 2021.

⁷⁶ European Commission, "Inauguration of Gas Interconnection Between Poland and Lithuania," May 5, 2022; European Commission, "Balticconnector Gas Pipeline Up and Running Since 1 January 2020," January 8, 2020.

⁷⁷ Estonian Public Broadcasting, "Estonia, Finland Sign LNG Terminal Cooperation Agreement," April 29, 2022.

⁷⁸ Estonian Public Broadcasting, "Latvian Minister: We Can Survive the Winter with LNG Terminals, Gas Storage," August 4, 2022.

⁷⁹ Ott Tammik, "Estonian Premier Warns of Blackouts If Russia Cuts Grid Access," Bloomberg, September 23, 2022;

power grid into the wider European electricity market became operational in 2016: a link connecting Lithuania with Poland and an undersea cable connecting Lithuania with Sweden.⁸⁰ Previously, two connections between Estonia and Finland were the only infrastructure linking the region's electric grid to the rest of the EU. In 2018, the governments of Estonia, Latvia, and Lithuania reached an agreement with the European Commission on plans to synchronize their electricity grids with the rest of Europe by 2025.⁸¹

Many U.S. officials and Members of Congress regard European energy security as a U.S. national interest. Successive U.S. Administrations have encouraged EU member states to reduce energy dependence on Russia through diversification of supplies and supply routes. Some Members of Congress have expressed support for the Three Seas Initiative as a way to reduce Central and Eastern European countries' dependence on Russian energy. (See CRS In Focus IF11547, *The Three Seas Initiative*, by Sarah E. Garding and Derek E. Mix.)

Relations with China

Over the past several years, the governments of the Baltic states appear to have developed an increasingly skeptical view of the People's Republic of China (PRC or China) and a growing wariness of China's influence and intentions in the region.⁸² In May 2021, Lithuania announced that it was quitting the 17+1, calling the forum "divisive."⁸³ (The 17+1 originated in 2012 as a means to intensify economic and cultural ties between China and the countries of Central and Eastern Europe.⁸⁴) In August 2022, Estonia and Latvia followed Lithuania's example in quitting the forum, leaving it with 14 European participants.

Of the three Baltic countries, Lithuania has adopted the most openly skeptical and assertive approach toward relations with China and has made several policy moves that have triggered a negative reaction from China.⁸⁵ Lithuania angered Beijing in March 2021 when it announced its intention to set up a trade representative office in Taiwan. Lithuania subsequently quit the 17+1, called on others to do so, and pledged to send COVID-19 vaccine doses to Taiwan. In July 2021, Taiwan announced it would establish a Taiwanese Representative Office in Lithuania, the first such trade office (widely considered de facto embassies) in Europe to use the name "Taiwan" rather than "Chinese Taipei."⁸⁶ China subsequently imposed a de facto trade embargo on Lithuania and European firms that source from Lithuania. In January 2022, Taiwan announced a \$200 million fund for investments in Lithuania and a \$1 billion credit fund to finance cooperative projects with Lithuania in strategic sectors including semiconductors, biotechnology, and satellites.⁸⁷

Giedrius Gaidamavičius, "Lithuania Could Make Do Without Russian Gas, But Not Without Russian Electricity – EU Commissioner," Lithuanian National Television and Radio, March 9, 2022.

⁸⁰ *ModernPowerSystems*, "Completion of NordBalt and LitPol Closes the Baltic Ring," March 23, 2016.

⁸¹ European Commission, "European Solidarity on Energy: Synchronisation of the Baltic States' Electricity Network with the European System Strengthens Security of Supply," June 27, 2018.

⁸² See also CRS In Focus IF10252, *The European Union and China*, by Sarah E. Garding et al.

⁸³ *Euractiv*, "Lithuania Quits 'Divisive' China 17+1 Group," May 23, 2021.

⁸⁴ See Secretariat for Cooperation between China and Central and Eastern European Countries, <http://www.china-ceec.org/eng/>.

⁸⁵ Konstantin Eggert, "Lithuania's Challenge to China is Risky, But Clever," *Deutsche Welle*, April 4, 2021.

⁸⁶ *France24*, "Taiwan to Use Its Own Name at New Lithuania Office," July 20, 2021.

⁸⁷ Mary Hui, "Taiwan's \$1 Billion Lithuania Fund Is a High-Stakes Game of Economic Diplomacy," *Quartz*, January

China's trade restrictions against Lithuania led the EU to initiate a trade dispute case at the World Trade Organization (WTO) in January 2022.⁸⁸ The EU additionally began developing a new instrument designed to deter and counter the use of economic coercion against its member states by third parties.⁸⁹ In December 2021, Secretary of State Blinken affirmed U.S. support for Lithuania in pushing back against China's coercive behavior, and in March 2022 the United States requested to join the EU's WTO consultation.⁹⁰ Many Members of Congress have expressed interest in developing ways to work with U.S. allies to deter and respond to efforts at economic coercion by China.⁹¹

Other issues besides Taiwan also have contributed to tensions between China and Lithuania; in May 2021, the Lithuanian parliament passed a resolution condemning China's treatment of its Uyghur Muslim minority as an act of genocide, criticizing China's National Security Law for Hong Kong, and calling on China to allow international observers into Tibet.⁹²

Common factors that affect the Baltic states' views of China include the following:⁹³

- Baltic governments' close relationships with the United States, in the context of U.S. efforts to limit or counter PRC influence in the region;
- the Baltic states' relatively low levels of trade with China and investment from China compared with many other EU countries, and the availability of investment and assistance from European countries and the EU;
- disappointment in the Baltic states about a lack of deliverables from trade and investment talks with China, such as significantly increased investment from China or greater access to the PRC market for Baltic companies;
- increasing concerns in the Baltic states about the security implications of PRC investments and potential cyber vulnerabilities from the use of PRC technology;
- resentment in the Baltic states over China's close ties with Russia and its military cooperation with Russia, including past naval exercises in the Baltic Sea;
- resentment in the Baltic states over China's ambiguous stance on the war in Ukraine;

26, 2022.

⁸⁸ World Trade Organization, "EU Initiates WTO Dispute Complaint Regarding Chinese Restrictions on Trade with Lithuania," January 31, 2022.

⁸⁹ European Commission, "EU Strengthens Protection Against Economic Coercion," December 8, 2021.

⁹⁰ Office of the United States Trade Representative (USTR), "Statement from USTR Spokesperson Adam Hodge on the EU's Request for WTO Consultations with China," January 27, 2022. U.S. Department of State, "Secretary Blinken's Call with Lithuanian Prime Minister Simonyte," December 21, 2021.

⁹¹ In the 117th Congress, the House-passed version of H.R. 4521 (America COMPETES Act of 2022; passed by the Senate as the United States Innovation and Competition Act of 2021) would establish an interagency task force to develop a U.S. strategy to respond to China's coercive economic measures. The task force also would consult with U.S. partners and allies to develop a collective response and establish long-term deterrence to such measures.

⁹² The U.S. government and the parliaments of the United Kingdom, Canada, and the Netherlands also have characterized China's treatment of the Uyghurs as genocide.

⁹³ See, for example, Priyanka Shankar, "Why Are the Baltics Becoming Skeptical of Relations with China?," *Deutsche Welle*, August 22, 2022; Maria Siow, "Why Europe's Baltic States Can Brush Off China," *South China Morning Post*, July 17, 2021; Andris Banka, *Baltic States Start to Turn Away from China*, Australian Strategic Policy Institute, May 7, 2021; Jessica Larsen, *Chinese Influence in the Baltic?*, Danish Institute for International Studies, November 18, 2020.

- the Baltic states' values-based foreign policies that emphasize democracy and human rights, an outlook linked to their history of forcible annexation by the Soviet Union;
- claims by some leaders in the Baltic states that China overreacts to perceived slights and criticism on human rights issues; and
- decreased willingness on the part of the Baltic states to compartmentalize or separate economic cooperation with China from issues such as human rights, climate, and security concerns.

Outlook

The Baltic states are likely to remain strong U.S. allies and important U.S. partners in Europe that will continue to look to the United States for leadership on foreign policy and security issues. Bilateral security cooperation with the Baltic states and the regional presence and activities of U.S. and NATO forces are topics that have been of long-standing interest to many Members of Congress. Since Russia's renewed invasion of Ukraine in early 2022, such cooperation has taken on much greater urgency, leading some Members of Congress to travel to the region and conduct renewed oversight of U.S. defense commitments to allies along NATO's eastern flank.

Members of Congress may

- track efforts to bolster the capabilities of the Baltic states' armed forces, including through defense sales and the provision of U.S. security assistance. Congressional actions in these areas may include continuing security assistance appropriations and conducting oversight of related executive branch programs and activities.
- remain informed about specific security threats to the Baltic states posed by Russia, including conventional military concerns and hybrid threats, such as disinformation campaigns and cyberattacks. Related congressional action may include continuing oversight of regional U.S. defense policy and commitments, and engaging in oversight of U.S. policies toward countering hybrid threats.
- follow the Baltic states' efforts to end their reliance on Russian energy supplies. Related congressional action may include continued oversight of U.S. policies toward European energy security, including funding for the Three Seas Initiative.
- monitor the Baltic states' relations with China in the wider context of congressional concerns about China's influence and activities in Europe and congressional oversight of U.S. policies toward China.

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