The State Defence Concept

Executive Summary

The State Defence Concept outlines the fundamental strategic principles of national defence, mid-term and long-term priorities and measures both in peacetime and in case national security is threatened.

The fundamental strategic principle of national defence is to minimise the potential for threats to national security. By continuing to improve and modernise the national defence capabilities, by strengthening North Atlantic Treaty Organization's collective defence and by contributing to international security, both bilaterally and multilaterally, Latvia reduces the risk of external military aggression or an outbreak of other national threats, and, if necessary, is ready to ensure effective deterrence measures.

The national defence capacity rests upon the planned, coherent and coordinated political leadership, as well as the cooperation between state and local authorities, the National Armed Forces (hereinafter — NAF) and society. It is a significant precondition for preventing and defeating threats to national security and for dealing with consequence management.

The basis for national defence is the NAF, which is being developed as a defence asset that is professionally trained and equipped with modern technology. In ensuring national defence, the quality of the NAF capabilities is a priority. Likewise, the competitiveness of the profession of a soldier, his professional development and motivation are of high importance.

Taking into account the national and collective defence needs, as well as the available resources for the implementation of national defence, the development of the Land Forces component, which forms the core of the NAF capabilities, is a key priority for the NAF capability development and distribution of resources. The development of other capabilities is closely linked to the support for land operations and provision of host nation support capabilities.

The National Guard serves as the main NAF reserve base that is being developed by attracting reserve soldiers and reservists and involving them in public self-defence.

In order to facilitate Latvia's contribution to international security and implementation of the principle of collective defence, Latvia, together with Allies and partners must participate in international operations. Military integration of the Baltic States makes it possible to jointly develop capabilities that Latvia could not develop on its own, as well as makes it possible to increase our investment in the North Atlantic Treaty Organization. The NAF must strengthen cooperation with the Baltic States' armed forces, more closely integrating the present and jointly developing new military capabilities in long-term perspective.

The NAF also provides support to other state institutions, local governments and society, according to the laws and regulations, using the available military capabilities. In peacetime, the NAF, the Bank of Latvia Security Department, and the State Border Guard ensure interoperability, taking into account that these institutions operate under command of the NAF in time of crisis.

In order to increase the effectiveness of national defence, it is of decisive importance to ensure a long-term national defence funding mechanism, which would provide for a gradual increase of national defence funding each year, so that it would reach 2% of the gross domestic product in the future. It would be necessary to achieve this objective by 2020, and this is connected with the state economic growth and is based on efficient use of the financial resources of the defence sector, and is facilitating the development and modernisation of the NAF. The concept should be implemented in accordance with the state budget for the current year.

Minister of Defence A. Pabriks

The State Defence Concept
Informative Part

Introduction

1. The State Defence Concept is a policy planning document that outlines the fundamental strategic principles of military defence, priorities and measures for ensuring national defence. The State Defence Concept provides guidelines for peacetime and in case national security is threatened.

2. The State Defence Concept has been developed based on Article 29 of the National Security Law, and is based on the Military Threat Analysis. The State Defence Concept has been prepared according to Latvia's geopolitical situation, national security and foreign policy objectives, as well as Latvia's commitments as a member state of the North Atlantic Treaty Organization and the European Union.

3. The State Defence Concept provides the basis for planning specific national defence activities, resources necessary for the implementation thereof, the development of the National Armed Forces , the required readiness level and action of state and local authorities, individual and legal entities during peacetime and in case national security is threatened.

4. Taking into account the national economic situation and the significantly reduced defence funding, the implementation of national defence activities and fulfilling the legislatively defined functions and tasks of the National Armed Forces is ensured in accordance with the available resources. However, along with improvement of the economic situation, the development of the National Armed Forces must be continued and the frozen projects must be resumed. In the long run, no military capability shortfalls are allowed that would hamper the completion of the tasks laid out for the National Armed Forces.

1. International Security Environment

5. The international security environment is changeable, complex and difficult to predict. Due to the globalisation process, Latvia has established closer ties with countries in different regions of the world. Consequently, any political, social, military or economic instability, even in the remote parts of the world can pose a direct or indirect threat to Latvia's national security. This fact constitutes the basis for planning the development of the National Armed Forces (hereinafter — NAF).

6. The North Atlantic Treaty Organization (hereinafter — NATO) and the European Union (hereinafter — EU) have a central role in ensuring security, stability and cooperation in the Euro-Atlantic area. The collective defence principle of NATO, along with the EU's mutual assistance clause, are a stable foundation for Latvia's national security and defence that effectively helps to minimise any external threat to national security.

7. As a country of the Baltic Sea region, Latvia is affected by everything that happens in this region. Military cooperation with the Baltic States, the Nordic countries and the United States of America, which is the most important strategic partner for Latvia, is essential in providing security for Latvia and the entire region.

8. While the potential for direct military confrontation on Latvian territory is relatively low, it cannot be completely ruled out. The outbreak of such conflicts cannot be excluded also in the international security environment, taking into consideration the rising military potential in various countries of the world, as well as their efforts to expand their influence in world politics. Latvia's security is strengthened by NATO's military power, which guarantees the capabilities to mitigate these threats.

9. In national defence planning, Latvia, like the other NATO and EU member states, takes into account global threats that may affect the national security directly or indirectly, that is, the proliferation of weapons of mass destruction, and the activities of terrorist groups and radical extremists. These threats are facilitated by international conflicts or instability in certain regions. International piracy risk is significant as well, as it threatens access to strategic resources or their delivery routes and has a particularly negative impact on safe navigation. For ensuring national defence, it is important to prevent any possible risks associated with access to strategic resources, paying particular attention to the security of energy resource supplies, as well as the security and sustainability of crucial transport and communications infrastructure.

10. New fighting techniques, technology development and application trends must be taken into account while ensuring national defence. Latvia, being a democratic country with an open society, still must pay attention to the information space, which may be used to influence society and create domestic instability in crisis or peacetime. Cyber attacks

aimed at weakening the command, control and communications are also very likely.

11. National defence and security are affected by risks related to rapid technological progress, where the most negative impact may be posed by a combination of high-technology with weapons of mass destruction and electromagnetic weapons.

12. In the future, the most likely national threats will be caused by hybrid attacks which will be interconnected and difficult to predict. These attacks will combine both conventional and non-conventional methods of warfare, including terrorist attacks, organised criminal activities, cyber attacks, information warfare and psychological operations. The adversary will be able to operate, affecting both physically and virtually by land, sea, air, space and cyberspace.

2. Strategic Principle and Key Tasks of National Defence

13. The fundamental strategic principle of the national defence is to minimise the potential for threats to national security. By continuing to improve and modernise national defence capabilities, by strengthening NATO's collective defence and by contributing to international security, both bilaterally and multilaterally, Latvia reduces the risk of external military aggression or an outbreak of other national threats, and, if necessary, is ready to ensure effective deterrence measures.

14. The key tasks of national defence are to prevent, defeat and overcome potential national threats, to guarantee statehood, the capacity and continuation of state power and existing order, to contribute to international operations, to support civil society and engage in other emergency tasks in accordance with national laws and international agreements.

15. The national defence capacity rests upon the planned, coherent and coordinated political leadership, as well as the cooperation between state and local authorities, the NAF and society. It is a significant precondition for preventing and defeating threats to national security and for dealing with consequence management.

16. In order to be able to respond to traditional and other security challenges, rapid response in early stages must be guaranteed; the NAF

together with other state institutions, local governments, and society must perform defence activities in support of the arrival and deployment of allied forces. This requires an immediate situational awareness, rapid decision-making and a comprehensive approach, i.e., the use of both military and civil resources. In case of a threat to national security, national defence tasks are implemented under guidelines of national political leadership, and the following capabilities are guaranteed by the NAF:

16.1. a warning system;

16.2. a combination of military and non-military, i.e., preventive measures (political, economic, diplomatic and security measures);

16.3. self-defence capabilities; and

16.4. a host nation support system for rapid arrival and deployment of allied forces.

17. Likewise, the national security and defence are closely linked to the sense of responsibility and loyalty of civil society to the Republic of Latvia. Social duty and patriotism are important factors that strengthen Latvia's security and statehood. Therefore, during the implementation of national defence policy, dialogue between the armed forces and society is constantly being encouraged, providing the public and youth with patriotic education and increasing knowledge in national defence matters, as well as promoting civil awareness and *esprit de corps*.

3. Strengthening of National Defence Capabilities

18. *Professionally prepared and trained, expeditionary and multi-functional NAF*. The basis for national defence is the NAF, which is being developed as a professionally trained and comprehensively equipped national defence asset. The NAF is ready to deliver effectively the following operational capabilities:

18.1. to engage in threat prevention tasks both within Latvia and abroad, including the sustainment in operations for continued periods of time;

18.2. to operate in multinational military formations and to ensure interoperability with NATO and EU military units;

18.3. to adapt to threats across a variety of conflict situations; and

18.4. to conduct operations in hostile operational environments and extreme conditions, for example, the protection of units from weapons of mass destruction, operating under conditions of toxic threats and the use of improvised explosive devices.

19. *Priority is the development of the Land Forces component combat capabilities.* Considering the national and collective defence needs, as well as the available resources (personnel, financial, etc.) for the implementation of national defence, the Land Forces component (primarily — active service units) development is the core of NAF capabilities and a key priority for NAF capabilities development and distribution of resources. The development of other capabilities is closely tied to the support for land operations and the provision of host nation support capabilities.

20. *Information superiority, efficient and secure command, control and communications*. In support of the national defence tasks, a rapid strategic and operational (including geospatial) situational awareness capability must be in place, along with the effective and secure command and control system, allowing to adapt to today's security challenges, including also cyber attacks. Latvia ensures the maintenance and operation of a unified national and NATO classified information system, which, in case of threats to national security, is provided by the NAF together with NATO forces. In crisis situations, the NAF may take over the tasks, authority and resources of the Information Technologies Security Incidents Response Institution.

21. *A comprehensive approach to provide the host nation support capabilities*. As a matter of efficient use of means and ways provided by the collective defence system, the NAF ensures the host nation support in close cooperation with other state institutions, local governments and society, as well as in coordinated cooperation with the Baltic States, other allies and NATO authorities. As for the fulfilment of this task and execution of the relevant operations, it is important to make available the required infrastructure, including civil aviation, maritime and land transportation infrastructure, as well as to ensure the appropriate engagement of local governments. The development of the host nation support capabilities is essentially reinforced by the joint military training of the allied forces and the NAF in Latvia and in the other Baltic States, as well as by the use of Latvian military infrastructure by allies for their needs in peacetime.

22. *The transition from cooperation to integration with the Baltic States' armed forces.* Military integration of the Baltic States makes it possible to jointly develop military capabilities that Latvia would not be able to develop separately. This requires mutual confidence and trust,

development of joint command and control element of forces, coordinated development and interoperability. To promote the military integration of the Baltic States and to participate more effectively in NATO collective defence system, it is important to strengthen cooperation in areas such as defence planning, military acquisition and training, development of joint support units.

23. *Priority is the quality of capabilities, not the size of forces*. In peacetime, the NAF is formed of professional service soldiers, the National Guards, civilian employees and the reserve soldiers of the NAF that altogether do not exceed 17 000. In the national defence system, the amount of professional service soldiers does not exceed more than 5500 soldiers, while civilian personnel works in the positions which do not require professional military knowledge.

24. *The all-purpose capabilities of the NAF*. The NAF develops one and the same capabilities both for national and collective defence tasks. The development of the NAF combat capabilities is aligned to NATO military capability development guidelines and requirements.

25. *Sustainability and balance of the NAF structure*. The NAF provides the maintenance of a structure that primarily ensures the fulfilment of combat, combat support and combat service support tasks. In this respect, it is necessary to review and determine new military-grade structure. While planning the NAF structure, anticipated demographic problems are taken into account, and therefore it is necessary to sustain a flexible and modern recruitment system. Here, it is important to strengthen the Youth Guard movement by using the assistance of the NAF regular force units and National Guard. The stability of the social security system is of no less importance, which, according to financial ability, would allow finding effective solutions for motivating qualified and experienced professionals to serve in the NAF. By promoting the sustainability and capacity of the NAF structure, the NAF ensures the effective personnel career and professional development system, which would be directed towards:

25.1. ensuring the competitiveness of military service in the labour market; and

25.2. professional growth and improvement of combat capabilities of soldiers and National Guard by systematically raising the military service proficiency and by participation in tactical exercises.

26. *Procurement and logistics projects are synchronised with the development priorities of combat capabilities*. Taking into account the available resources, the acquisition of modern equipment, transportation means, weapons systems, as well as the introduction of modern technologies must be aimed at maintaining and developing of the NAF combat capabilities. In support of the NAF unit deployment, maintenance and training process, it is necessary to develop an appropriate multi-functional infrastructure that would be suitable both for the NAF and NATO needs. Bearing in mind the discouraging prospects of Latvia's demographic development, more attention must be paid to technology-centric capabilities that do not require significant staff resources. Procurement and logistics projects provide the maximum support for the development of the Land Forces component.

27. *Development of the National Guard of the Republic of Latvia aimed at strengthening the NAF operational capabilities*. The National Guard is a part of the NAF, and its main purpose is to involve the citizens of Latvia in national defence, thus providing a link between armed forces and society. The National Guard serves as the main NAF reserve base that is being developed by attracting reserve soldiers and reservists and involving them in public self-defence. Within the national defence system, the National Guard provides:

27.1. support to other regular force units of the NAF by maintaining the required specialised capabilities;

27.2. support for collective defence by participating in international operations and ensuring of host nation support; and

27.3. full integration and interoperability with other NAF regular force units, building a very close cooperation with the Land Forces Infantry Brigade in training and exercising, and in international operations.

28. *Readiness of other state institutions to operate under command of the NAF to mitigate threats to national security*. To ensure national defence in time of crisis, the National Armed Forces Law stipulates that the Bank of Latvia Security Department and the State Border Guard perform duties described in legislation and policy planning documents under command of the NAF. In peacetime, the NAF, the Bank of Latvia Security Department, and the State Border Guard ensure interoperability (regarding armament, equipment, communications and training) and coordinate mechanisms for cooperation in crisis situations.

29. *The NAF support to other institutions within the available military capabilities*. The NAF provides support to other state institutions, local governments and society, according to the laws and regulations, using the available military capabilities. The NAF provides support to the Security Police, State Police, State Border Guard, State Fire and Rescue Service, and other institutions, in the following cases:

29.1. resources at the disposal of these institutions are not sufficient for the implementation of emergency measures necessary for crisis and consequence management;

29.2. involvement of the NAF resources considerably accelerates the implementation of emergency measures; and

29.3. special resources (such as mine clearance and explosive devices, ships, aircraft and off-road land equipment or specific geo-spatial information) at the disposal of the NAF are deemed necessary.

30. *Effective and flexible mobilisation and reserve system*. Mobilisation and reserve system meets the following requirements:

30.1. capable to support effectively the national defence tasks in crisis;

30.2. adaptive to the threat level, so that the contribution made is adequate for the implementation of the NAF tasks; and

30.3. in a crisis situation, mobilisation resources (especially the material and technical resources) are used in a coordinated and effective manner, including the assured availability of the required civilian resources.

In terms of human resources, the mobilisation and active service reserve system is formed by the National Guards, soldiers and reservists. In the medium term, the most important tasks for the development of the reserve system are to ensure the proficiency of the National Guards and to retain the maximum military skills of the reserve soldiers by encouraging their involvement in the training process of the National Guard or in the National Guard service. In order to provide the appropriate training level for the National Guards, it is necessary to encourage employers to support their employees (National Guards) to get involved in the military training process.

4. Strengthening of Collective Defence

31. *Active participation in the strengthening of the principle of collective defence*. The principle of collective defence is enshrined in Article 5 of the North Atlantic Treaty, providing that an attack on one of the member states of the Alliance shall be considered an attack against all the

member states. This means that Latvia must be ready to provide assistance in the protection of the Allies, as well as to increase the contribution in the strengthening of NATO's overall military capabilities. It is within the interests of Latvia to strengthen the solidarity of the Allies and the ability to act rapidly and effectively in any situation, including fully implementing Latvian commitments and taking active part in NATO institutions, as well as in decision-making and consultation processes.

32. *Strengthening of NATO Response Force and military capabilities*. It is within the interests of Latvia to strengthen the rapid response mechanisms of the collective security system, which provides the ability to timely identify and anticipate potential threats. Thus, Latvia contributes to the development of the Alliance's ground surveillance capabilities and contributes to the use of NATO's common funding for the development of the Alliance's deployable capabilities. Latvia strengthens NATO's political and military abilities to operate effectively before, during, and after operations, including active participation in NATO Response Force, as they first engage in crisis management and collective defence operations. Effective functioning of NATO's crisis response system is a precondition for the rapid response of the Alliance.

33. *Strengthening of NATO's deterrence posture*. In NATO, the military posture of the allied forces serves two purposes: on the one hand, it deters from potential aggression, on the other, it guarantees the political independence and territorial integrity of the member states of the Alliance. This requires ensuring the most effective combination of military resources that would be available to the Allies. Taking into account the international security situation, Latvia believes that NATO must maintain the nuclear posture also further on. An appropriate mix of nuclear and conventional forces is an important basis for military response of the Alliance. In this context, NATO's missile defence capability is an integral part of the defence posture.

34. *NATO's presence in the region*. Along with the approval of the new NATO Strategic Concept, Allies have united in their commitment to provide visible assurance of the solidarity and collective defence capabilities. The NATO Air Policing Mission is the most visible presence of the Alliance in the Baltic States. Latvia together with other Baltic States continues to provide host nation support to the participating Allies. Latvia's priority is to have NATO's Air Policing Mission on a continuous basis.

Latvia is also interested in promoting any other expression of the Allied solidarity, including the organisation of joint military exercises and training with the allied forces and the NAF in Latvia and in the other Baltic States, which is particularly important in strengthening the host nation support capabilities. Permanent use of the Latvian civil and military infrastructure for the support of the NATO forces strengthens Latvia's security and defence.

35. *Pooling and sharing*. The most effective solutions for maintaining and developing military capabilities are being sought in NATO. In view of the Allies' cooperation on pooling and sharing of military capabilities, the capabilities needed for the Alliance become more cost-efficient and available.

36. *The European Union as a catalyst for the cooperation of European countries in the development of military capabilities*. Latvia contributes to European military capabilities, which enables Europe to contribute more effectively in strengthening international security and in closing the gap with the United States of America in terms of military capabilities. The EU for Latvia is an additional instrument for strengthening national security and defence. The Lisbon Treaty's mutual assistance clause (Article 42.7 of the Treaty) specifies that in the event of an armed aggression, the EU Member States are obliged to provide the victim state with aid and assistance by all means at their disposal. This clause has the role of promoting political solidarity, but the Lisbon Treaty does not provide a mechanism for its implementation. Therefore, it is important for Latvia to maintain a maximum degree of national competence in the decision-making regarding the EU security and defence policy issues. It is within the interests of Latvia to use the EU's crisis management resources and civil expertise, which nowadays allows finding the most appropriate solutions to international crises. Latvia supports coordinated use of NATO and EU civilian and military resources for solving security problems, as well as supports the development of harmonious cooperation, while avoiding duplication of functions. At the same time, the strengthening of the European military capabilities must contribute to NATO's military capacity.

5. Contribution to International Security

37. Latvia's major contribution to international security is to reduce or completely avert the possibilities of armed conflicts. In the international

security context, Latvia strengthens bilateral and multilateral relations with its allies and other partner countries, taking into account their international and regional importance. Latvia as a member state of the United Nations Organization, EU, NATO, and the Organization for Security and Co-operation in Europe (hereinafter — OSCE) contributes to promotion of stability of broader common security space, fostering military cooperation and security, arms control, mutual trust and information exchange and sharing of acquired experience in democracy, the Euro-Atlantic integration, security and defence sector reform.

38. Actively participating in enhancing the Euro-Atlantic security, Latvia, along with allies and partners, participates in international operations, pursues regional cooperation, and provides support for defence reforms in NATO partner countries.

39. Latvia's participation in international operations, on the one hand, implements the Alliance's principle of collective defence, on the other hand, allows greater involvement in global political processes, ensures Latvia's contribution to international security, and creates favourable conditions for pursuing Latvian national interests within NATO and the EU.

5.1. Participation in International Operations

40. *Building the experience and preparedness of all the NAF units.* Participation in international operations ensures Latvia with continued growth of the NAF, which is essential for the armed forces that are professionally based. In order to promote balanced operational experience and the growth of professional skills, all the regular units are involved in international operations. In this context, it is important to promote the participation of the Naval Forces and the Air Forces in operation areas. Also the National Guard participates in international operations thereby enhancing its capabilities and increasing the motivation of the National Guard.

41. *The NAF is able to participate in several operations simultaneously*. Taking into account the available human and financial resources, Latvia's soldiers and civilian experts are involved in NATO-led, EU-led, UN-led and other international operations.

42. *The NAF is able to sustain in geographically remote operation areas*. The NAF in cooperation with its allies must be prepared to participate in international operations in geographically distant locations that differ from Latvia climatically, socio-politically, economically and culturally. The NAF must ensure the ability to deploy and permanently sustain one platoon-level unit in an area of operations 15 000 km from Latvia's borders, one company-level unit at a distance of 5000 km, two company-level units with organic combat support and combat service support capabilities at a distance of 3000 km.

43. *Increasing the contribution to NATO and the EU High Readiness Forces.* Latvia participates also in NATO and EU permanent readiness formations, designed to be able to respond effectively to the whole spectrum of crisis situations. Taking into account the fact that NATO Response Force is an essential instrument for collective defence, Latvia must pay particular attention to the contribution to those forces. Until 2016 Latvia's total contribution to these forces is not less than 390 soldiers. The NAF must be ready to participate in the full spectrum of NATO-led operations with one infantry battalion for up to six months without rotation or with subunits not exceeding two infantry companies or equivalent size specialized subunits for up to six months with rotation. The Naval Forces of the NAF must be ready to participate in NATO's High Readiness Forces mine-countermeasures operations. While developing national defence logistics and supply system, it is important to create expeditionary logistics capabilities which are available to NATO. Latvia plans regular participation in EU Battlegroups, taking into account the involvement in other international operations.

44. *Ensuring comprehensive approach*. Stabilisation of situation and restoration of security in areas of international crisis require a comprehensive approach that is based on effective civil-military cooperation and coordination mechanisms. So:

44.1. The task of today's international operations is to guarantee the security in the region of crisis, promote the development of the security and Defence Forces in the region of crisis, the ability to manage the situation in their territory independently, and create conditions for further economic and social stability. In crisis management, not only military contribution, but also effective and coordinated action of civilian experts is increasingly important; and

44.2. Timely implementation of a comprehensive action and close mutual cooperation of national and international organisations to reduce

potential threats and promotion of international security are within the interests of Latvia. In this context, the cooperation and coordination of actions of the United Nations, NATO, EU and OSCE, as well as with non-governmental and other organisations are crucial.

5.2. International Cooperation and Support to Partner Countries

45. *The United States of America is and will remain the key strategic partner of Latvia* in the field of defence and military matters. It is important for Latvia to continue and deepen the practical cooperation both bilaterally and at NATO level. This cooperation is strengthened by joint participation in military trainings and international operations.

46. *Military cooperation with the allies in the Baltic Sea region plays an important role,* taking into account the traditional unifying cultural and regional ties. It is within the interests of Latvia to promote the Baltic and Nordic cooperation, promoting their unity in terms of security and defence policy, as well as deepening the cooperation of the armed forces. Military cooperation with Poland and Germany, which have an important role in the security of the Baltic Sea region, is of no less importance.

47. *Active cooperation with the EU and NATO countries that are interested in strengthening security in the Baltic Sea region*. It is within the interests of Latvia to promote the involvement of other EU and NATO countries in resolving the security issues in the Baltic Sea region, expanding the traditional formats in the region of military cooperation of the Baltic and Nordic countries.

48. *Promotion of cooperation with the Russian Federation is a security and stability strengthening aspect of the Baltic Sea region.* It is within the interests of Latvia to promote the principle of openness and mutual trust in the dialogue with the Russian Federation in bilateral contacts, and at the levels of the OSCE, EU and NATO. There is a need to promote military cooperation, for example, for ensuring maritime safety and search and rescue coverage in the Baltic Sea, as well as promoting the involvement of the Russian Federation in trainings and exercises organised for NATO partner countries.

49. *Exchange of experience with NATO partner countries in implementation of defence reforms*. Latvia is actively cooperating with countries whose foreign and security policy objectives are the development of closer cooperation with NATO and the EU. Latvia is ready to share experience and provide expert advice in the area of defence reform for the South Caucasus countries and the Western Balkan countries, Moldova and other partner countries.

6. National Defence Planning

6.1. NAF Development and Operational Planning System

50. When planning the development of the NAF, the guidelines of the concept are observed:

50.1. The development of the NAF is planned in the medium and long term, based on the Military Threat Analysis, operational study and in accordance with the National Armed Forces Law. To ensure a long-term operation and development of the NAF, based on the operational capability assessment, a development plan for the NAF is prepared, which aims at balancing the needs, resources and time of the NAF. The development plan for the NAF and this concept are the basis for medium-term planning documents, including the guidelines on the development of the national defence system that are issued by the minister of defence, and for the next year's budget planning; and

50.2. The development planning process of the NAF must ensure the continuity of the implementation of the concept. Within this process, it is important to identify core capabilities of the NAF for the fulfilment of national defence key tasks.

51. Guided by the State Defence Concept and the Military Threat Analysis, the State Defence Plan, which specifies national defence activities, priorities and necessary resources and identifies the necessary readiness level and responsibilities of institutions, individual or legal entities involved in ensuring national defence, is adjusted. This concept, the Military Threat Analysis, and the State Defence Plan are the basis for the guidelines of the minister of defence on the fulfilment of the tasks of the NAF and operational planning assumptions for the elaboration of the State Defence Operational Plan.

6.2. Resource Planning

52. *Ensuring long-term prospects*. Strengthening national defence capabilities within the framework of NATO collective defence, long-term financial prospects of national defence funding are of decisive importance. In order to increase the effectiveness for ensuring national defence, to meet Latvia's obligations regarding development of NATO military capabilities, as well as to provide a basis for long-term development projects, it is necessary to ensure the stability and growth of the available funding over a longer period of time. Taking into account the economic situation and the bulk of the state budget, national defence funding each year would require a gradual increase to ensure that the state funding for defence would reach 2% of the gross domestic product in the future. It would be necessary to achieve this objective by 2020, and this is connected with the state economic growth and is based on efficient use of the financial resources of the defence sector, facilitating the growth and modernisation of the NAF. The concept should be implemented in accordance with the state budget for the current year.

53. *Achieving efficiency targets*:

53.1. to implement development projects and ensure timely renewal of equipment, each year not less than 20% of the NAF budget must allocated for the acquisition of armament and equipment of the NAF. At the same time, it must be ensured that personnel costs do not exceed 50% of the NAF budget, continuing the professional development, training and modernisation of the NAF, as well as providing that the administrative element of the NAF does not exceed 10% of the total NAF personnel; and

53.2. for the increase in the capabilities of the NAF unit deployment according to NATO common policy planning, Latvia develops capabilities in order to ensure that no less than 8% (or 450 soldiers) of the NAF total professional service personnel are sustained in operational areas. No less than 50% of the total professional personnel of the NAF should be deployable in order to participate in NATO-led, EU-led and other international organisations-led operations.

54. *Support for economic development through military acquisitions*. It is possible to provide the latter:

54.1. by participating in multilateral cooperation projects, without which the development of lacking defence capabilities in conditions of reduced defence budget would be limited or even impossible, by organising

joint military procurement with other Baltic States, including offering them the use of own training infrastructure;

54.2. by promoting the participation of Latvian private enterprises in NATO military industry supply and transit chains that increases the country's export capacity and increases economic turnover opportunities;

54.3. by promoting the competitiveness of private enterprises and development of technologies, focusing on the involvement of local suppliers in the performance of large-scale military goods procurement contracts; and

54.4. by promoting the organisation of military exercises and training in Latvia, which enables the attraction of local businesses for exercise support by providing various services or the required infrastructure.

7. Final Provisions

55. The fundamental strategic principles and the guidelines for ensuring national defence and development of military capabilities outlined in the State Defence Concept have been set for the medium and long term periods.

56. State authorities of the Republic of Latvia ensure the implementation of the State Defence Concept within the scope of their competence and the tasks set forth in laws and regulations.

57. According to the National Security Law, the *Saeima* approves the State Defence Concept not less than once during each convening by 1 October of the second year of its operation.

Minister of Defence A. Pabriks