

## DEFENCE BUDGET 2007 OF THE REPUBLIC OF LATVIA

The State Defence Financing Law sets 2% of GDP for defence spending until year 2008. Consequently, increase of funds allocated for defence is directly dependent on dynamics of the national GDP.

The total Defence Budget allocated by the government for year 2007 is 254.04 million Lats (Ls) or 2% of GDP. Compared to Budget 2006, the Defence Budget 2007 has grown by 52.88 million Ls or 26%. The estimated annual increase of Defence Budget is shown in Table 1.

**Table 1**  
**Defence Budget and Estimated Increase**

Year	Expected GDP, Million Ls	Defence Budget	
		% of GDP	Million Ls
2007 *	12 702.2	2.00	254.04
2008 **	14 476.2	2.00	289.52
2009 **	16 258.1	2.00	325.16
2010 **	18 047.5	2.00	360.95

\* Planned

\*\*Projected

(EUR1=Ls 0.7028)

This year, 231.12 million Ls have been assigned directly to the Ministry of Defence (MoD), and 22.92 million Ls have been assigned for defence related purposes to be managed outside the Ministry of Defence. The Defence Budget 2007 by institutions is shown in Table 2.

**Table 2**  
**Defence Budget 2007 by Institutions**

	FY 2007 (million Ls)
<b>Ministry of Defence</b>	<b>231.12</b>
<b>Defence related expenditure:</b>	<b>22.92</b>
Ministry of the Interior	19.50
Bank of Latvia Security Unit	3.00
Other Institutions	0.42

The Minister for Defence has issued guidelines for development of the National Defence System regarding budget planning process for year 2007. As a result, the following major tasks have been defined for 2007:

- Develop the National Armed Forces (NAF) capabilities to participate in emergency and rescue operations, as well as in accident relief efforts and oil containment at sea;
- Prepare NAF units for deployment to international operations and NATO Response Force / EU Rapid Reaction Force by developing unit deployability, sustainability and combat readiness, as well as providing interoperability with the NATO troops;
- Implement Force Goals (NATO tasks for military capabilities of the Alliance) and Standardization Agreements;
- Modernise NAF infrastructure - especially focusing on development of command and control system, development of communications and information systems, air space surveillance and control, logistics and supply systems;
- Develop NAF antiterrorism and interagency cooperation capabilities;
- Develop the National Guard and expand the Youth Guard movement;
- Provide host nation support activities to support the NATO's Air Policing mission in the Baltic States;
- Support countries intending to implement defence reforms and use NATO experience;
- Develop and strengthen scientific research activities in the national defence field.

Annual Budget reflects completion of the main defence tasks.

**Table 3**  
**MoD Budget 2006 and 2007 (by Programs)**

	Million Ls	Million Ls
	Budget FY 2006	Budget FY 2007
<b>State Defence Management and Administration*</b>	<b>12.88</b>	<b>14.76</b>
<b>Military Pension Fund</b>	<b>2.14</b>	<b>2.58</b>
<b>Maintenance and Construction</b>	<b>28.20</b>	<b>48.17</b>
<b>National Armed Forces (NAF)</b>	<b>117.34</b>	<b>152.67</b>
NAF HQ	2.34	2.23
General Purpose Units	1.92	3.35
Air Force	4.98	10.23
Naval Force	10.27	20.21
Land Force	1.37	2.58
National Defence Academy	0.50	0.53

Logistics Command	37.92	45.75
TRADOC**	1.35	1.89
International Operations and NAF Personnel Centralized Wage System	55.19	64.02
National Guard	1.50	1.88
<b>Other Programs***</b>	<b>10.59</b>	<b>12.94</b>
<b>Total Budget</b>	<b>171.15</b>	<b>231.12</b>

\* Also including: military attachés and representatives, contributions to international organizations etc.

\*\* TRADOC has been established by merging the National Defence Academy and armed forces training bases.

\*\*\* Also including: War Museum, Military Intelligence and Security Service, Geodesy and Cartography etc.

### **Main Estimated Expenditure of MoD Budget 2007**

- **Land Force:**
  - Participation in international operations (Kosovo, Iraq, Afghanistan etc.) – 8.27 mil Ls;
  - Development of NAF's communications system – 4.90 mil Ls.
- **Air Force:**
  - Short-range air-defence system (RBS-70) – 1.7 mil Ls;
  - Procurement of mobile radar and development of related infrastructure – 2.88 mil Ls;
  - Communications equipment (Ground-Air-Ground radios) – 0.88 mil Ls;
  - Procurement of lightweight helicopters – 1.0 mil Ls.
- **Naval Force:**
  - Maritime Surveillance System – 4.0 mil Ls;
  - Procurement of countermine vessels – 5.62 mil Ls;
  - Building of patrol boats – 3.8 mil Ls;
  - Procurement of diving equipment – 0.72 mil Ls.
- **Logistics:**
  - Weapons, ammunition and special equipment – 18.60 mil Ls;
  - Uniforms and other individual equipment – 6.20 mil Ls;
  - Land and road vehicles, other logistics vehicles – 3.55 mil Ls;
  - Equipment for protection against weapons of mass destruction – 0.35 mil Ls.
- **Infrastructure:**
  - Development of infrastructure in the Ādaži military base – 4.4 mil Ls;

- Development of the Lielvārde Air Base – 7.0 mil Ls;
  - Development of naval infrastructure in Daugavgrīva – 1.24 mil Ls;
  - Development of naval infrastructure in Tosmāre, Liepāja – 1.35 mil Ls.
- **Housing program for professional army soldiers – 1.5 mil Ls**
  - **Contributions to international organizations – 2.98 mil Ls, including:** – NATO Military Budget, NSIP, Alliance Ground Surveillance System, etc.