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# **STORIES OF THE SECURITY AND DEFENCE INDUSTRY OF LATVIA**



**FSDI Latvia**

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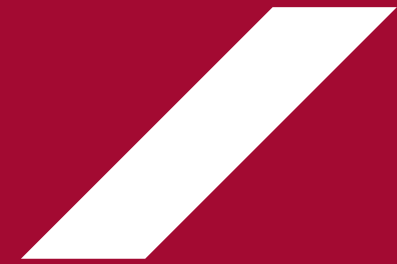
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Juris Ciganovs

## THE BEGINNINGS OF THE LATVIAN ARMY'S TECHNICAL SUPPLY AND MILITARY INDUSTRY

The story of the formation of our country's national defence system began with its creation and development. Likewise, the story of the Latvian Army and Latvian soldiers could only begin with the moment when the Republic of Latvia was proclaimed on November 18, 1918, in the II Theatre of the city of Rīga (today Latvian National Theatre).

At the moment of the Declaration of Statehood, the Provisional Government of Latvia led by Kārlis Ulmanis had neither its own armed forces, nor a possibility to supply units of the future army with war materials, clothing and food. The first task was the combat formation. The first Latvian military units were formed with the support of foreign armed forces (the 1st Latvian Separate Brigade was formed with the participation of the German 8th Army, and the Northern Latvian Brigade - with the participation of the Estonian Army). All necessary food and war materials were supplied from the warehouses of these armies. Latvia's own supply system would be developed only after completing the formation of these two first military units. The supply systems of the two units were organisationally different. The real work began after setting up of a unified Latvian Army on July 10, 1919, when after the creation of the Latvian Army - the very next day, on July 11, 1919, the army's High Commander established a unified army supply institution: the War Supply Administration.

In the conditions of the War of Independence an urgent need of the first military units controlled by the Provisional Government of the Republic of Latvia was to provide their troops with materials of the commissariat: food, forage, clothing and equipment. To solve the supply issues, the Main Requisition Commission was established under the control of the Ministry of the Interior and a special state institution - the Procurement Ministry, whose task was to take care of the procurement of food, clothing and basic necessities, as well as their transfer to the newly formed army procurement structures. It was difficult taking into account that the First World War had been going on in the country for several years, cultivated agricultural areas had decreased, and the armies of the warring countries had already requisitioned food as well as other war materials. At the end of 1918 and the first half of 1919, already during the time of the War of Independence, requisitions and food confiscations were carried out both by the authorities of the Soviet Latvia led by P. Stučka and by the German, Estonian, Polish and Lithuanian army logistics services located there. Also, at the beginning of 1920, during the Latgale liberation operations, the supply services of the Latvian Army had to provide a certain amount of food to the Polish troops who fought against the Bolsheviks.

The situation regarding the supply of clothing and equipment to the first units of the Latvian Army was dramatic, because the Latvian industry, destroyed during the First World War, no longer produced raw materials necessary for the production of these items, so purchases had to be made abroad and their delivery arranged. The army supply services established the first sewing and repair workshops thus trying to resolve the acute shortage of clothing, footwear and

equipment in the sub-units of the Latvian Army. However, in the summer of 1920, at the end of the War of Independence, only about 50% of the army's personnel could be considered dressed according to the minimum requirements for military service.

According to the military doctrine prevailing in Latvia, the army logistics services were in charge of supplying food, forage, clothing and equipment. After the transition of the army to a peacetime regime on March 31, 1921, this function was taken over by the supply structures of the Ministry of Defence (from 1923 – Ministry of War). A three-tier system of supply services was established: central supply institutions, divisional logistics and supply structures of regiments and their equivalent military units. On June 18, 1924, the War Logistics Department was transformed into the Main Logistics Office. All services related to the supply of food and goods were under its supervision. This structure of the army supply existed until 1933.

The task of the supply system was to provide the army with the necessary war items, as well as to prepare reserves of food and other goods for possible mobilisation in accordance with the developed plans of mobilisation. Along with the recovery of the country's economy, the supply of the army gradually improved. Already a few years after the end of the War of Independence, it was supplied with produce from local farmers – the commissariat purchased food from them through auctions and concluded long-term contracts for the provision of various products.

Food and forage were mostly bought directly from local farmers and food industry companies, trying to avoid intermediary services as much as possible and following the principle of economic benefit. After 1929, the Main Logistics Office began to form special procurement commissions throughout the country, which organized purchasing of agricultural products from producers.

In the first years after the army's transition to peacetime regime, the supply of clothing and equipment to the soldiers of the Latvian Army was insufficient, and in some military units – even poor. Almost all raw materials for the manufacture of army clothing and equipment had to be imported from abroad. As to the supply of clothing, a significant actor was the Technical Committee of the War Economy Administration, established in 1920, which developed the first regulations regarding the quality and type of clothing, footwear, linen, as well as equipment for the needs of the army, and determined their expiration terms. Technical descriptions of soldiers' clothing and equipment were also developed. During this time, local manufacturing companies began to produce fabric and various materials for making equipment for the needs of the army. From 1924, the supplies of logistics services were produced only from materials made in Latvia.

Logistics services had to develop plans as part of the national defence and mobilisation documents for the preparation and deployment of the army's strategic reserves. These plans foresaw that in the case of starting preparations for mobilisation of the population and formation of new military units, stocks of necessary war materials (including food, forage, clothing and equipment) corresponding to the size of the military units would be provided in the formation areas. The task of the Army Logistics Services was to prepare these reserves, potential deployment sites and, if necessary, move them in accordance with mobilisation plans. It was expected that in the event of a possible military conflict and the mobilisation of the country's population for military service, food,



*Tailor workshop of Liepāja Infantry Regiment. Liepāja. Late 1920s*

clothing and necessary war materials would be distributed from the nearest army warehouses at the formation sites of the new troops, but in the future, food would be provided in the form of requisitions and wartime purchases. The army leadership believed that the supply of food to the troops during the war should be organised in such a way that all the necessary products were procured locally in the territory of the country, because in the event of a potential military conflict, it would not be possible to rely on purchases from abroad.

Around 1930, organisational changes began in the Latvian Army Logistics Services. In order to optimize the work of the central supply institutions, prevent duplication of functions, as well as reduce staff of administrations, on April 1, 1933, all the administrations of the Ministry of War – the Main Logistics Office, the Armament Administration, the War Construction Administration, the Sanitary Administration, the Budget and Credit Administration – were merged into one Procurement Administration. The Logistics Department with four of its units – Food, Goods (for the purchase of household and hygiene supplies), Technical (for clothing specifications and nomenclature) and Mobilisation unit – were responsible for supplying the army with Commissariat materials and items.

In cooperation with state-owned enterprises, the production of necessary army supplies was gradually changed, using local raw materials and products as much as possible. To make sure that the supply of the troops was as independent from foreign supplies as possible, the army leadership and the commissariat tried to adapt and reorganise some local industrial enterprises so that, if necessary, they could start the production of war materials quickly and without interruption. At the same time, the reserves of imported goods necessary for production were created. Along with the establishment of national businesses, all the main materials (wool, linen, tow, linen and tow fabrics, different types of leather and iron, etc.) were supplied to the workshops of army goods by the newly established





*Exercise Iron Spear 2020 at Ādaži military base, 2020.  
Photo: Ēriks Kukutis / Ministry of Defence*

## The impact of peace and conflict on armed forces in Europe

In the context mentioned above, armed forces of European countries experienced a significant transformation. After the end of the Cold War, their numbers, armament, and funding were largely reduced, as large-scale armed conflict between states or blocs of states was no longer expected in Europe. The threat of nuclear confrontation also lowered significantly, although, in the early 1990s, there were concerns about Russia's ability to maintain control over all its nuclear weapons (Ukraine, Belarus, and Kazakhstan transferred their inherited nuclear weapons to Russia).

The global war against terrorism at the beginning of the 21st century changed the strategy, tactics, and development directions of the armed forces of most European countries in the fight against terrorism. Potential of conventional conflicts was not ignored, however, their potential was assessed as low. In many parts of Europe, terrorist attacks were considered more likely. Both the armed forces and internal affairs systems, including the protection of critical infrastructure, were increasingly refocused at this risk.



*A Latvian soldier at Camp Echo near Al-Diwaniyah in Iraq, 2007.  
Photo: Normunds Mežiņš / Ministry of Defence*

Latvia is a telling example of the transformation of the armed forces in Europe. By the early 2000s, it was involved in military operations in Iraq and Afghanistan. In 2006, it was decided to abolish compulsory military service and switch to a fully professional armed force. The colour and pattern of the uniforms changed to be suitable for the deserts. Overall, less attention was paid to territorial defence.

The first wake-up call for Europe and especially for Latvia was Russia's invasion of Georgia in 2008. The effects of this war did not last. Already in 2009, the newly elected US President Barack Obama's administration reset relations with Russia. Latvia also followed this course in relations with Russia. Only the fact that Russia started a war against Ukraine in 2014 became a serious turning point in the development of the National Armed Forces. Defence funding was increased from less than one percent of the gross domestic product in 2014 to two percent in 2018<sup>3</sup>, which allowed for an increase in personnel, infrastructure development, and the purchase of both used and new machinery and equipment.

<sup>3</sup> Defence Expenditure of NATO Countries (2014-2022), NATO, 27.06.2022. [https://www.nato.int/nato\\_static\\_fl2014/assets/pdf/2022/6/pdf/220627-def-exp-2022-en.pdf](https://www.nato.int/nato_static_fl2014/assets/pdf/2022/6/pdf/220627-def-exp-2022-en.pdf), p. 8.



The increase in funding for the defence industry and the growth of the National Armed Forces also gave an impetus to the development of Latvia's security and defence industry.

The year 2022 and the second war in Ukraine have further strengthened Latvia's defence improvement efforts. Latvia continues to increase defence expenditure, and it is planned to increase it to at least three percent of the gross domestic product by 2027.<sup>4</sup> The increasing funding allows for the expansion of the range and size of armaments. While strengthening the defence of its country, Latvia has also started work on reinstating compulsory military service.

## The impact of peace and conflict on military technology

The material and technical side of armed forces has also experienced a significant transformation. The Global War on Terrorism brought to the fore the fight against non-state actors – terrorist groups and individuals, mostly associated with Islamic extremism. Armoured vehicles were created that can withstand explosions caused by improvised explosive devices, and increasingly capable drones for both surveillance and combat operations were made. Electronic intelligence and surveillance systems were developed to target terrorists and their associates.

Cyberspace has evolved significantly in this century. In 2007, coordinated cyber-attacks against Estonia marked the importance of cyber conflicts. Cyberspace is increasingly becoming an equal warfare environment alongside land, sea, air, and space and is already an integral part of almost every modern armed conflict. Consequently, cyber defence is a crucial area of activity for the armed forces.

The rapid development of cyberspace in the 2010s gradually expanded the amount of information available to everyone and the possibilities of information manipulation. Also, information operations and protection against deception in the electronic information space play an increasingly important role in everyday life and in the course of armed conflicts – both in the struggle for opinions in serious disputes in the countries involved and in the struggle for sympathy of the international community.

In recent years, the space domain is regaining more and more relevance. Global navigation systems, satellite communications, and satellite surveillance capabilities become even more important in armed conflicts. The potential of space weapons remains – shooting down satellites, pushing them out of orbit or damaging them, non-kinetic effects on satellites, as well as kinetic effects from objects in space against targets on the ground.

<sup>4</sup> Declaration on the planned activities of the Cabinet of Ministers led by Arturs Krišjānis Kariņš, 14.12.2022. <https://www.mk.gov.lv/lv/media/14490/download?attachment>, p. 7.



*An unmanned aerial vehicle exhibited during the Industry Days NBS 2022 at Ādaži military base, 2022. Photo: Gatis Indrēvics / Ministry of Defence*

## Lessons from Russia's war in Ukraine

Although in 2014 the modernisation of the Russian armed forces and the relatively innovative approach (the use of the so-called *green men* and other methods, which were later analysed and discussed in many places as a hybrid war) were widely discussed, in 2022 Russia surprised with the lack of a new approach. The massive and undisguised attack on Ukraine was largely reminiscent of the wars of the 20th century, including Russia's military operations in Chechnya. Of course, nowadays Russia's armament is more modern in many categories. Considerable differences are marked by surveillance and combat drones, as well as cyber-attacks and information operations.

From Ukraine's perspective, there are several factors that allow it to withstand the Russian onslaught, such as successful strategy and tactical solutions, decentralised and effective command, high morale in the armed forces, elite, and society, as well as ingenuity and resourcefulness. USSR-era armaments were also important, especially anti-aircraft defence systems and aircraft, the skilful use of which prevented Russia from gaining superiority in the sky. A successful resistance would not be possible without the support of Western countries, especially without armaments and intelligence information.

Western-supplied armaments to Ukraine demonstrated the importance of technological superiority, primarily against tanks and other armoured vehicles, as well as against aircraft and ships. Unmanned aerial vehicles (UAVs) played an important role, both in identifying targets for artillery strikes and in conducting drone strikes on targets (including commercial, combat-adapted UAVs). Attacks with unmanned surface vehicles demonstrated both Ukraine's ingenuity and the progress of unmanned systems of this category, and therefore the vulnerabilities

## Building a community that meets international standards

When starting cooperation in international projects and strengthening Latvia's defence capabilities with the world's leading military manufacturers, it was important to confirm the experience and reputation of the companies, compliance of products with certain quality standards, qualification requirements and the competences of the employees. Companies operating in the defence and security industries also had to implement internationally recognised principles of business ethics and corporate governance. *FSDI Latvia* members agreed that by jointly developing and implementing ethical business principles, it is possible to improve both the performance of companies and the industries as a whole.

In June 2015, *FSDI Latvia* members, in consultation with external experts and cooperation partners, started work on the code of ethics. *FSDI Latvia* established a working group that familiarised itself with the international principles of aerospace and defence business ethics, analysed the *Transparency International* recommendations. *The evaluation index of corporate anti-corruption policies in the defence sector*, and the findings of the association *Delna* study *Lobbying transparency: ethical lobbying practices of the private sector*. Many members, including universities, already had experience to share in implementing their own codes of ethics.<sup>11</sup>

Recognising the ethical dilemmas that companies may face, as well as the risks of favouritism and corruption, discussions on the purpose and industry standard of the Code of Conduct continued, its content was negotiated and agreed with influencers in early 2016. The Code of Ethics was approved at the *FSDI Latvia* members' meeting, an Ethics Committee was elected and the Society's Articles of Association were amended to give effect to the Code. The Code of Ethics clarifies the foundations of conduct and behaviour and promotes the lawful, honest and quality performance of membership duties by *FSDI Latvia* members, their representatives and the successful implementation of a strategy for *FSDI Latvia*.

## Proof through deeds

Internal mobilisation and alignment of operating principles was important at every level of companies, international organisations and countries. The European and international security shocks in 2015 highlighted the fragility of security. The NATO Alliance had only one choice – to become stronger. As the President of the United States Barack Obama noted, “several NATO countries – the United States, Canada, France, Belgium and Turkey – have endured terrorist attacks led or inspired by the Islamic State in Iraq and the Levant (ISIL). Russia has violated the sovereignty and territorial integrity of Ukraine and engaged in provocative



*The largest warship to date – the US assault landing ship USS Kearsarge – enters the port of Rīga, 2022. Photo: Gatis Dieziņš / Ministry of Defence*

actions against NATO allies. And millions of migrants have tested Europe's borders and economies.”<sup>12</sup>

The US took the lead and committed to strengthening NATO's defence, deterrence and defence positions from the Baltic to the Black Sea. This meant that the US increased its presence in Eastern Europe. For these countries, it meant working on deterrence and rapid reaction capabilities. The Alliance agreed to provide troops on a rotational basis from allied countries. Decisions taken at NATO's Warsaw Summit in 2016 had a major impact on the future development of defence capabilities and industry. Large-scale defence infrastructure development took place, providing Latvian builders with experience of working with *NSPA* and US customers. Additional services for defence were developed and provided by *VAS Latvijas dzelzceļš (Latvian Railways)*, *VAS Starptautiskā lidosta "Rīga" (Riga International Airport)* and the Freeport of Rīga to accommodate equipment from the world's most influential manufacturers. Investments were also launched in municipalities to improve critical civil and military infrastructure and military mobility.

Companies that constantly work in an international environment, cooperate with companies from other countries and respond to the needs of the Alliance, joined *FSDI Latvia*, improving their knowledge and sharing it so that other companies could also assert themselves in military markets.

There are a number of excellent partnerships in technology integration, technology transfer and maintenance between foreign manufacturers, which are undisclosed because of the commitments involved. In particular, there are projects where Latvian companies have successfully fulfilled their procurement

<sup>11</sup> Code of Ethics. *FSDI Latvia*, 30.03.2016. <https://federacija.lv/par-federaciju/code-ethics>

<sup>12</sup> Obama: U.S. Commitment to European Security is Unwavering in Pivotal Time for NATO. U.S. Department of Defence, 10.07.2016. <https://www.defense.gov/News/News-Stories/Article/Article/832567/obama-us-commitment-to-european-security-is-unwavering-in-pivotal-time-for-nato/>





NATO aeroplane AWACS at the International airport Rīga, 2020.  
Photo: NBS (National Armed Forces)



BELSS Ltd. provides NATO-compliant military, quick-set tents



Garkalne railway infrastructure, developed for military needs, opened in 2018.  
Photo: NBS (National Armed Forces)

contracts. *BELSS Ltd.* scaled up its experience in cooperation with the Armed Forces in the field of communications and construction by winning the tender for the supply of mobile camp equipment issued by the *NSPA*.<sup>13</sup>

One of the most commendable assessments of the Latvian company is mentioned in the *NSPA* statement on UPB's performance in 2019, when the company executed works to the highest military standards, faster and at a lower cost than planned.<sup>14</sup>

*VALPRO Ltd.* also received a high evaluation in the military market, its offer was recognised as appropriate in all *NSPA* selection rounds and won the right to sign a framework contract for the supply of military specification fuel cans to military forces of NATO member and partner countries for a period of 3 to 5 years.<sup>15</sup>

Latvian drone manufacturers, who have already gained world recognition, also proved their ability to provide support. In accordance with the agreement signed in 2018, in 2019, the *UAV Factory (Edge Autonomy)* and *Atlas Aerospace* unmanned aircraft systems of Latvian manufacturers were delivered to NBS for testing purposes.<sup>16</sup>

<sup>13</sup> Mobile camps and equipment supply NSPA. BELSS. <https://www.belss.lv/en/projects/parvietošanas-nometnes-iekartu-un-aprikojuma-piegade-nspa/>

<sup>14</sup> NSPA Supports NATO Troops in Latvia. NSPA. 24.10.2019. <https://www.nspa.nato.int/news/2019/nspa-supports-nato-troops-in-latvia>

<sup>15</sup> VALPRO sign a contract with the NATO Support and Procurement Agency. 01.09.2019. FSDI Latvia

<sup>16</sup> The National Armed Forces test Latvian producers' drones. Delfi, 22.07.2019. <https://www.delfi.lv/bizness/tehnologijas/video-nacionalie-brunotie-speki-teste-latvijas-razotaju-dronus.d?id=51299983>





*By order of the NSPA, barracks built by UPB at Ādaži military base*



*VALPRO Ltd. military line of fuel cans popular in the armed forces globally*



*Edge Autonomy drone2056. Photo: Gatis Indrēvics / Ministry of Defence*



*Atlas Aerospace drone. Photo: Gatis Dieziņš / Ministry of Defence*

### **International partnership FSDI Latvia for the growth of its members**

The defence and security industry has a high demand for knowledge- and technology-intensive products, which require large investments in product development. In the context of limited domestic demand and access to financial services, companies and research institutions have long been open to partnerships at both national and international level.

*FSDI Latvia* has communicated with similar organisations around the world since the beginning of its activities. In March 2013, a cooperation agreement was