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**From Independence to Integration: Analyzing Estonia's Strategic
Alignment and Arms Procurement Patterns**

MA Thesis

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Authorship Declaration

I have prepared this thesis independently. All the views of other authors, as well as data from literary sources and elsewhere, have been cited.

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Abstract

How do changes in strategic alignment affect arms procurement patterns? This thesis focuses on changes in Estonia's strategic alignment and the affect this has had on defence procurements conducted by Estonia in the years prior and after Estonia's accession into NATO. This study argues, that the status of alignment can introduce more stability and structure to defence procurements compared to the status of being non-aligned. Additionally a change in alignment can also have an impact on the sources of procurement, mainly seeing a small or moderate increase in the procurements conducted from other mutually aligned countries. The implications of this study could reflect on the possible effects that NATO accession can have for future members of the alliance. Furthermore, this study helps to understand the strategic implications of being a member of an alliance and the effect this poses on a member states strategies in procuring their defence equipment.

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1. Introduction

After regaining its independence, Estonia went through significant changes in its approach to national defence. As a former Soviet Republic, Estonia was left with crumbling infrastructure in most areas considered critical for the functioning of the state. Among these, was the defence sector with outdated or missing equipment. Fears of future aggression from its large neighbor Russia have persisted throughout the whole period of enjoying its independence. Therefore, Estonia faced the significant task of building up its defence forces essentially from scratch. However, as a small state, in many ways, Estonia lacked the means to construct a meaningful and functional defence force.

Among many other things, Estonia faced the dual challenge of having to upgrade its defensive capabilities, while being constrained by limited financial resources and a lack of domestic military industrial capacities (Béraud-Sudreau & Schmitt, 2024). As the small state had little to no means of producing defence equipment on its own, it relied mostly on available external sources for its defence procurements. Along with the purchase of readily available goods, during the early period of regaining its independence, Estonia also relied heavily on military aid from other Western countries. This aid did not only include hardware but training as well. All of these efforts were guided by a broader policy of aligning with Western military standards, mainly NATO. By examining the early purchases of arms from countries like Israel and receiving military aid from the US and Sweden, this study seeks to provide a detailed examination of the modernization process which eventually lead to NATO accession. Moreover, this study seeks to analyze how these patterns of procurement were influenced by Estonia's accession into NATO.

The Estonian case provides an insight into the challenges and opportunities faced by a small state, which lacks the means to independently provide its own security. Alignment with NATO was not a decision guided only by military security, also a profound diplomatic maneuver, which secured its place within the larger Euro-Atlantic community. This change in alignment was also reflected in Estonia's arms procurement strategies. After regaining its independence Estonia had to navigate to complex intricacies of international arms markets, adapt to NATO standards and also manage the ever-changing political aspects of defence spending. Therefore, in order to build up a meaningful defence force, Estonia had to ensure that the investments in defence were sustainable

and that these investments were also aligned with the broader goals of national security and international cooperation. By examining how Estonia managed these multifaceted challenges, the study highlights the interplay between small states' security strategies and their geopolitical orientations, offering valuable lessons on the integration of strategic objectives with practical procurement and alliance-building measures in the contemporary global security environment.

This thesis aims to answer the question of how changes in alignment have influenced Estonia's arms procurement patterns during the period of 1992 to 2022. This period was marked by significant geopolitical shifts and the redefinition of national defence strategies. Therefore, the main question investigates, how Estonia's strategic alignment affected its decisions in arms procurement during this period. To answer this question, the study will analyze the impact of Estonia's evolving defence strategies, international relationships and NATO accession on its procurements patterns.

The following chapter will begin by laying down a theoretical framework for this study, which will have a specific focus on arms procurement, alliance politics and alignment and defence cooperation. In the third chapter of this thesis, the method of how this analysis was conducted will be described in detail along with data collection methods and limitations. The fourth chapter will present the collected data and provide a critical analysis along with the findings accordingly. Lastly the fifth chapter of this thesis will provide a discussion on the results and findings made in the fourth chapter of this case study analysis.

2. Theoretical Framework

The purpose of this chapter is to outline the theoretical framework for this thesis. The security landscape of the 21st century is characterized by complex challenges and evolving threats. In this environment, states increasingly turn to cooperative measures to bolster their defence capabilities. One prominent strategy involves mutual arms procurement, where countries collaborate on acquiring military equipment and technology. This chapter delves into the theoretical underpinnings of arms procurement and security cooperation. We also explore the concept of alignment, its distinction from traditional alliances, and its influence on defence procurement decisions.

2.1 Arms procurement

In modern warfare, ensuring that defence forces are well-equipped is paramount to maintaining a strong and effective military capability. While recruitment and training are vital components of a nation's defence strategy, it is equally essential to prioritize the provision of advanced equipment and technology to enhance the effectiveness and survivability of troops on the battlefield. There are two main categories that defence organizations must invest in, when it comes to procuring equipment for their defence forces. The first category concerns civilian products that make up the standard items that will be in everyday use. These include clothing, food, outdoor accommodations equipment like tents for example and many others. The second category involves major weapon systems (Uttley, 2018, 72). The civilian category of items is mostly purchased in large quantities and most of it is produced domestically. Meanwhile, major weapons systems are often procured in limited quantities. Furthermore, due to the limited capacity of small states to produce such systems internally, they typically resort to outsourcing for procurement purposes (Uttley, 2018, 72). Thus, small states tend to rely more on external procurement rather than domestic production.

National defence models matter. There are different approaches on how to build up national defence. For example, states can either rely on a professional army or a conscription-based army, which relies on available reserves. A good example of this could be the different approaches chosen by Latvia and Estonia. While Latvia has chosen to rely on professional forces, Estonia has opted for conscription (Andžāns & Veebel, 2017, 35). From the point of arms procurements, in this case,

size matters. Whereas Latvia has a bigger population compared to Estonia, its wartime structure has been evaluated to consist of 17,5 thousand personnel, according to estimates in 2017. Estonia on the other hand, has an estimated structure of around 60 thousand personnel (Andžāns & Veebel, 2017, 35). This vast difference in force size means that Estonia must strategically plan its procurements to not only meet the needs of active-duty soldiers but also to ensure that its reserves are adequately equipped and ready to be deployed. Such a model affects the types of military assets purchased, focusing on versatility and broad applicability to accommodate a diverse and rotating conscripted force. This approach influences Estonia's defence procurement decisions, leaning towards acquiring equipment that can be widely distributed and is suitable for a larger number of troops, thereby aligning procurement strategies with the logistical demands of a conscription-based military structure.

States develop their own capabilities for military industrial production but are limited by their resources and capabilities. Therefore, states must keep in mind that some areas of production or capacities are of strategic importance. Meaning, that in some areas, states cannot only rely on external procurement. For example, foreign suppliers may be cut off by exporting countries (DeVore, 2017). Therefore, there is a need to maintain security of supplies. Prior to joining NATO or the EU, Estonia had little to no capabilities of military production. However, EU accession has provided some incentives through its financial instruments to develop strategic areas of interest, along with overall economic development (Béraud-Sudreau & Schmitt, 2024). Even though Estonia does not produce ammunition, heavy vehicles, or weapons, it has developed its rather niche areas of military industrial production. These areas mostly involve robotics, components and services/capabilities provided by the growing IT-sector. Therefore, Estonia has transferred its niche as a digitalized society also over to the defence sector (Béraud-Sudreau & Schmitt, 2024). However, Estonia currently lacks the capabilities to produce its own weapons and ammunition and is therefore mostly dependent on foreign suppliers when it comes to major weapons systems or small arms and including ammunition. To mitigate this lack of capabilities, Estonia has recognized the risks posed by unreliable companies of questionable origin and has committed to ensuring a secure chain of supply (National Security Concept of Estonia, 2023, 11).

Defence procurements are financed by the state and therefore there is a clear incentive for governments to achieve the best value for their tax-payers money. However, the costs of

procurement are often not minimized at all, as competitive bids are often resolved in favor of domestic companies (Hoekman, 2018, 249). This phenomenon is also known as domestic bias and is often present in defence procurements. There are multiple reasons why governments favor domestic companies over foreign enterprises, especially in the defence sector. One of the reasons may be to gain political support by creating jobs and creating tax revenue by employing local companies in fulfilling defence contracts. Another reason for supporting domestic defence production is the protection of a strategic supply chain (Hoekman, 2018, 249). Included in this supply chain may be consumables, like food and ammunition for example, that would become scarce when expended in large quantities. Therefore, it is important for states to maximize the “value for money” when conducting defence procurement schemes (Hoekman, 2018, 249). Moreover, it is equally important to safeguard domestic production capabilities, that may be of strategic importance. However, advancements in technology have made producing modern military equipment increasingly difficult and have therefore rendered independent security of supply as a commodity that only large and powerful states can afford (DeVore, 2017).

Military specifications are in constant development, as new advancements are made in the field of technology. The general idea is that as technology changes, so does warfare. The kind of conflict that countries were preparing for during the cold war, is very much different from the engagements during the 21st century. Therefore states, along with their defence organizations, are in a constant race for enhanced capabilities and performance (Markowski & Hall, 1998, 13). Furthermore, when acquiring new systems and equipment, there is an increasing need for defence organizations to acquire technology with additional options for adaptability and further development. Thus, states try to avoid getting stuck with “yesterday’s technology” (Markowski & Hall, 1998, 13). Meaning that there is an overall incentive to avoid technology that faces turning obsolete in the near future. Moreover, there is an increasing number of requirements imposed by defence organizations, as defence budgets have become more complicated and tighter than in previous periods. These specifications include reliability, maintainability, interoperability, supportability, life-cycle cost, delivery schedule etc. (Markowski & Hall, 1998, 13). Therefore, small states must make careful considerations when purchasing new weapons and equipment, as it is often more expensive to purchase cheap and unreliable products in a relatively short period of time.

In addition to technology and equipment, states also must develop infrastructure that is vital for the defence sector. In other terms, states must conduct infrastructure procurements. For example, soldiers need barracks and training grounds, vehicles need maintenance halls and airplanes need an airfield to land on. Furthermore, defence infrastructure can be considered as one of the core elements of defensive capabilities (Davies, 2015, 7). Moreover, defence infrastructure is vital for equipment life-cycle management (Davies, 2015, 7). Even the simplest weapons systems require maintenance. As defensive equipment is often used for training, it must endure a lot of wear and tear. Therefore, infrastructure procurement can be considered of critical importance.

Arms procurement has historically faced heavy regulation, making it difficult to access for all interested parties. The challenge has been in navigating the complex landscape of national security concerns and international regulations that govern the defence sector. However, the EU has taken steps to integrate arms procurement into the free market, aiming to streamline processes and open competition. The regulation of arms procurement has historically been characterized by national protectionist measures (Haas & Zapfe, 2015, 2). To address these challenges and foster a more competitive and efficient European defence market, the EU introduced significant reforms. However, in 2009, the EU's "defence package" marked a significant shift by extending the single market to include defence products, despite numerous exceptions that maintain a degree of national protectionism (Haas & Zapfe, 2015, 2). This reform aimed to dismantle barriers to entry and promote a level playing field within the defence sector. This move somewhat constrained the previously national process of awarding arms contracts and ended the practice of excluding arms deals from the European single market (Haas & Zapfe, 2015, 2). Thus, the introduction of the "defence package" represents a critical juncture in the European Union's approach to defence procurement, reflecting a broader commitment to integrating defence markets while acknowledging the unique security considerations that accompany military acquisitions.

2.2 Joint arms procurement

Joint arms procurement refers to a collaborative effort between two or more countries to jointly purchase military equipment, weaponry, or related systems (Andersson, 2023, 5). This collaboration often involves sharing costs, resources, and expertise to achieve common defence objectives. There are, however, several prerequisites for a successful joint procurement scheme. For example, previous research has found that if states are politically aligned, they also tend to

share a tie in the arms trade network (Chou CC, Teng CS, Tung HH, 2023). Furthermore, Joint arms procurements require that the participating states share a level of interoperability between their equipment. Decisions on what kind of equipment is going to be purchased are largely dependent on armed forces' needs and requirements. For example, Countries with geographical proximity and similar geographical features may have similar requirements for their military equipment (Andersson, 2023, 2). Similar climate is also a factor. Furthermore, another influencing factor is the availability of resources. Therefore, Countries with similar security interests may therefore decide to pool their resources to achieve more effective results when it comes to procuring military equipment.

Kanniainen and Lehtonen (2018) make a distinction between cooperative purchasing (buying ready-made, off-the shelf equipment) and collaborative procurement (joint development and manufacturing). According to these authors, smaller states tend to favor cooperative purchasing because it offers fewer risks down the line and is generally economically more feasible (Kanniainen and Lehtonen, 2018, 2). For example, smaller states might opt for cooperative purchasing when acquiring standardized military equipment such as protective gear or communication devices that do not require customization. This approach allows them to leverage collective buying power to secure better prices and terms, while also minimizing the complexities and uncertainties associated with developing new technologies. Furthermore, the possible economic benefits of purchasing, like enhanced bargaining power and shared costs and information for evaluation, having common equipment could also lead to additional advantages in cooperation during maintenance and operational phases, including training and upkeep (Kanniainen and Lehtonen, 2018, 2).

Therefore, joint arms procurement offers many benefits. The theoretical background surrounding joint arms procurement posits that benefits from joint procurement schemes fall into three categories: economic, operational, and political categories (Lorell & Lowell, 1995, 8). The economic factor can reduce the costs of acquiring equipment as a collaborative effort due to shared costs and specialization of production. Secondly, the operational benefits allow for common equipment, which in turn guarantees interoperability. And lastly, the political benefits of joint procurement allow for strengthened political ties and partnerships (Lorell & Lowell, 1995, 8-9). Furthermore, according to Lorell & Lowell, each of the three categories of collaborative

procurement initiatives is expected to expand the market demand for a particular weapon system (Lorell & Lowell, 1995, 8-9). Moreover, adopting standardized or interoperable equipment among allied nations is believed to enhance their collective combat capabilities.

In the context of regional security dynamics and military interoperability, joint arms procurement presents both challenges and opportunities. One of the key challenges is navigating budgetary constraints, as defence procurements often require significant financial resources that may strain national budgets (Markowski & Hall, 1998, 13). Additionally, technology transfer arrangements play a crucial role, as they determine the extent to which participating countries can access and share advanced military technologies. Therefore, regulatory frameworks also pose challenges, as differing regulations and standards across countries can complicate procurement processes and hinder interoperability. These include legal and bureaucratic obstacles often associated with joint procurement schemes (Andersson, 2023, 5). Moreover, political considerations, such as alliance commitments and diplomatic relations, can impact defence cooperation efforts by influencing procurement decisions and shaping strategic partnerships. Despite these challenges, arms procurement offers opportunities for enhancing regional security and interoperability by fostering collaboration among allied nations, promoting technology sharing, and strengthening collective defence capabilities. By addressing these challenges and leveraging opportunities, regional actors can work towards building more effective and resilient defence cooperation mechanisms that contribute to regional stability and security.

Most problems with cooperative procurement arise from requirements that countries impose on their equipment. One important factor in this regard is time. States perceive threats differently and may therefore feel the need to acquire certain equipment in a much shorter timeframe than their potential partners. Additionally, the operational requirements may vary either slightly or significantly. Either way, in most cases countries are often reluctant to find common ground in this area (Kanniainen and Lehtonen, 2018, 20). However, the EU for example, has been trying to encourage more cross-border cooperation between defence industries and SMEs (Small and medium-sized enterprises). According to a report issued by the EU commission, SMEs are an integral and an important part of the larger European defence supply chain. However, these enterprises still face many challenges, when it comes to legal, administrative, language or even cultural obstacles (EC, 2024). Furthermore, technological advancements often see protectionist

measures from their intellectual and material owners. Therefore, cooperative procurement has its many challenges.

Technology transfer can however be a significant component of joint procurement. This can involve the exchange or sharing of technology, know-how, intellectual property, or production capabilities between the military-industrial setups of the participating countries (Sezal & Giumelli, 2022). Technology transfer allows each country to benefit from the expertise and capabilities of others, facilitating the development and production of advanced military equipment. However, the extent to which technology transfer is included in mutual arms procurement agreements can vary depending on the specific terms and conditions negotiated between the participating countries (Keller et. al. 2020, 7). Some agreements may involve significant technology transfer arrangements, while others may focus more on joint production or procurement without extensive technology sharing. Through technology transfer and knowledge sharing, mutual arms procurement initiatives not only strengthen military interoperability but also promote industrial collaboration and capacity-building across partner nations. However, it is essential to address potential challenges such as intellectual property rights, export controls, and technology transfer restrictions to maximize the benefits of collaborative procurement efforts and ensure the long-term sustainability of defence cooperation initiatives.

To conclude, joint procurement schemes represent a strategic approach to defence cooperation, allowing participating countries to pool their resources to purchase military equipment collectively. These schemes are primarily focused on economic benefits such as cost savings and access to better technology, rather than providing political or security guarantees. By collaborating on procurement, countries can leverage increased purchasing power and share the burden of large capital expenditures, making it possible to acquire more sophisticated or larger quantities of equipment at a reduced per-unit cost. This method of cooperation is especially beneficial for smaller nations or those with limited defence budgets, as it enables them to enhance their military capabilities in a cost-effective manner without the commitment of political or security alliances that might require broader diplomatic alignment or mutual defence obligations.

2.3 Defence cooperation

Defence cooperation between states can develop on a multilateral or a bilateral basis. Multilateral cooperation has been historically understood as the practice of coordinating and collaborating with multiple actors to address common challenges or pursue shared objectives (Morel & Richter, 2021, 10). On the other hand, the bilateral approach refers to a more targeted cooperation and dialogue between two states. The latter offers a more flexible approach and can be tailored to meet specific needs (Pertusot, 2014, 12). Moreover, bilateral cooperation arrangements can offer more direct engagement for the concerned parties. Additionally, bilateral cooperation arrangements can offer faster engagement in specific areas. For example, the cooperation between Estonia and Finland in the 1990s took place mostly on a bilateral basis, because Finland had historical ties, shared values, and geographical proximity to Estonia (Kaldas, 2005, 22). Another thing to note is that Finland did not seemingly offer aid to Estonia out of sheer generosity. As Estonia lies over its own southern borders across the sea, it can also be seen as a strategic vulnerability. Moreover, Estonia and Finland do not see themselves as competitors but rather as a mechanism to increase each other's sense of security (Kaldas, 2005, 21). During the second world war, Soviet bombers often took flight from airstrips located in Estonia, to bomb Helsinki. Thus, the occupation of Estonia by the Soviet forces posed a direct security threat to Finland. Therefore, it can be established, that both sides of bilateral defence cooperation between Estonia and Finland have their own interests and benefits to gain. What remains questionable however, was the way cooperation diminished after Estonia took more direct steps towards becoming a member of NATO. As a part of NATO security structure, Estonia has become far more protected than it could have ever achieved on its own.

A key prerequisite for inter-state cooperation is ensuring compatibility among various national military needs. In Europe, organizations like NATO and the EU play a significant role in fostering greater harmonization of military requirements (Haas & Zapfe, 2015, 2). This harmonization is crucial for enhancing interoperability and ensuring that collaborative efforts in defence are both effective and efficient. The ongoing initiatives by these organizations to align military standards and procurement practices underscore the importance of cohesive action in addressing modern security challenges. As such, the role of NATO and the EU in this process not only strengthens collective defence capabilities but also contributes to the stability and security of the region.

Bilateral defence cooperation agreements (or DCAs) have become increasingly more popular among states engaging in security cooperation (Kinne, 2018, 799). At their core, defence cooperation agreements represent a framework that work on an institutional basis and are established for long-term periods (Kinne, 2018, 800). Although broad in their scope, the DCAs establish rather general procedures when it comes to arms procurement for example. Therefore, the execution and the implementation of joint procurement schemes usually require additional mechanisms and instruments (Kinne, 2018, 803). These mechanisms might involve specialized committees or working groups assigned to oversee procurement activities, establish clear protocols and guidelines for procurement processes, delineate roles and responsibilities of participating entities, and create channels for communication and coordination among various stakeholders (Kinne, 2018, 803-804).

Bilateral defence cooperation agreements encounter numerous obstacles that can impede successful collaboration between participating states. For example, these challenges may arise from the need to preserve national sovereignty and autonomy. Countries, or participants in a defence cooperation agreement want to maintain as much sovereignty over their decision-making as possible, in order to avoid becoming dependent on others (Zandee, Drent & Hendriks, 2016, 4). Diverging national interests further complicate cooperation, which can lead to complicated negotiations and compromises to align goals. Additionally, partners of unequal size can also affect defense cooperation negatively. Mainly in a way where the smaller partner feels that it is being dominated over by the larger partner and in turn, the larger partner may feel that its needs are being neglected (Zandee, Drent & Hendriks, 2016, 5). Furthermore, legal and regulatory disparities present hurdles in aligning procurement processes and ensuring compatibility between partners. Overcoming these challenges requires proactive diplomacy, transparent communication, and mutual trust to cultivate effective collaboration and bolster collective security.

Security assistance is another tool that states use to further defence cooperation. Security assistance refers to training, education, and use of military equipment by one state to enhance another states' defence capabilities (Deni, 363, 2018). Furthermore, security assistance can be seen as a part of states' larger national defence strategy (Deni, 364, 2018). In most cases, security assistance is being offered by larger states or powers to smaller and weaker states. Among many reasons to offer security assistance are motivations to further mutual compatibility, build trust in larger coalitions

or partnerships and to enhance mutual alignment (Deni, 363, 2018). However, neither Sweden nor Finland can be considered among great powers. Despite having small defence forces themselves, they have, however, contributed greatly to security assistance to the Baltic states. Estonia for example, received a wide range of security assistance from both Finland and Sweden in the beginning of 1990s and 2000s. As noted, before, small states seek to form alliances to balance their relatively small power against larger rivals in the geopolitical sphere. Similarly, one of the reasons states seek security assistance is to enhance their own military capabilities to deter potential threats and to defend themselves (Deni, 2018, 365). Moreover, in a regional setting, similarly aligned states may in that case seek to enhance each other's capabilities to maintain a balance of power on a regional level. However, there are also many challenges associated with security assistance. For example, a recipient state may move away from objectives set forth by the assisting state. Resources that have been received by the recipient may be used in an ineffective manner or otherwise lost to corruption. And lastly contributing states may sometimes not provide enough support in the long run to achieve the originally intended results (Deni, 2018,370).

Defence cooperation between states, whether on a multilateral or bilateral basis, is highly relevant to this thesis on how alignment change has influenced Estonia's procurement patterns. The historical cooperation between Estonia and Finland illustrates the benefits and limitations of bilateral agreements, showing how strategic interests drive such cooperation. However, the shift in Estonia's geopolitical alignment towards NATO membership highlights a key transition from bilateral to multilateral frameworks. Additionally, defence cooperation agreements (DCAs) within NATO provide the necessary institutional framework for structured and long-term collaboration, but they also introduce complexities that need to be managed. The challenges faced in multilateral agreements, such as negotiating dynamics and aligning national interests, are critical to understanding Estonia's strategic adjustments in defense procurement. Additionally, the role of security assistance from larger states further illustrates how geopolitical alignments impact the flow and nature of military support and procurement. By examining these dynamics, this thesis can better assess the broader implications of alignment changes on Estonia's defense procurement patterns, highlighting the interplay between strategic alignment, multilateral cooperation, and national defense strategies.

2.4 Alliance theory and alignment

Alliance and alignment theory is crucial to understanding the strategic decisions behind arms procurements in international relations. This theoretical framework offers insights into how states, through formal alliances and informal alignments, manage their security needs in a complex global environment. For the purposes of this research, exploring alliance and alignment theory illuminates why and how countries like Estonia engage in specific arms procurement strategies as part of broader security and defence policies. By examining the influences of existing alliances and potential realignments, such as Estonia's integration into NATO, this study assesses the interplay between geopolitical positioning and procurement decisions. This approach not only helps explain the patterns of military equipment acquisition but also sheds light on the political and strategic motivations that underpin these choices, highlighting the deep interconnection between alliance dynamics and arms procurement behaviors.

In areas of security and cooperation, the word “alliance” is widely used to describe various kinds of security cooperation between states that have similar interests or goals. However, many authors agree that the word “alliance” does not accurately describe the many forms of cooperation taking place (Wilkins, 2012). A more suitable word would be “alignment”, which will remain as part of the core terminology of this thesis. Whereas the concept of “alliance” adds formality, the term “alignment” offers a more multifaceted and multidimensional approach as a core concept (Wilkins, 2012). Moreover, alignment refers to the general expectations of states on what they stand to gain from such an interaction. The expectation is mainly connected to the fact that whether states support or oppose each other in future interactions (Wilkins, 2012). By embracing the concept of "alignment," this thesis acknowledges the fluid nature of security cooperation, wherein states may align themselves with multiple partners and pursue diverse strategies to achieve their security objectives (Wilkins, 2012). This approach recognizes that security cooperation is not limited to formal treaties or military alliances but encompasses a spectrum of actions and relationships aimed at promoting stability, deterring aggression, and fostering regional or global security (Wilkins, 2012). Furthermore, the term "alignment" reflects the evolving nature of international relations, where states continuously reassess their strategic interests and adapt their partnerships accordingly (Wilkins, 2012). In this context, alignment serves as a flexible and inclusive concept that accommodates the diverse and evolving nature of contemporary security dynamics.

States face both internal and external threats. The latter of these threats are most likely connected to geography (Alford, 1984, 363). Large powers generally do not conquer or subjugate their smaller neighbors just because they have the capability to do so. Committing to a military campaign is extremely resource consuming. Furthermore, the destruction that a military campaign brings offers little economic benefits to the aggressor shortly after the conflict. Therefore, the small state has to offer some geographical advantage for the aggressor (Alford, 1984, 363). In the case of Estonia, the geographical advantages are quite clear. For Russia, conquering Estonia would offer a great access to the Baltic Sea. Therefore, in addition to continuous saber-rattling emanating from Russia, Estonia has a clear sense of being threatened by its larger neighbor. Thus, seeking to increase its security by aligning with other larger powers (like the US for example) or finding other regional partners that might share a similar sense of being threatened. Additionally, forging partnerships with like-minded neighbors who share similar security concerns can further strengthen the small state's defensive capabilities and enhance regional stability.

Small states face a security dilemma. The two approaches for this are either band-wagoning or a balancing act (entering an alliance) (Vaicekauskaite, 2017, 10). The traditional theories of international relations deposit, that states exist in an anarchical world. Therefore, small states have little to no choice but to align themselves with larger powers, to balance their own defence capabilities (Vaicekauskaite, 2017, 10). In accordance with the band wagoning perspective, small states opt to align with rapidly emerging powers rather than counterbalancing them, accepting subordinate roles in exchange for benefits. This inclination arises from the limited leverage small states typically possess within a balancing coalition, rendering band wagoning a more pragmatic approach to mitigate their security vulnerabilities (Vaicekauskaite, 2017, 10). Furthermore, the security dilemma faced by small states is compounded by the asymmetry of power in the international system. Small states often find themselves at a disadvantage in terms of military capabilities and resources compared to larger powers. This power imbalance necessitates strategic decision-making that considers not only the immediate security concerns but also the long-term implications of aligning with or against dominant actors (Vaicekauskaite, 2017, 10). Moreover, small states must navigate a complex geopolitical landscape characterized by competing interests and alliances. The decision to bandwagon or balance is influenced not only by security considerations but also by economic, diplomatic, and cultural factors (Vaicekauskaite, 2017, 9). Small states may also weigh the benefits of aligning with larger powers in terms of access to

markets, technology transfer, and diplomatic support against the risks of subordination and loss of autonomy (Vaicekauskaite, 2017, 10). In summary, the security dilemma confronting small states is multifaceted and dynamic, requiring careful consideration of a range of factors, including power dynamics, strategic interests, and emerging security challenges. The choice between band wagoning and balancing reflects the intricate interplay of security imperatives and broader geopolitical realities faced by small states in the contemporary international system.

Accession to a military alliance may also pose challenges and constraints to member states. They may need to adjust their defence policies, allocate resources, and accommodate the interests and concerns of other members within the alliance framework (Béraud-Sudreau & Schmitt, 2024). Large military alliances or coalitions are generally led by a major power, which may or may not dictate to its smaller partners on how they should act. In that sense, smaller states also trade a portion of their autonomy for security (Béraud-Sudreau & Schmitt, 2024). For example, as the leader and major contributor of NATO, the US may impose mutual standards on other member states. By doing this, a certain level of interoperability can be guaranteed. However, imposing standards may force other states to then purchase or heavily favor US produced weapon systems for example, which is also economically beneficial for the major power.

NATO can be described as a liberal asymmetric alliance, which may or may not incentivize member states to develop their own arms industrial base (Béraud-Sudreau & Schmitt, 2024). Decisions made by minor powers in an alliance, on which weapon systems to adopt, is largely dependent on the type of management exercised by the leading powers of the alliance. A liberal asymmetric alliance operates in a way where minor states are mostly left to address their security needs on their own discretion (Béraud-Sudreau & Schmitt, 2024). In this area, minor powers possess various choices: they can either advance their indigenous weapons systems, procure from external suppliers, often within their alliances, or opt for a blend of both strategies (Béraud-Sudreau & Schmitt, 2024). The decision-making process regarding which weapon systems to adopt is not solely driven by security considerations but also influenced by economic, technological, and political factors. Minor powers within NATO must navigate a complex landscape of strategic priorities, budgetary constraints, and diplomatic relationships when making decisions about their defence procurement strategies. While major powers may provide leadership

and guidance, minor states retain a degree of autonomy and flexibility in addressing their security needs, reflecting the diverse interests and capabilities within the alliance.

According to several quantitative studies, there are indications that mutually aligned states see an increase in arms trade (Béraud-Sudreau & Schmitt, 2024). While alignment between states may promote cooperation in various spheres, it also seems to intensify the commerce of weaponry. In other words, democracies tend to prefer conducting arms transfers with fellow democracies, while autocracies exhibit a similar pattern by trading more arms within their own autocratic sphere (Chou CC, Teng CS, Tung HH, 2023). Furthermore, this aligns with the general democratic peace theory, according to which democratic states are very unlikely to wage war on one another (Placek, 2012, 1). The preference for conducting arms transfers with ideologically or politically similar states can be interpreted as a means of reinforcing alliances, bolstering collective security, and fostering trust among aligned partners. Furthermore, the increase in arms trade between aligned states reflects a complex interplay of strategic calculations, military interoperability, and the desire to maintain a balance of power within regional or global contexts. For democracies, arms transfers with like-minded counterparts may be perceived as a means of strengthening deterrence capabilities and enhancing military cooperation, thereby reducing the likelihood of external aggression or coercion. Similarly, autocracies may view arms trade within their sphere of influence as a mechanism for consolidating power, projecting influence, and asserting dominance over neighboring states (Béraud-Sudreau & Schmitt, 2024).

Alliance and alignment theory are crucial to understanding the strategic decisions behind arms procurements in international relations. This theoretical framework offers insights into how states manage their security needs through formal alliances and informal alignments. By exploring how countries like Estonia engage in specific arms procurement strategies as part of broader security policies, the research assesses the interplay between geopolitical positioning and procurement decisions. The term “alignment” is particularly suitable as it encompasses the fluid nature of modern security cooperation, recognizing the diverse strategies states pursue to achieve their objectives (Wilkins, 2012). This thesis adopts "alignment" to analyze the multifaceted nature of arms procurement and the strategic choices of states. Small states face unique security dilemmas, often choosing between band-wagoning with emerging powers or balancing by aligning with larger powers for defense capabilities (Vaičekauskaite, 2017, 10). Estonia’s geographical position and

the threat from Russia underscore its strategic alignments with larger powers and regional partners. Joining alliances like NATO can provide security but also requires adjustments in defense policies and resource allocation, often influenced by major powers within the alliance. For minor powers, decisions on arms procurement are influenced by economic, technological, and political factors, reflecting the principles of liberal internationalism. Quantitative studies show that alignment increases arms trade among ideologically similar states, reinforcing alliances and collective security. This dynamic interplay of strategic calculations and military interoperability among aligned states highlights the complex nature of arms procurement decisions in the context of international alliances and geopolitical realities

Based on the theoretical framework, the core theoretical assumption would then be, that once a state becomes aligned, it will see an increase in procurement, defence cooperation and support from other similarly aligned states. Small states, like Estonia, face a power imbalance against their larger adversaries and must therefore seek for ways to mitigate this deficit. Moreover, as Estonia does not have the means to produce arms domestically, it will have a clear preference towards external procurement. Alignment with NATO (as a member of the alliance) should provide Estonia with support in developing their defence forces in different formats, such as security assistance, training support, guidelines for procedures and imposed standards.

3. Methodology

3.1 Research design

This thesis will focus on a single case study, concentrating on the patterns of Estonia's arms procurement in the time period of 1992-2022. The main purpose of this thesis is to investigate how changes in alignment have influenced Estonia's arms procurement patterns. By focusing on Estonia, the study attempts to give a thorough evaluation of the changes in procurement patterns as the country transitioned from non-aligned to full NATO membership. This case study will look at many areas of Estonia's defence procurement, such as the types of weaponry purchased, the number and frequency of transactions, the source countries of these armaments, and their compliance with NATO criteria. As part of the core concepts, alignment and arms procurement can therefore be measured along a set of indicators. A case study as a research method will present an ability to measure pre-determined indicators that best represent the core theoretical concepts of this research (Bennett, 2004, 34).

A case study can be defined as a research strategy designed for in-depth analysis of a social unit within its real-world context (Priya, 2021). Case studies are identified as especially potent for the exploration, description, or explanation of complex phenomena, incorporating various data collection methods over an extended period. This methodological approach is praised for its ability to provide rich, contextual insights that go beyond superficial details to uncover deeper truths about social dynamics, particularly through longitudinal studies that reveal changes over time (Priya, 2021).

For the purposes of this study, the method of analysis will be document analysis. As a structured procedure, document analysis is used to review and evaluate various types of documents which can be either printed or computer-based and on the internet (Bowen, 2009, 27). Documents offer a way to track changes and developments over time. For example, the researcher may review reports or periodic publications, if available, to gain an understanding of how an organization or a program (or a phenomenon) has developed over time (Bowen, 2009, 30). The method consists of analyzing a wide range of sources, such as books, news articles, official documents or reports and academic writing (Morgan, 2022, 64). Thus, this study will mainly utilize publicly available

official documents, government reports and writings along with academic journals and news articles. The focus will be establishing findings from the documents, based on pre-determined criteria as described below. As such, the selection of document analysis, as a method, is justified for this purpose.

The insights gained from this single case study will not only highlight the procurement patterns specific to Estonia but also offer broader implications for understanding how small states navigate their defense needs in response to changing geopolitical alignments. By focusing on Estonia, this study aims to contribute to the broader discourse on international relations and defense strategies, providing valuable lessons that could be applicable to other nations undergoing similar transitions.

3.2 Justification of case selection

The choice of Estonia as the focal case for investigating how alignment shifts have influenced arms procurement patterns can be insightful. This selection is primarily justified by Estonia's significant geopolitical transformations during the early 1990s through its accession to NATO in 2004, a period marked by profound shifts in its security and defence strategies. As a country at the geopolitical frontline between Russia and Western Europe, Estonia's strategic alignments carry substantial implications not only for its national security but also for the broader regional stability.

Following the dissolution of the Soviet Union, Estonia faced the immediate challenge of reestablishing its defence infrastructure in a way that reflected its renewed sovereignty and aligned with its western oriented aspirations. The decision to pursue membership in western institutions such as NATO and the European Union was a clear indication of Estonia's strategic intent to integrate into western military and economic systems. This alignment shift is crucial for analyzing changes in Estonia's arms procurement strategies, as it necessitated a comprehensive overhaul of military assets to meet NATO standards, a process that involved significant changes in the sources and types of military equipment acquired.

Moreover, Estonia's transition from Soviet-era military doctrines and equipment towards NATO-compatible systems offers a dynamic case for examining how geopolitical alignments influence arms procurement. The alignment with NATO not only changed the suppliers from whom Estonia acquired military assets but also the types of technology and arms it sought, driven by the need to ensure interoperability with NATO forces. This period of transition, therefore, provides rich

insights into the interplay between strategic alignment and arms procurement decisions, highlighting the broader implications of such shifts for small states navigating complex international waters. The case of Estonia, therefore, not only enriches the academic understanding of alignment and procurement strategies but also offers practical insights into the defence planning and strategic decision-making processes for countries in similar geopolitical contexts.

3.3 Operationalisation

3.3.1 Alignment

The status of Estonia's alignment during a given time period will be determined based on several factors to determine the presence or absence of alignment with NATO. These factors include formal alliance membership, which indicates a commitment to mutual defence; obligations to assist in case of a military conflict, which is a key part of an alliance; participation in joint exercises and military operations, which would indicate an active engagement within the alliance; compliance with NATO standards, which indicates interoperability and coordination with defence strategies. In order to meet the alignment criteria, all of these factors have to be present within the national defence concept/strategy. On the other hand, the absence of even one of these indicators would imply an absence of alignment, as there is a lack of formal and practical commitments to the alliance's collective and strategic objectives. This approach will ensure a thorough assessment of Estonia's alignment status from 1992 until 2022.

3.3.2 Procurement patterns

To measure change in procurement patterns, this study will adopt a structured methodological approach. Utilizing the available data, the study will focus on types of external procurement. To successfully analyse Estonia's arms procurement patterns, this study aims to identify particular procurement patterns based on the presence of three or more categories, as described below. These trends will aid in understanding strategic considerations and purchasing behaviours over time.

The off-the-shelf procurement pattern is characterized by the prevalence of second-hand products, a lack of strategic planning, and a wide range of source countries. This pattern involves predominantly second-hand equipment and procurement decisions that are ad hoc, driven by immediate needs rather than long-term strategic goals. Source countries are diverse, including both aligned and non-aligned states, indicating a pragmatic approach to sourcing based on availability

and cost rather than strategic alignment. This pattern suggests a focus on rapidly enhancing military capabilities with available resources, often seen in nations facing immediate security challenges or budget constraints. The diverse sourcing indicates flexibility and opportunism in procurement decisions, allowing for quick responses to emerging threats or operational requirements. However, the lack of strategic planning can lead to inefficiencies and difficulties in achieving long-term defense objectives.

The strategic modernization pattern is characterized by the acquisition of new equipment, targeted capability development, and procurement primarily from aligned countries. This pattern involves predominantly new equipment and targeted capability development aimed at long-term modernization and meeting specific defense objectives. Source countries are primarily aligned countries, such as NATO members, reflecting a strategic alignment and focus on interoperability. This pattern indicates a structured and deliberate approach to procurement, aimed at building a modern and interoperable defense force. It reflects a high level of strategic planning and a commitment to long-term defense objectives, often facilitated by alignment with powerful military alliances such as NATO.

The cooperative development pattern involves joint procurement, technology transfer, and co-development agreements, emphasizing collaboration and shared capability building. This pattern includes engagement in collaborative procurement initiatives with other countries and involvement in agreements that include technology transfer and co-development of military capabilities. Source countries are often aligned states, but can also include non-aligned partners in specific projects. This pattern highlights the importance of international cooperation and shared resources in defense procurement. It suggests a focus on enhancing technological capabilities and fostering interoperability through collaborative efforts. This approach can lead to cost savings, shared risk, and the development of advanced military technologies.

The study will systematically categorize procurement activities in line with provided indicators, ensuring an analysis of Estonia's arms procurement patterns. To identify distinct procurement patterns, the study will divide the previously described patterns of procurement into several different categories. The presence of three or more categories will be used to define a specific pattern of procurement. These categories will be as follows:

Source countries - aligned vs. non-aligned: This category will track the origin of the procured arms. The aim of this factor is to distinguish between acquisitions from countries that are aligned with Estonia (e.g., NATO members) and those that are non-aligned.

Condition of the procured products - new vs. second-hand: This category will assess whether the military equipment acquired by Estonia is new or second-hand. This distinction is necessary to evaluate the emphasis on immediate capability building versus long-term modernization and sustainability.

Presence of strategic planning - ad hoc vs. targeted capability development: This category will analyze whether procurement decisions appear to be made on an ad hoc basis, responding to immediate needs without a long-term strategy, or if they are part of a targeted capability development plan aimed at building specific defense capabilities systematically.

Joint procurement: This category will examine instances where Estonia has engaged in joint procurement initiatives with other countries. This includes collaborative projects and shared purchasing agreements, which can provide insights into the benefits and challenges of multilateral defense cooperation. The possible findings for this category involve either the presence or absence of joint procurement.

Technology transfer and co-development: This additional category will explore instances of technology transfer and co-development agreements, where Estonia acquires foreign technology to build local capabilities. This pattern often involves clauses in procurement contracts for technology transfer, joint ventures between domestic and foreign defense companies, and government-to-government agreements on defense technology cooperation.

Expenditure on defense procurements: This category will analyze the financial aspect of defense procurement, specifically how much Estonia invests in defense procurement relative to its overall defense budget and GDP. This will help assess the prioritization of defense spending and the financial commitment to modernization.

By examining these categories, the study analyses trends in Estonia's arms purchases over time. The findings will provide a detailed picture of how Estonia's strategic alignments, particularly its membership in NATO, have influenced procurement strategies and decisions. This methodological

approach will enable the study to draw comprehensive conclusions about changes in procurement patterns and the consequential implications for Estonia's national defense policy.

3.4 Data collection

Data collection for this qualitative will include a broad array of documents, including official government documents, defence white papers, national defence concepts/strategies, international agreements, and news sources that cover arms procurement decisions from the early 1990s to 2022. Another important source will be the Arms transfers database compiled by the Stockholm International Peace Research Institute (SIPRI).

Firstly, Estonian national defence concepts/strategies will be used to gather data in order to measure change in alignment. For that specific goal, the study will look for specific indicators within these documents to establish the presence or absence of alignment as outlined in the previous section.

For the period of 1992-2004, a selection of articles published in the Estonian Yearbook of Military History will be used, covering the period of early 1990s. The Estonian Yearbook of military History is a peer-reviewed journal published by the Estonian War Museum in collaboration with Tallinn University Press. Additionally, data provided by SIPRI, will be used to supplement empirical data on defence procurements. Additionally, news articles covering defence procurements, official government documents, defence white papers, strategic procurement plans will be used.

For the period of 2004-2022 news articles covering defence procurements, official government documents, defence white papers, strategic procurement plans, international agreements will be used to analyze the procurement patterns of Estonia. To supplement the empirical data, the Arms transfer database compiled by SIPRI will be used along with publications made by the Ministry of Defence of Estonia.

3.5 Limitations

While the research design of this thesis is methodically structured, the study has its apparent limitations. The study mainly relies on publicly available documents, national security concepts, defence white papers, news articles and academic sources. The most apparent limitation of this study is accessing relevant data, which could be mitigated by interviews for example, which could

provide more insight into the processes of arms procurement, where possible. This limitation is mainly imposed by the secretive nature of defence procurements. However, the following sections of this study will establish, that enough data is available to arrive at meaningful findings. Furthermore, the study's theoretical framework is mainly centered around concepts like strategic alignment and defence cooperation which may not fully encapsulate all the complexities of arms procurement patterns. Therefore, future research should include other theoretical perspectives or methodological approaches to comprehensively analyze the multifaceted nature of arms procurements.

4. Estonia's accession to NATO and its impact on Estonia's arms procurement patterns

This chapter will provide a detailed examination and analysis of the Estonia's alignment status during the 1990s until 2004 and will subsequently examine and analyze procurement patterns during the periods of 1992-2004 and 2004-onwards. The first part of this chapter will establish the absence of alignment during the period of 1991 until 2004 and subsequently the presence of alignment from 2004 onwards. The second part of this chapter will establish arms procurement patterns prior to NATO accession. Subsequently, the third part will then proceed with the examination and analysis of arms procurement patterns post-NATO accession. Together, these sections then allow to draw conclusions, whether or how NATO accession had an impact the arms procurement patterns of Estonia.

4.1 Alignment shift: Estonia's NATO accession

Intentions of joining NATO had been declared as early as October, 1991 (Praks, 2014, 113). Immediately after re-independence, Estonia's orientation was defined by a clear pivot towards the West, driven by security needs, economic and political reform goals, and a cultural affinity with Western Europe. This strategic orientation was critical for Estonia as it sought to consolidate its newly regained sovereignty and build a secure foundation for its future.

A notable shift took place when Estonia decided to sign the Partnership for Peace (PfP) program with NATO in 1994. Estonia's decision to join NATO's Partnership for Peace in 1994 marked a critical shift from its Soviet-influenced past towards Western security structures, reflecting a strategic pursuit of enhanced national security and broader integration with Western Europe. This move not only facilitated practical military cooperation but also acted as a precursor to full NATO membership, fundamentally enhancing Estonia's security guarantees against potential aggressions. The PfP program set out following objectives:

- Enhancing transparency in national defence planning and budgeting.
- Ensuring democratic oversight of defence forces.

- Maintaining readiness and capability to participate in UN and/or CSCE operations, within constitutional limits.
- Developing cooperative military relations with NATO for joint planning, training, and exercises, to improve mission capabilities in peacekeeping, search and rescue, and humanitarian efforts.
- Long-term development of forces to enhance operational compatibility with NATO members.

(NATO, 1994)

Objectives set out by the NATO PfP programme supported a democratic and western oriented strategy. As a newly re-established state, Estonia was lacking in most areas considered to be a prerequisite for NATO alliance. Therefore, participation in the PfP program was crucial for Estonia to align its military and governance structures with Western standards. Furthermore, in exchange for connecting one company of Estonian Defence forces with NATO, Estonia hoped to receive funding for a training centre, airport and a port (Praks, 2014, 130). As a small state, especially in an economically poor state as it was in the 1990s, Estonia saw opportunities to mitigate its deficits in critical defence infrastructure. Thus, indicating a desire to balance the power asymmetry present, with a large and powerful neighbour.

The development of Estonia's national defence strategy is an important indicator of change in Estonia's strategic orientation. As a newly re-established state, Estonia had inherited most of its defence concepts, military infrastructure, and the conceptual framework of how defence forces should work from the Soviet Union. Therefore, a new defence concept, that would be suitable for a small independent state had to be developed.

The Estonian 1996 strategic concept:

“Estonia's goal is to become a full member of the North Atlantic Treaty Organization (NATO) and the Western European Union (WEU). Cooperation with these defence organizations is Estonia's main political and practical opportunity for developing and strengthening its security and national defence. Therefore, Estonia considers it important to participate in NATO's "Partnership for Peace" (PfP) program and to actively use the opportunities offered by the associated partner status in the WEU.” (Riigi Teataja, 1996, translated from Estonian)

The clear goal of becoming part of a defence alliance like NATO can be considered as a balancing act on part of Estonia. In addition to defining its orientation for a greater alignment with the west, the Estonian 1996 strategy document also recognizes its strategic threats caused by its geographical position. Therefore, seeking an alliance with NATO goes in line with the theoretical assumption, that a balancing act is more likely to take place in the geographical vicinity of a great power (Vaičekauskaite, 2017, 10). This sense of threat is also outlined in another paragraph from the 1996 strategy concept:

“In implementing its national defence policy and establishing national defence, Estonia is guided by the understanding that the main sources of threats to national security are the aggressive ambitions of great powers and political and/or military instability.” (Riigi Teataja, 1996, translated from Estonian)

In 1999 Estonia joined the Membership Action Plan (MAP) indicating a further shift towards alignment. The MAP set out a clear trajectory for Estonia to become a full member of NATO. As part of the Membership Action Plan, Estonia committed also to filling in the Annual National Programme (ANP), which is a document, used to track progress on the road to NATO membership (NATO, 2023). The ANP is an all-encompassing document, that closely relates foreign policy and security goals, along with development of defence structures, allocation of resources and security and legal issues (Luik, 1999, 28).

The Estonian 1996 strategic concept set clear priorities for NATO membership but did not fully meet the alignment criteria necessary for formal alignment with NATO. While the document emphasized Estonia's goal of joining NATO and participating in the "Partnership for Peace" program, it lacked the formal alliance membership, obligations to assist in military conflicts, participation in joint military exercises and operations, meeting NATO standards, coordinated defence policies, and formal security agreements. This partial alignment reflected Estonia's strategic need to balance against regional threats but still left it officially non-aligned.

2001 National Defence Strategy:

“Estonia fully shares the democratic principles and objectives of the creation of the European Union and NATO and has set itself the goal of becoming a full member of both the European Union and NATO.” (Riigi Teataja, 2001, Translated from Estonian)

This section reflects Estonia's intent to align its defence policies with the EU and NATO. This statement implies a shift from Estonia's Soviet past to a more future oriented integration with the European Union and NATO. As stated, Estonia committed itself to sharing democratic principles with these organizations, indicating a change in Estonia's political and defence strategies with NATO. /

“The first task in the development of the Estonian Defence Forces is to create an independent defence capability at the necessary level, which includes, among other things, the ability to cooperate with NATO and/or NATO countries' forces in future joint defence as well as peacekeeping operations.” (Riigi Teataja, 2001, Translated from Estonian)

This section outlines the operational and tactical adjustments within Estonia's defence strategy. Establishing an independent defence capability that is capable of interoperating with NATO forces indicates a clear move towards alignment with NATO military standards and doctrines. Among many other things, this involves upgrading military hardware and systems but also adopting NATO-compatible training, logistics, and command structures. The focus on joint defence and peacekeeping operations aligned with NATO's strategic doctrines at the time, which often emphasized multinational operations that enhanced collective security (NATO, 1991). This quote illustrates Estonia's commitment to aligning its military operations with those of NATO, reflecting strategic alignment changes in military and defence operational capabilities. /

“The development of the interoperability of the Estonian Defence Forces and preparation for joining NATO take place according to the Annual National Program (ANP) for achieving NATO membership. In fulfilling the main military and national defence tasks of the program, reliance is placed, among other things, on partnership goals (PG) agreed upon within the framework of the NATO Partnership for Peace (PfP) planning and reporting process (PARP), as well as elements of the peace partnership program.” (Riigi Teataja, 2001, Translated from Estonian)

This section outlines the specific mechanisms through which Estonia was aiming to achieve its strategic alignment. The systematic participation in NATO's frameworks not only facilitated Estonia's military modernization but also its integration into NATO's operational and strategic culture. This quote demonstrates how Estonia's defence strategy involved both adopting NATO standards and actively participating in NATO's structured partnership and planning processes, aimed at smoothing the path towards full membership.

The 2001 National Defence Strategy of Estonia highlights the country's clear intention to align with NATO and the European Union, marking a shift towards NATO integration. This strategy outlines Estonia's commitment to the democratic principles and objectives of these organizations, reflecting a western oriented mindset of its political and defence policies. However, despite these intentions, Estonia had not yet achieved formal NATO membership by 2001. Therefore, this national defence strategy indicates an ongoing process of moving towards alignment rather than its completion. The strategy emphasized the development of an independent defence capability that would be compatible with NATO forces, signaling a move towards interoperability and the adoption of NATO-compatible standards. Additionally, the detailed planning through the Annual National Program (ANP) and participation in NATO's Partnership for Peace (PfP) initiative illustrate Estonia's approach to aligning with NATO standards. Nevertheless, the absence of formal NATO membership, obligations to assist in conflicts, and complete integration into NATO's defense frameworks by 2001 means that Estonia was still in the process of aligning, rather than fully aligned. This means, that while significant progress was made towards alignment, the criteria for full alignment were not entirely met until Estonia officially joined NATO in 2004.

2004 National Defence Strategy:

“Estonia's security policy is based on the principle of indivisible security, the need for international security cooperation, and the common defence of democratic values. As a member of NATO and the European Union, Estonia aims to secure its own security and thereby strengthen the international security environment. Membership in alliances with unified democratic principles and objectives is the main foundation and guarantee of Estonia's security.” (Riigi Teataja, 2004, Translated from Estonian)

This statement outlines Estonia's strategic alignment shift from being a partner to becoming a full member of NATO and the European Union, marking a significant milestone in its renewed security policy. This alignment change was largely driven by Estonia's commitment to the principles of indivisible security and international security cooperation, as well as the protection of democratic values. By embracing these principles, Estonia shifted from the partial involvement in a partnership to the fully fledged security responsibilities and benefits of full membership. This transition reflected a deep integration into Western defence structures. Therefore the alignment shift, was formally and institutionally finalized. However, the complete realization of this shift extends

beyond formal membership and involves the ongoing adaptation of Estonia's military, economic, and political systems to align with NATO and EU standards. Therefore, while the major alignment shift has been institutionally finalized with membership, the practical, on-the-ground alignment in terms of capabilities, contributions, and full interoperability continues to evolve. This ongoing process indicates that while Estonia has solidified its strategic position within these Western institutions, the full spectrum of alignment in terms of operational and strategic integration is an ongoing endeavor. /

“For Estonia, the most important trend in the international security environment is the development of Euro-Atlantic cooperation: NATO and the European Union have expanded, and the acceptance of new members continues. Since their inception, these structures have ensured peace, stable societal development, and economic growth in Europe. Membership in NATO and the European Union provides Estonia with a historically unique opportunity to secure its security. Alongside multilateral security cooperation in NATO, partnership with the United States and other allies is an important security factor for Estonia.” (Riigi Teataja, 2004, Translated from Estonian)

Estonia's focus on the development of NATO and EU relations outlined its commitment to strengthening collective security and leveraging these alliances for national security. By highlighting the continuous expansion of these organizations and Estonia's role within them, the quote suggests that Estonia not only benefits from but also contributes to the broader goals of peace, stability, and economic growth in Europe. Furthermore, the mention of a partnership with the United States alongside other allies signifies Estonia's tactical balancing act in maintaining strong bilateral ties within its multilateral commitments. This dual approach enhances its security assurances and reinforces its position as a proactive member of the international community, adept at navigating complex global and regional security landscapes. Through this strategic alignment, Estonia has effectively redefined its security parameters to reflect its new geopolitical realities and alignment with Western values and strategic objectives./

“Membership in NATO, the European Union, and other international organizations, as well as successful bilateral and multilateral relations, enable the protection of Estonian interests and the achievement of the country's security policy goals.” (Riigi Teataja, 2004)

This statement outlines Estonia's strategic alignment through its membership in international organizations like NATO and the European Union, reflecting its broader security and foreign

policy objectives. Participation in these global and regional bodies not only provides Estonia with platforms to safeguard its national interests but also ensures alignment with the military and security strategies of its allies, thereby enhancing its capability to achieve its security policy goals. For Estonia, alignment with organizations such as NATO primarily offers a collective security guarantee, crucial for a small state with historically aggressive neighbors. Additionally, being part of the EU allows Estonia to influence security policies that impact its region while gaining access to economic and political benefits that enhance its national development and security infrastructure. This strategic alignment is integral in fostering successful bilateral and multilateral relations, which further secure Estonia's position and objectives on the international stage, making it a fundamental component of its security strategy.

The 2004 National Defence Strategy conclusively outlines Estonia's alignment with NATO, meeting all the necessary criteria for alignment. The strategy explicitly states Estonia's formal membership in NATO, indicating a commitment to mutual defense. It emphasizes obligations to assist in case of military conflict, reflecting Estonia's defense commitments under NATO's collective security framework. The strategy also highlights Estonia's active participation in joint military exercises and operations, demonstrating its engagement with allied forces. Additionally, Estonia's adherence to NATO standards is evident in its efforts to ensure interoperability and coordinated defence strategies. The strategy includes defence policy coordination, aligning national defence strategies with those of NATO, and mentions the existence of formal security agreements with allied nations, legally binding Estonia to its defense commitments. Therefore, based on the provided criteria, Estonia's 2004 National Defence Strategy confirms its alignment with NATO, showcasing its integrated and active participation in the alliance. This alignment is characterized by a structured and strategic approach to security and defense, solidifying Estonia's role within the NATO framework.

Summary and conclusions

During the period of 1992 until 2004, Estonia underwent a significant shift in its strategic orientation, which finally culminated in a definite change in alignment. It is notable, that intentions for joining NATO were voiced out as early as 1991, indicating that Estonia sought to align itself with NATO from the first moment of regaining its independence. To ultimately achieve this goal, Estonia participated in many NATO led programs (such as the PfP) which enhanced Estonia's

strategic planning, military leadership, training, capacity enhancement and many other areas. From the national defence concepts from 1996 until 2004, it is evident that during this period, there was a clear evolution in strategic thinking and approaches to areas in clear need of development. Along with NATO, Estonia also had a clear goal of joining the EU, which can also be seen as a fundamental milestone in achieving greater alignment with the West.

The strategic alignment was finalized by Estonia's integration into NATO and EU structures by 2004. Therefore, indicating a presence of alignment. The adoption of Western defence standards was evident in Estonia's national defence strategies, which were already previously geared towards developing an independent military capability that was interoperable with NATO forces. This included commitments to transparency, democratic oversight, and the enhancement of operational capabilities in line with NATO's strategic doctrines. Estonia's active participation in NATO's structured planning processes, like the Annual National Program, exemplified a methodical approach to achieving interoperability and enhancing its strategic alignment with Western military and political frameworks. By the time of its official NATO and EU memberships in 2004, Estonia had not only aligned its military and defence policies with those of Western democracies but also embarked on a path of ongoing adaptation to fully integrate its capabilities and infrastructure with those of its new allies, thereby securing its position within the Euro-Atlantic security architecture.

4.2 Procurement patterns of Estonia from 1992-2004

After regaining independence from the Soviet Union in 1991, Estonia embarked on a journey to redefine its national security framework in the context of a rapidly changing European security landscape. This era was marked by Estonia's strategic orientation towards Western defence structures, most notably its efforts to join NATO and the European Union. The reorientation required more than just the revamping of military doctrines but also a substantial overhaul of its defence procurement processes. During this critical phase, Estonia transitioned from relying predominantly on Soviet-era military equipment to acquiring advanced Western technology that would ensure interoperability with NATO forces. Thus, this period offers a compelling case study of how geopolitical alignments can dramatically influence national arms procurement patterns, particularly for a small state situated at the strategic crossroads of major powers.

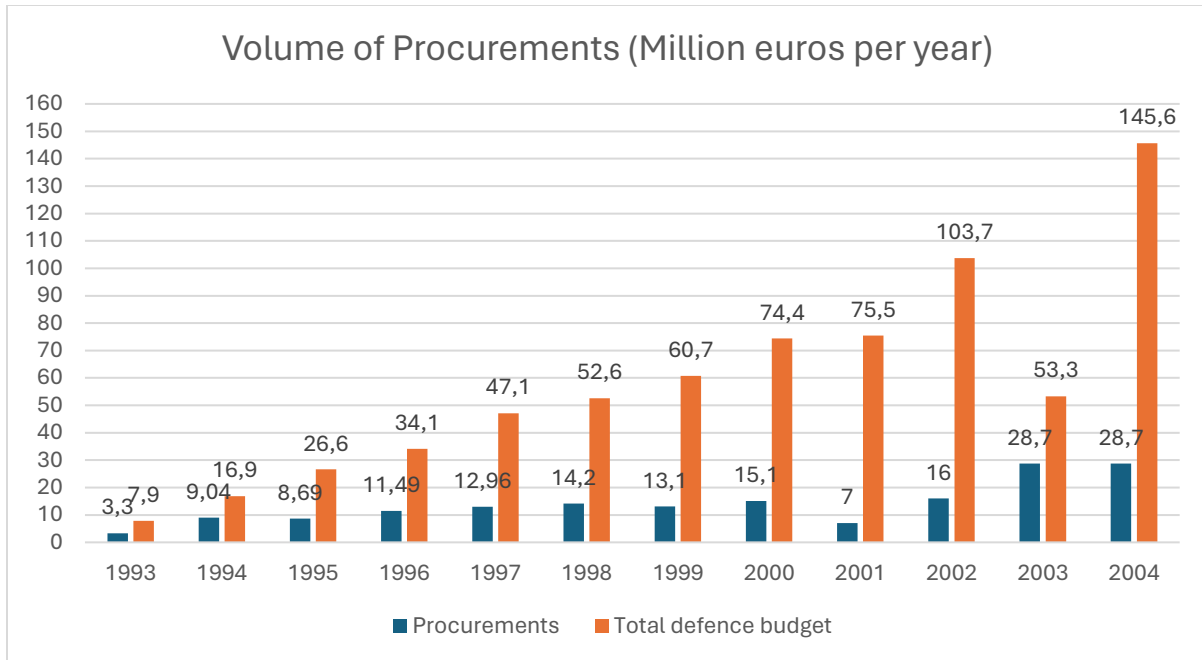


Figure 1 Volume of procurements from the national defence budgets. Source: Estonian State budgets from 1993-2004

The bar graph presents the volume of Estonia's defence procurements from 1993 to 2004 (1992 data missing), denominated in millions of euros (See figure 1). It portrays the amounts spent on military procurements from the larger defence budget. There is a clear upward trend in procurement spending over this period. Initially, in 1993, the procurement volume starts at a very low level, indicative of a country that has recently gained independence and is likely in the early stages of establishing its defence capabilities. The steady rise from 1994 onwards suggests a consistent increase in defence spending, which could be attributed to the strategic goal of modernizing the military, aligning with Western military standards, or preparing for NATO accession.

A notable dip occurs in 2000, which could be the result of various factors, such as a shift in defence strategy, budgetary constraints, a reallocation of funds within the government, or the completion of a cycle of procurement. The years following 2000 show a rapid increase in procurement spending, reaching its peak in 2004. This sharp increase could correlate with the culmination of Estonia's efforts to upgrade its military in line with NATO requirements, as 2004 is also the year Estonia officially joined NATO.

The overall pattern of Estonia's external procurements, as indicated by the SIPRI data, seems to emphasize off-the-shelf purchasing (SIPRI Arms Transfers Database, 2024). The data from the SIPRI arms transfer database regarding Estonia's arms procurement patterns between 1992 and 2004 reveals several notable trends in the country's defence acquisition practices. A significant portion of the arms transfers, nearly half based on the available data, is classified as aid, suggesting that Estonia benefited from security assistance programs during this period (SIPRI Arms Transfers Database, 2024) (See Figure 2). This aligns with Estonia's post-independence strategy to modernize and strengthen its defence forces with the support of more established NATO countries and other Western allies.

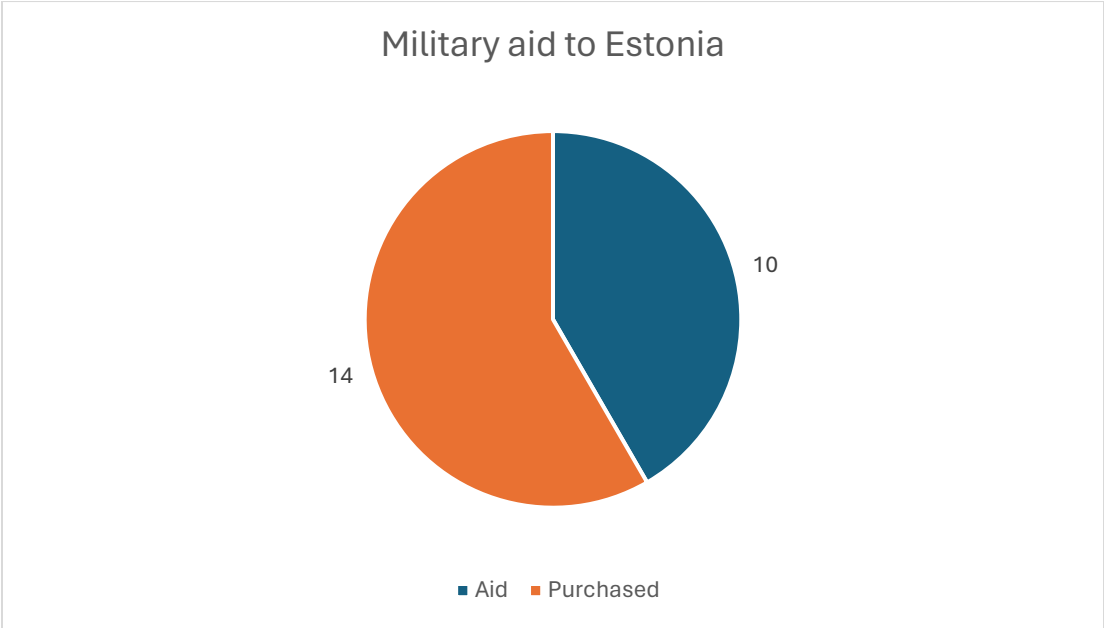


Figure 2 Military aid/donations to Estonia based on the SIPRI Arms Transfers Database (Source SIPRI Arms Transfers Database, 2024)

The prevalence of second-hand equipment transactions, with 19 out of 23 cases falling into this category, indicates a procurement strategy focused on cost efficiency and immediate capacity building (SIPRI Arms Transfers Database, 2024) (See Figure 3). Procuring second-hand equipment is a common practice for nations with limited defence budgets seeking to rapidly improve their military capabilities. It provides a practical solution to the immediate need for operational equipment without the longer lead times and higher costs associated with new procurement. These items typically come at a reduced cost and are immediately deployable, which

is crucial for a nation that may be facing immediate security concerns or has an urgent need to modernize its forces to align with international standards.

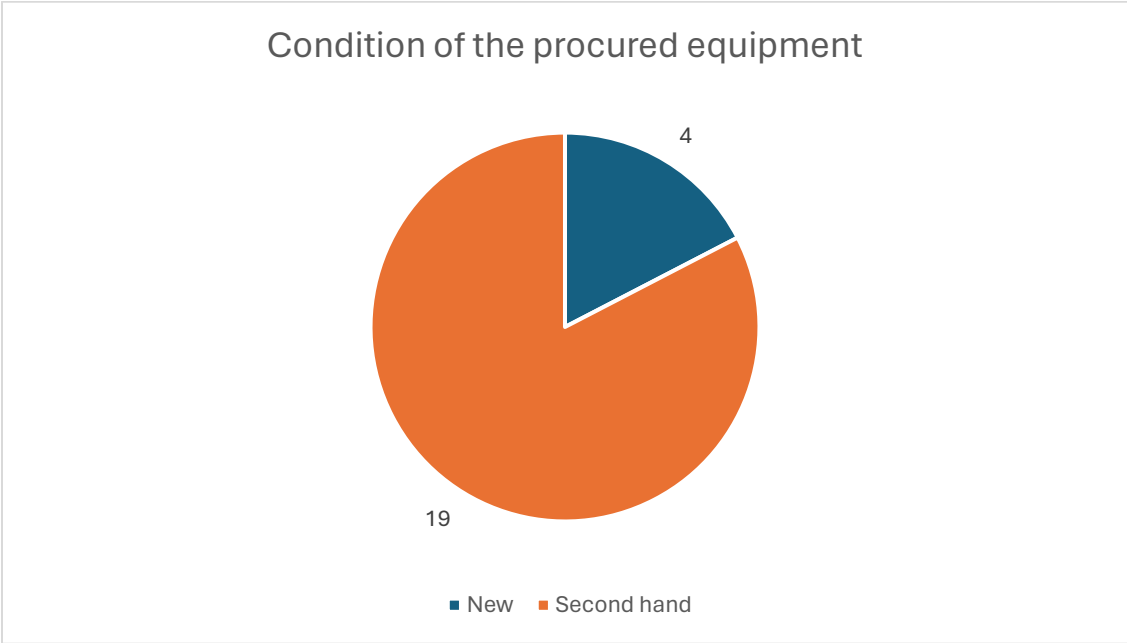


Figure 3 Condition of the procured equipment (Source SIPRI Arms Transfers Database, 2024)

The diversity of source countries for these transfers demonstrates Estonia's wide-reaching engagement with various international partners to develop its military capabilities (See figure 4). The notable number of cases from Germany suggests a preference towards procuring readily available surplus equipment. Large stockpiles of weapons and equipment became available, for a very cheap price, as Germany restructured its forces post-Cold War. Transfers from Finland and Sweden, countries with which Estonia shares historical ties and regional security interests, reinforce the pattern of aligning with neighbors and leveraging existing relationships to enhance its military posture.

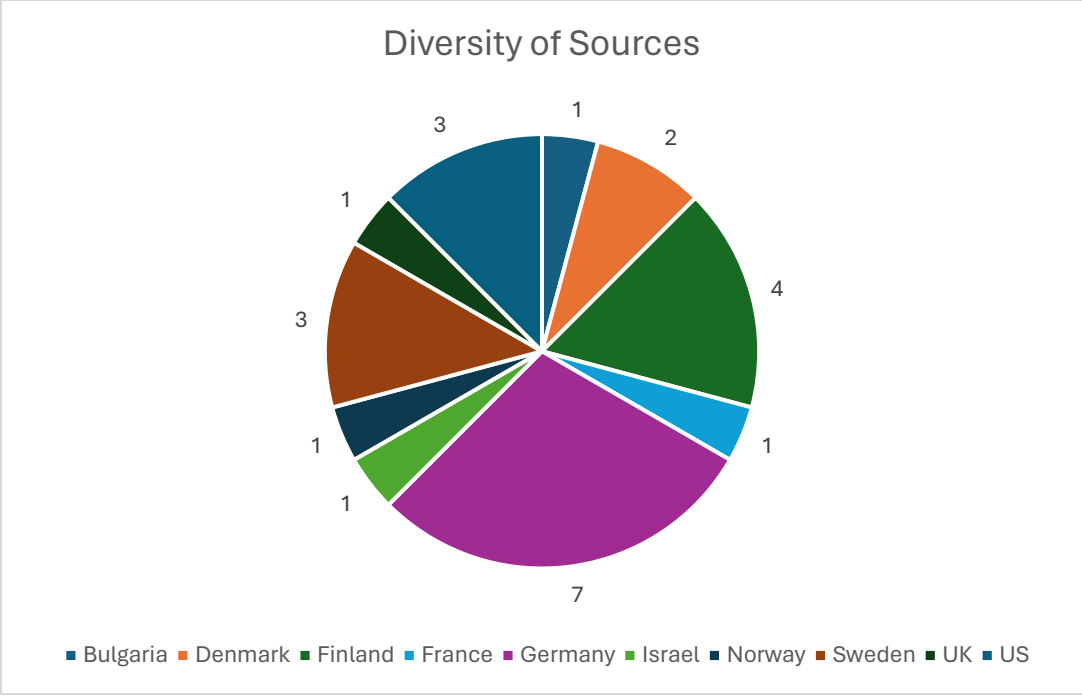


Figure 4 Diversity of Sources (Source SIPRI Arms Transfers Database, 2024)

Estonia's procurement patterns in the given timeframe illustrate a nation focused on rapidly building up its defence capabilities through cost-effective means such as second-hand equipment and security assistance. These patterns show, that during this time period, Estonia focused mostly on external procurement. The range of source countries reflects Estonia's multi-vector foreign and defence policy, aiming to establish a broad network of supportive partnerships across Europe and with the United States. This also reflects Estonia's non-aligned status during this period, where the country procured and received armaments from various sources. These partners were willing to assist in building up the Estonian armed forces despite the absence of a formal alliance or alignment

One of the first instances of arms procurement conducted by Estonia during the early 1990s, was the Israeli arms deal, that took place in 1993 (Lauri, 2018). The Israeli arms deal presents an interesting case for analysis based on what was included in the procurement and how it was conducted. Furthermore, the conditions that forced Estonia to conduct a deal of this kind are connected to Estonia's status as a former Soviet republic and its strategic alignment (or the lack of it) at the time. Estonia received non-lethal military aid from the west from 1993 until 1996. However, the Western states were reluctant to provide or sell weapons to the newly re-established

Republic of Estonia. Therefore, Estonia was forced to seek armaments on its own (Nõmm, 2014, 199). As a poor, newly re-established state, Estonia lacked any capabilities to produce armaments or equipment on its own. That also includes equipment of civilian nature, like uniforms for example, which were eventually acquired from the former East Germany's stocks and from Sweden (Nõmm, 2014, 203). Eventually, a potential provider was found. The Israeli state-owned company IMI TAAS agreed to sell small arms, several missile systems, communications equipment, and personal defence equipment (fragment vests, carry-all systems etc.) in the value of 60,4 million US dollars (Lauri, 2018).

This procurement is significant for several reasons. Firstly, it indicates an urgency and strategic necessity that Estonia felt to establish an independent military capability amidst the uncertainties of the post-Cold War environment. The reluctance of Western nations to provide arms to Estonia at the time may have been driven by a variety of factors, including the sensitive geopolitical climate, the Western states' caution about Russia's response, or concerns over the stability and future orientation of the Baltic states. However, Estonia's turn to Israel for arms procurement demonstrates its immediate need to forge new alliances and partnerships beyond its traditional Western neighbors. Israel, recognized for its advanced military technology and willingness to engage in arms trade, emerged as a critical early partner. Therefore, indicating that the status of non-alignment (as not being a member of an alliance) may force a state to seek out unconventional sources for arms procurement.

The nature of the equipment procured, which included small arms, missile systems, and personal defence equipment, indicates a focus on establishing a baseline defence capability that would enable Estonia to defend its sovereignty and contribute to its own security. Furthermore, the nature of the equipment signified a step towards western standards and moving away from Soviet legacy systems. The newly purchased small arms were compatible with Western and NATO standards in terms of caliber and ammunition. Therefore, making Estonia's armed forces compatible with Western standards. As stated by Hain Rebas, this was also the main objective at the time, to show the West, that Estonia is committed to its aspirations for NATO membership (Rebas, 2014, 234).

Despite receiving security assistance in the form of arms donations, Estonia was lacking in strategic planning, that could have led to a surplus of certain types of weapons. Estonia started receiving weapons aid in 1997 (Nõmm, 2014, 213). The amounts that were received were quite

substantial. 40 500 assault rifles from the US, 1500 machine guns from Germany, 19 howitzers from Finland and additional 50 000 assault rifles from Sweden (Männik, 2002, 21). The nature of equipment acquisitions reflects an *ad hoc* approach that was driven by the absence of detailed development plans for the EDF at the time. Such quantities raised questions about the alignment of procurement with actual force needs and the ability to sustain and integrate these weapons effectively into the EDF's structure (Männik, 2002, 22).

The patterns of arms procurement in Estonia from the mid to late 1990s reveal a strategic dilemma that is not uncommon for a state undergoing significant security and defence restructuring. The acquisition of substantial amounts of weaponry through security assistance highlights a reactive, rather than a strategic, approach to military buildup. The *ad hoc* nature of these acquisitions, as indicated by the varied and large amounts of weaponry donated by multiple countries, suggests that Estonia was in a phase of accumulating whatever resources were available, without a long-term strategic plan for how these weapons would be integrated into its armed forces. The influx of arms from several nations, including the United States, Germany, Finland, and Sweden, indicative of the challenge Estonia faced in balancing immediate security needs with sustainable defence planning. The volume and variety of arms donated could have been influenced by the political goodwill of these countries to support Estonia's defence capabilities, especially considering Estonia's strategic goal of joining NATO and the broader context of post-Cold War European security realignment.

The period of 1992-2004 saw a lot of defence cooperation between Estonia and the other Baltic states. One of the most prevalent cases being the formation of the BALTBAT. However, there was little to no cooperation in areas of arms procurement as a joint endeavor. One of such rare occasions being the joint purchase of radars between Estonia and Latvia (Kaldas, 2005, 42). Several articles from the period suggested, however, that a wider cooperation between the Baltic states in terms of joint procurement would have been beneficial for all parties concerned (Männik, 2002, 22; Vaiksnoras, 2002, 32). The realization of joint procurements may have been hampered by several factors. The lack of a structured framework to facilitate such cooperation, varying levels of development and needs, and perhaps the initial focus of each country on establishing a credible national defence force capable of meeting NATO standards could have detracted from focusing on broader regional procurement initiatives. Additionally, the political and military leaderships might

have been cautious in navigating new defence cooperation landscapes, given their recent independence and the complex security environment of post-Soviet Europe.

The early arms procurements were often influenced or hampered by corruption. After the break-up of the Soviet Union, vast stockpiles of weapons became available for arms trade and illegal smuggling. Estonia however, conducted most of its procurements by purchasing directly from manufacturers, meanwhile Latvia had conducted a large portion of its procurements through intermediaries or so-called arms brokers (Holtom, 2004, 101). During the 1990s until early 2000s, legislature concerning arms brokers and arms trade was lacking in Estonia. Due to these deficiencies, there were multiple cases of Estonian arms smugglers selling weapons to areas of the world under UN sanctions or embargoes. However, in 2003, the Strategic Goods Act of the Republic of Estonia was enacted. (Holtom, 2004, 108). Henceforth, any Estonian citizen or resident involved in the acquisition of military goods, or providing information, practical assistance, or funds for a transaction between two third parties outside of Estonia, was required to obtain a permit to engage in these activities, be listed on the national register of brokers, and secure a license for each transaction they participate in (Holtom, 2004, 108).

This law marked a pivotal shift in arms procurement and control measures within the country. It established strict regulations requiring any Estonian citizen or resident involved in the arms trade to obtain the necessary permits, register as brokers, and apply for individual licenses for each transaction (Riigi Teataja, 2003). This legislative framework aimed to curb the unauthorized trade and ensure that arms procurements and related activities were conducted within a legal and controlled environment, reflecting a maturation of Estonia's approach to managing its defence procurement in alignment with international standards. This shift also likely influenced Estonia's future arms procurement patterns, pushing towards more transparency and accountability in its dealings.

Finland also played a major role in the arms procurement decisions made by Estonia. Finland provided extensive training for Estonian officers and also provided 19 howitzers for training. Moreover, Finland donated 3 border guard vessels and around 20 motor boats in the early 1990s (Männik, 2002, 35).

“Finland has significantly supported the development of the Estonian defence forces. Since 1992, over a hundred Estonian officers and non-commissioned officers have been trained at the National

Defence College and the National Defence Academy. Older, but still usable training materials have been delivered to Estonia. Officer training in Finland continues both as basic training and as advanced training preparing for the duties of a battalion commander.

In March 1996, the government decided that Finland could send active-duty officers to Estonia for expert tasks. Finland has not yet supplied weapons to Estonia. However, this can be undertaken following the general procedures governing arms exports.” (Government’s Defence Report 1997 , Finland, Translated from Finnish)

Finland's support for Estonia's defence capabilities significantly influenced Estonia's arms procurement patterns, particularly through non-weapon aid and training. The donation of 19 howitzers and various naval vessels provided Estonia with critical equipment necessary for building its initial military capabilities. This kind of support allowed Estonia to allocate its scarce financial resources towards other urgent arms procurement needs, effectively shaping its early military buildup without the heavy financial burden of acquiring a full spectrum of new equipment. Additionally, the training of over a hundred Estonian officers and non-commissioned officers at Finnish defence institutions not only enhanced the professional capacity of Estonia’s military personnel but also facilitated the assimilation of NATO-compatible military practices and doctrines. Such training was crucial for Estonia as it sought to integrate more seamlessly with Western military structures, influencing its procurement strategy to favor systems that would ensure interoperability with NATO forces.

4.2.1 Summary and analysis

During the period from 1992 to 2004, Estonia’s arms procurement patterns were characterized by several key features that align with the off-the-shelf procurement pattern. During this period, Estonia transitioned from Soviet-era military equipment to Western technology as part of its broader strategic orientation towards NATO. To analyze this procurement pattern methodically, we will focus on the predefined categories: Source Countries, Condition of the Procured Products, and Presence of Strategic Planning.

Source countries: aligned vs. non-aligned

Estonia’s procurement sources were diverse, involving both aligned (e.g., NATO members) and non-aligned countries. Data from the SIPRI Arms Transfers Database indicates that Estonia

engaged in arms transactions with various international partners, including Germany, Finland, Sweden, the United States, Denmark, France, and the United Kingdom. For instance, significant portions of Estonia's arms came from Germany, which provided surplus equipment as part of its post-Cold War restructuring. Estonia also received military support and training from Finland and Sweden, countries with historical and regional ties but not NATO members at the time. The diverse sourcing reflects a pragmatic approach based on availability and cost rather than a strict strategic alignment with NATO, indicating an off-the-shelf procurement pattern.

Condition of the procured products: new vs. second-hand

A substantial portion of the military equipment acquired by Estonia during this period was second-hand. The SIPRI data reveals that 19 out of 23 arms transfer cases involved second-hand equipment. This included donations of surplus weapons such as assault rifles, machine guns, howitzers, and other military hardware from countries like the United States, Germany, Finland, and Sweden. Procuring second-hand equipment allowed Estonia to rapidly build its defense capabilities within budget constraints, reflecting an emphasis on cost efficiency and immediate operational readiness rather than long-term modernization.

Presence of strategic planning: ad hoc vs. targeted capability development

Estonia's procurement decisions during this period were predominantly ad hoc, driven by immediate needs rather than long-term strategic planning. The reactive nature of these acquisitions is evidenced by the significant reliance on security assistance and donations, which were often opportunistic and lacked detailed development plans for the Estonian Defence Forces (EDF). The strategic documents and data from the period indicate that Estonia was in a phase of accumulating whatever resources were available to quickly establish a functional defense capability, rather than following a systematic capability development plan. This is a clear indication of the off-the-shelf procurement pattern, where immediate needs overshadow long-term strategic objectives.

Joint procurement

During the early years after regaining its independence Estonia did not participate in any meaningful joint procurement initiatives (except on one occasion with Latvia), even though there would have been quite many incentives to do so. For example, with other Baltic countries like Latvia or Lithuania. However, the likely cause for this deficit could be explained by the lack of

available resources for all parties concerned. Estonia simply lacked the resources to meaningfully participate in any joint ventures during the years prior to NATO and EU accession.

Technology transfer and co-development

Similarly to the lack of joint procurement initiatives the lack of technology transfers and co-development initiatives during this period were likely influenced by budgetary restraints and a general lack of resources on part of Estonia. The status of non-alignment could have also caused uncertainties in the general economic environment surrounding Estonia, therefore hampering possible co-development ventures and outside investments in the defence industrial sector in Estonia.

Expenditure on defence procurements

The period prior to NATO accession saw a steady flow of increasing investments into defence procurements. However, during the early years after regaining its independence, Estonia had very limited resources to conduct meaningful acquisitions of defence equipment. Therefore, in addition to some major purchases being made during this period, Estonia was heavily reliant on security assistance and weapons donations from outside sources. Moreover, the early Israeli arms deal is clearly indicative of an ad hoc approach to procuring arms during this period.

Based on these indicators, we can conclude that Estonia's procurement pattern from 1992 to 2004 fits closest to the off-the-shelf procurement pattern. The prevalence of second-hand equipment, the ad hoc nature of procurement decisions, and the diverse sourcing from both aligned and non-aligned countries collectively define this pattern. The focus on rapidly enhancing military capabilities with available resources, often under budget constraints, was a pragmatic response to the immediate security challenges Estonia faced as a newly independent state. This pattern outlines the flexibility and opportunism in Estonia's procurement approach during a period of significant geopolitical transition and alignment shifts, setting the stage for its eventual NATO membership in 2004. Whereas this was the pattern in the first period, before NATO accession, the following section analyses the pattern in the second period of post NATO accession, with the aim to determine whether these was a change in the arms procurement patterns of Estonia..

4.3 Procurement patterns of Estonia from 2004-onwards

Initially focused on rapidly modernizing its forces through the acquisition of off-the-shelf and second-hand military equipment, post-2004 Estonia transitioned to a more structured and deliberate approach in its military acquisitions. This was facilitated by a commitment to meet NATO's defence spending guidelines, allocating at least 2% of GDP to defence, which allowed for increased investments in advanced technology and equipment. During this period Estonia enhanced its defence capabilities with modern systems, emphasizing cyber defence, and participating more actively in international defence collaborations.

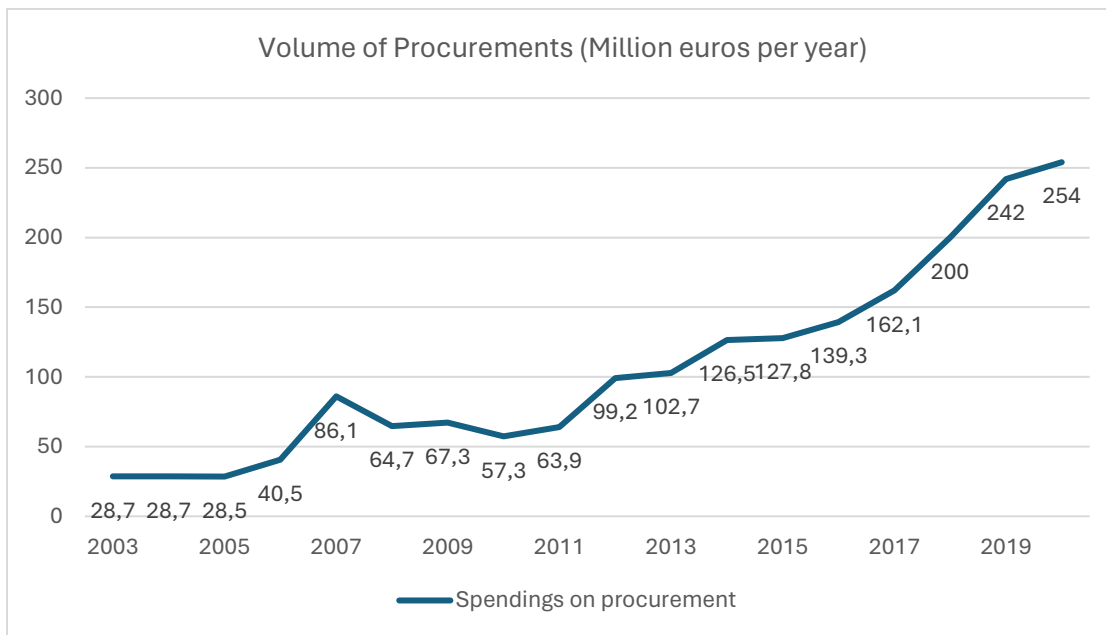


Figure 5 Volume of Procurements from the National Defence Budgets. Source: Ministry of Defence of the Republic of Estonia (2024)

The graph depicting Estonia's defence procurement from 2003 to 2019 shows a steady and significant increase in military spending, which can be understood as a direct reflection of the country's strategic alignment shift after joining NATO in 2004 (See Figure 5). This increasing trajectory is indicative of a nation that is progressively deepening its integration into NATO defence structures and adapting to the collective defence requirements that come with alliance membership.

Initially, post-accession, there is a period of moderate increase in procurement spending, which aligns with the typical post-integration phase where a new member state aligns its defence

capabilities with NATO standards (Narcis-Alexandru, 2020, 347). This phase often involves substantial investments in modernization, training, and the necessary expansion of military infrastructure. As Estonia's economy grew and stabilized within the EU framework, which it joined concurrently with NATO, this would have allowed for greater allocation of resources towards defence.

The most significant rise occurs after 2010, and this surge in procurement could be associated with various factors such as the country's response to evolving security challenges in the region, the adoption of new NATO strategic concepts, or the need to replace outdated equipment with modern NATO-compatible systems. One such security challenge was posed by the Russian invasion of Georgia in 2008. Additionally, during the years of 2007 and 2008 there was a global financial crisis, which could be one of the reasons why there was not an immediate increase in defence spending and procurements. This period may also reflect Estonia's commitment to the NATO guideline of member countries spending at least 2% of their GDP on defence, a target that Estonia has been keen to meet and has publicly committed to. Estonia finally met the 2% requirement in 2015 (Luik, 2019).

The upward trend further suggests a strategic decision by Estonia to move away from the "off-the-shelf" procurement approach of the immediate post-independence years, characterized by acquiring readily available and often second-hand equipment, to a more deliberate procurement strategy focusing on new, advanced, and interoperable capabilities. This shift is likely influenced by the need to ensure that the Estonian Defence Forces are fully capable of operating alongside NATO allies and contributing effectively to joint operations, thus reinforcing the alliance's collective defence posture.

Following Estonia's accession to NATO in 2004, the arms procurement patterns reveal a strategic shift toward a long-term capacity building and modernization of its defence forces. This period marks a departure from predominantly acquiring second-hand equipment and security assistance to investing in new, state-of-the-art weaponry. The SIPRI data indicates that Estonia engaged in acquiring new equipment on 21 occasions compared to 16 instances of procuring second-hand gear (SIPRI Arms Transfers Database, 2024). Such a trend indicates a focused effort to enhance military capabilities with modern technologies that offer a qualitative edge and ensure long-term relevance in a rapidly evolving military landscape. The preference for new equipment, particularly anti-air

and anti-tank systems, aligns with a modern defensive posture geared towards addressing specific perceived threats and operational requirements within the NATO framework. These acquisitions are indicative of a shift in procurement strategy that balances immediate readiness with sustained capability development.

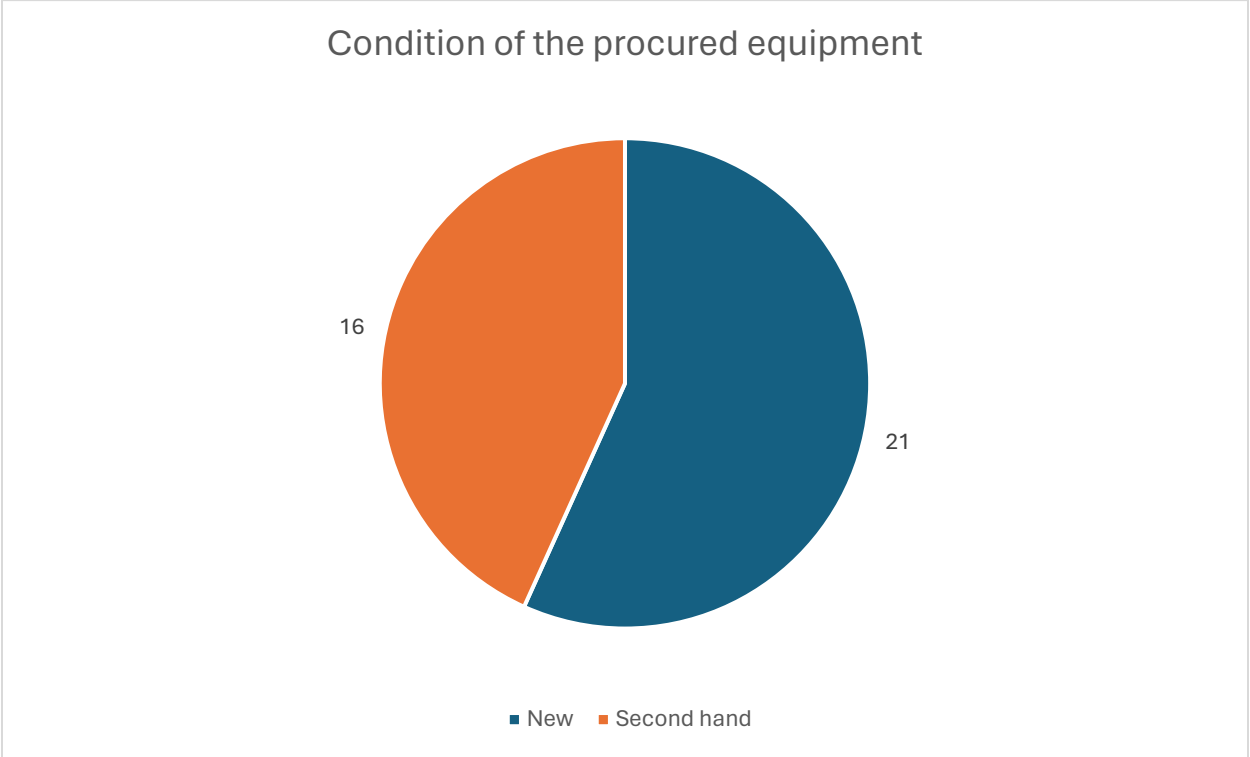


Figure 6 Condition of the procured equipment (Source SIPRI Arms Transfers Database, 2024)

The trend towards new acquisitions points towards an investment in developing a robust, technologically advanced military that is interoperable with NATO forces, thus reinforcing Estonia’s alignment with NATO’s military standards and strategic doctrines (See Figure 6). This interoperability is crucial for participating effectively in joint operations and contributing to collective security measures.

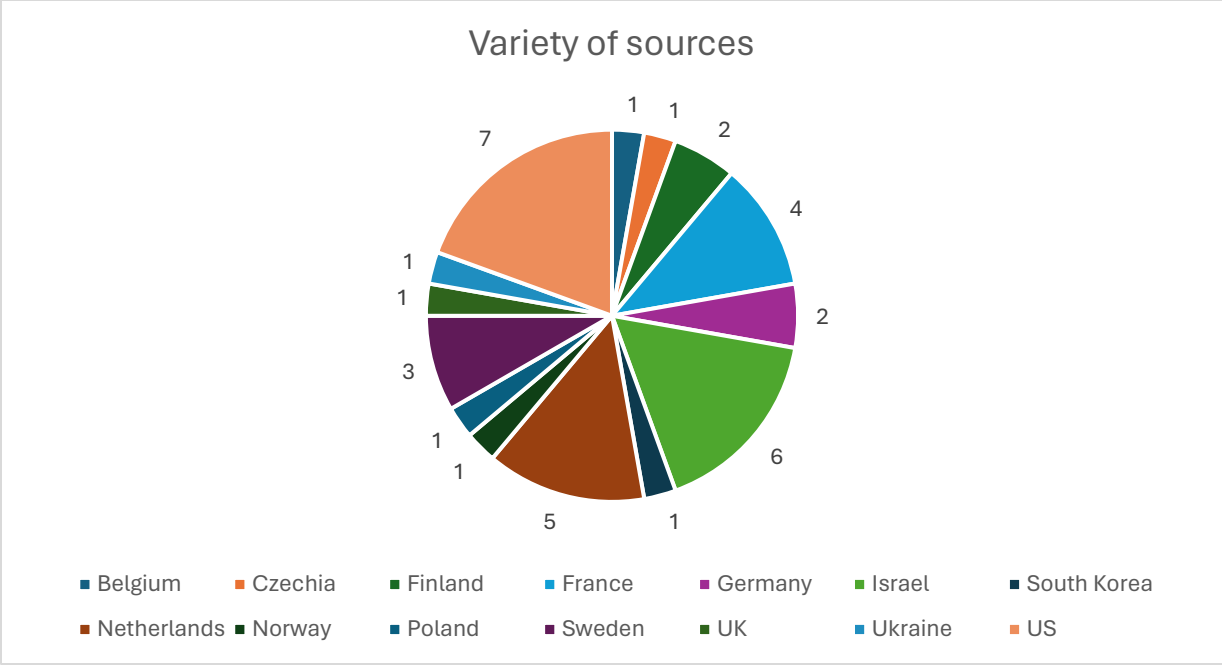


Figure 7 Variety of Sources in arms procurements from 2004-onwards (SIPRI Arms Transfers Database, 2024)

The data also reveals a significant diversification in Estonia's defence suppliers, with procurements from countries like Belgium, the Czech Republic, Finland, France, Israel and the United States (SIPRI Arms Transfers Database, 2024) (See Figure 7). The varied sources for arms transfers suggest a deliberate effort to avoid over-reliance on a single supplier, which not only mitigates geopolitical risks but also potentially enhances Estonia broader political support and integration within the alliance. The number of new procurements, particularly from traditional NATO members and partners, reflects Estonia's deepening integration with and commitment to the alliance's defence structures. This contrasts with the pre-NATO period, where Estonia's options for suppliers were more limited and often dependent on the political willingness of other countries to offer security assistance or dispose of surplus equipment. After joining NATO, it is evident that Estonia has had a moderate preference towards procurements from other NATO countries. From the large variety of sources, 9 out of 14 source countries, belong to NATO (SIPRI Arms Transfers Database, 2024). Compared to the earlier period, where a large portion of procurements arrived in to form of military assistance, it can be said, that NATO accession has opened up a larger variety of sources for Estonia from both within and outside the alliance.

After joining NATO, Estonia has also developed its anti-air capabilities as the country lacks its own airforce. Even though NATO provides air policing through allied aircraft, Estonia has still

made significant investments into developing its own anti-air capabilities after joining NATO. A great example of this would be the purchase of the MISTRAL mobile SAM systems from France over multiple decades (SIPRI Arms Transfers Database, 2024). This move indicates a strategic approach to supplement NATO's collective security measures with national assets that enhance Estonia's defensive posture. The investment in MISTRAL systems indicates Estonia's recognition of the need for an indigenous capability to respond swiftly to aerial threats, ensuring a layered and resilient air defense structure. This proactive measure reflects Estonia's commitment to not solely rely on NATO's air policing but to have an autonomous layer of defense that can function independently or in conjunction with NATO assets. The emphasis on developing these capabilities also highlights a strategic decision to invest in versatile and mobile systems that can adapt to the specific geographic and operational needs of the Baltic region. Estonia's procurement patterns in this phase reflect a strategic alignment with NATO's defence priorities, such as missile and air defence for example, which is vital for reinforcing the military alliance's eastern flank in areas, where the small countries lack their own capabilities in air superiority (NATO, 2010).

The purchase of Ground Master air surveillance radars from France in a joint procurement with Finland in 2009 exemplifies the impact of Estonia's alignment with NATO on its procurement strategies (SIPRI Arms Transfers Database, 2024). This collaboration highlights the strategic and operational benefits of joint procurement, such as shared costs, unified technological standards, and improved interoperability. The decision to procure these systems jointly with Finland, a non-NATO member, suggests that Estonia's alignment with NATO has facilitated broader regional defense cooperation. This indicates that while NATO alignment provides a framework for collaboration, it also encourages partnerships beyond the alliance, aiming to strengthen regional security. However, the increasing involvement in joint procurement post-NATO alignment may also point to a strategic necessity driven by limited national resources and the need for cost-effective solutions in an era of escalating defense expenditures. It indicates the strategic importance of maintaining robust defense ties with neighboring countries to create a cohesive and mutually reinforcing regional security architecture.

Moreover, Estonia has seen more collaborative efforts in joint purchasing after it became aligned with NATO. For example, Estonia has purchased the K9 self-propelled artillery systems as part of a joint procurement scheme with Finland (ERR, 2017). The order for these was placed in 2018.

Joint procurement schemes like the one with Finland for the K9 artillery systems allow for cost-sharing, increased bargaining power, and standardization of equipment, which enhances interoperability between allied forces. This shift towards collaborative procurement not only signifies a pragmatic approach to defense spending but also reinforces the operational cohesiveness necessary for collective defense strategies. However, it is crucial to note that these collaborative efforts have occurred despite Finland not being a NATO member at the time, suggesting that NATO alignment enhances but is not solely responsible for these partnerships. The decision to engage in joint procurement with a non-NATO ally like Finland could reflect a broader regional strategy to enhance Baltic and Nordic defense cooperation against common threats. Moreover, Estonia and Finland share historical ties in defence cooperation and have similar requirements for their defence equipment. Therefore, there is a solid basis between the two countries for more joint procurement initiatives in the future.

The doubling of modern infrastructure from 50,000 square meters in 2003 to 100,000 square meters in 2006, and then to 200,000 square meters by 2014, reflects a substantial shift in procurement priorities and capabilities (Kaitseministeerium, 2024). This rapid expansion suggests a more systematic and sustained investment in defense infrastructure, driven by the need to meet NATO standards and ensure interoperability with other member states. Such infrastructure development is critical for housing advanced military technology, providing adequate training facilities, and supporting the logistical needs of a modern defense force. The scale and speed of this expansion indicate that Estonia's alignment with NATO provided not only the impetus but also the resources and strategic direction needed for such significant enhancements. Critically, this shift highlights the influence of strategic alignment on procurement patterns. Joining NATO brought about a structured framework for defense planning, emphasizing the importance of long-term capability development over short-term solutions.

NATO membership likely also facilitated access to better resources, technical assistance, and a clear set of standards and expectations, guiding Estonia's defense investments more effectively. The focus on infrastructure also implies a broader strategic vision, where building and maintaining robust physical facilities became as important as acquiring advanced weaponry. This change reflects NATO's influence in promoting comprehensive defense readiness that encompasses not just armaments but also the necessary support systems and facilities. Moreover, the period after

Estonia's accession to NATO has also seen the deployment of permanent or rotating NATO troop deployments to Estonia. One such example would be the deployment of the Enhanced Forward Presence (EFP) initiative led by the UK in Estonia. The EFP initiative was agreed in 2016, at NATO summit in Warsaw, following the Russian annexation of Crimea (NATO, 2016). Therefore, there has been a clear need for the development of critical military infrastructure in order to house the allied troops and offer all the necessary conditions for training and possible future deployments of NATO troops.

The procurement pattern for Estonia from 2004 onwards reflects a strategic shift towards structured and deliberate investments in advanced military capabilities and infrastructure, driven by its alignment with NATO. This period is marked by a departure from the ad hoc, second-hand acquisitions of the pre-NATO era to a more systematic approach focused on long-term capability development and interoperability with NATO forces. Estonia committed to NATO's defense spending guidelines, significantly expanding its defense infrastructure and acquiring new advanced weaponry such as the MISTRAL mobile SAM systems from France. The country also increased its participation in joint procurement schemes, collaborating with Finland on purchases like the K9 self-propelled artillery systems and Ground Master air surveillance radars. Additionally, Estonia diversified its defense suppliers to mitigate geopolitical risks and broaden political support within NATO.

4.3.1 Summary and analysis

From 2004 onwards, Estonia's arms procurement pattern is characterized by a strategic modernization approach. This pattern is defined by the procurement of new equipment, targeted capability development, and procurement primarily from aligned countries. Examining the specific categories—Source Countries, Condition of the Procured Products, Presence of Strategic Planning, joint procurement and expenditure on defence procurement—confirms this conclusion.

Source Countries: Aligned vs. Non-Aligned

Following Estonia's accession to NATO in 2004, there was a notable shift towards procuring arms primarily from aligned countries, particularly NATO members. The SIPRI Arms Transfers Database highlights significant arms transfers from Belgium, the Czech Republic, Finland, France, Israel, and the United States. This focus on aligned countries demonstrates Estonia's strategic

commitment to NATO standards and interoperability. For example, the procurement of MISTRAL mobile SAM systems from France and Ground Master air surveillance radars through a joint initiative with Finland illustrates a deliberate alignment with NATO defense suppliers, ensuring compatibility and strengthening alliances.

Condition of the Procured Products: New vs. Second-Hand

A distinct shift towards new equipment procurement is evident in Estonia's post-2004 arms acquisition strategy. The SIPRI data shows that Estonia procured new equipment on 21 occasions compared to 16 instances of second-hand purchases. This preference for new, advanced military technology indicates a strategic focus on enhancing military capabilities and maintaining long-term operational readiness. The acquisition of modern anti-air and anti-tank systems indicates a commitment to building a sophisticated and capable defense force aligned with NATO standards.

Presence of Strategic Planning: Ad Hoc vs. Targeted Capability Development

Estonia's procurement decisions post-2004 were marked by targeted capability development and strategic planning. Adherence to NATO's defense spending guidelines, with a commitment to allocate at least 2% of GDP to defense, facilitated systematic investments in advanced technology and infrastructure. The significant increase in defense spending, expansion of modern defense infrastructure, and focus on interoperability with NATO forces all indicate a strategic modernization pattern. Investments in infrastructure, such as the doubling of modern defense facilities from 50,000 square meters in 2003 to 100,000 square meters in 2006 and reaching 200,000 square meters by 2014, reflect a long-term, strategic approach to building a capable and sustainable defense force.

Joint Procurement

Estonia has increasingly participated in joint procurement initiatives, highlighting the benefits of multilateral defense cooperation. Examples include the joint procurement of the K9 self-propelled artillery systems and Ground Master air surveillance radars with Finland. These joint procurement schemes allowed for cost-sharing, increased bargaining power, and enhanced interoperability between allied forces, reflecting Estonia's strategic alignment with NATO and regional partners.

Expenditure on Defense Procurement

Estonia's commitment to NATO's defense spending guidelines, allocating at least 2% of GDP to defense, facilitated substantial investments in advanced technology and infrastructure. The steady and significant increase in military spending from 2003 to 2019 reflects Estonia's strategic prioritization of defense modernization and capability enhancement. This financial commitment is indicative of a mature defense strategy focused on long-term sustainability and readiness.

Based on these indicators, we can conclude that Estonia's procurement pattern from 2004 onwards fits closest to the strategic modernization pattern. The focus on acquiring new equipment, targeted capability development, alignment with NATO countries, participation in joint procurement initiatives and substantial defense expenditure indicate a strong connection to this pattern. Additionally, there are indicators of the cooperative development pattern present, as evidenced by the presence of joint procurement schemes, highlighting Estonia's emphasis on international cooperation and shared capability building.

5. Results and discussion

The data from the period of 1992-2004 indicates a pattern of off-the-shelf purchasing on an ad hoc basis. As Estonia was non-aligned during that period, we can conclude that the status of non-alignment, combined with the presence of a potential threat, may compel a state to conduct its procurement hastily without a comprehensive long-term strategy. However, while non-alignment and perceived threats can indeed drive immediate and sometimes erratic procurement decisions, it is also possible that Estonia's early procurement patterns were influenced by other factors. For example, limited financial resources, lack of expertise in defense procurement, and the need to replace outdated Soviet equipment with more reliable Western technology. These factors likely contributed to the ad hoc nature of early procurement decisions, which were not solely a result of non-alignment but also a reflection of the transitional state of Estonia's defense infrastructure and administrative capabilities during its formative years.

What we observe from the period of 2004 onwards, is that once Estonia became aligned with NATO as a full member, its procurement patterns shifted from ad hoc to a more focused and specific capability development. Therefore, there was a definite change in alignment. This transition highlights the influence of strategic alignment on procurement stability. NATO membership provided Estonia with a clear framework for defense planning, including access to collective resources, standardized training, and established procurement protocols, which likely contributed to a more structured and strategic approach to arms acquisition. However, it is important to consider that NATO membership alone did not automatically streamline Estonia's procurement processes. The shift towards more focused procurement was also facilitated by increased defense budgets, access to NATO's planning and review processes, and the need to meet specific interoperability standards. Therefore, while strategic alignment with NATO undoubtedly provided a stabilizing effect, it was the combination of strategic alignment, increased resources, and institutional support that collectively transformed Estonia's procurement patterns.

The variety sources used by Estonia for defence procurements remain relatively similar throughout both periods. While there is a notable increase in defence procurement from other allied states after NATO accession, a large number of procurements conducted still originate from non-NATO countries. Therefore, states outside the alliance remain as an important source throughout both pre-

and post-NATO accession periods. For example, while Finland and Sweden had remained non-aligned until recently, a large number of acquisitions was conducted from these countries. This suggests, that while these states had remained non-aligned, they maintained a high level of interoperability with NATO and produced equipment that was suitable for other countries within the alliance. Moreover, Estonia has always had good relations with both Finland and Sweden. Therefore, non-aligned states (like Finland and Sweden prior to their NATO accession) can remain as an important source for procurements as they are also likely allies in many other political formats and share a closely similar strategic orientation. Meanwhile, more distant sources like Israel or South-Korea can also be important partners as they are closely allied with many of the leading countries of NATO. Based on this, we can say, that alliance accession can boost procurement from other alliance members, or at the very least, it will provide quite many incentives to do so.

Strategic alignment appears to provide stability in arms procurement patterns, in regard to targeted capability enhancement, source countries, sustainable development and interoperability with other alliance members. Being part of a large military alliance like NATO can indeed reduce the sense of urgency and impending doom, allowing a state to focus on long-term strategies for defense procurement. This perspective is supported by the structured nature of NATO's defense planning processes, which emphasize long-term capability development and interoperability among member states. However, alignment with an alliance like NATO also imposes certain requirements and expectations on member states, which can influence procurement decisions. For example, the need to contribute to NATO missions and adhere to alliance standards may drive procurement choices towards specific systems and capabilities that are aligned with collective defense objectives. Therefore, while strategic alignment provides stability, it also introduces a new set of strategic considerations and obligations that shape procurement patterns. This dual effect becomes evident withing the complexities of defense procurement.

The increase in joint procurement schemes observed in Estonia post-NATO accession reveals another shift in its defense procurement strategy, emphasizing collaboration and interoperability. This indicates a strategic move towards using collective buying power and sharing the financial and logistical burdens of acquiring advanced military systems. By participating in joint procurement schemes with both non-aligned states like Finland (previously) and other NATO

member states, Estonia demonstrates a pragmatic approach to enhancing its defense capabilities while maximizing resource efficiency.

One critical aspect of this trend is the increased ability to standardize equipment across multiple nations. For instance, the procurement of K9 self-propelled artillery systems and Ground Master air surveillance radars in collaboration with Finland is a great example of how Estonia seeks to maintain a level of interoperability with the military assets with its neighbors. Or perhaps it is vice versa. This strategy has not only bolstered Estonia's defense posture but has also strengthened regional security through integrated defense efforts.

Furthermore, the decision to engage in joint procurements reflects a recognition of the limitations of unilateral procurement efforts, particularly for small states with limited defense budgets. By pooling resources with other countries, Estonia can access more sophisticated and expensive technologies that might be otherwise unaffordable. This collaborative approach allows Estonia to maintain a modern and capable defense force without overextending its financial resources. However, the increase in joint procurement schemes also introduces complexities. Aligning procurement timelines, negotiating shared requirements, and ensuring mutual benefits can be challenging, especially when collaborating with non-NATO states. Additionally, joint procurement decisions may sometimes require compromises on specific national preferences to meet collective needs, potentially leading to strategic and operational trade-offs.

The rise in Estonia's joint procurement schemes post-NATO accession thus indicates a shift towards cooperation and shared defense responsibilities. It highlights the benefits of collective defense procurement in enhancing interoperability, cost-effectiveness, and regional security. Moreover, it also emphasizes the need for careful management of collaborative processes to ensure that joint procurements meet the strategic objectives and operational requirements of all involved parties. This pattern illustrates the complexity and interdependence that is present in modern defense procurement strategies, particularly within the context of international alliances and regional partnerships.

6. conclusions and wider implications

This thesis set out to research how changes in alignment have influenced the arms procurement patterns of Estonia. The thesis began its evaluation of this question by laying out the theoretical groundwork for arms procurement, alliance and alignment theory and defence cooperation. The main starting points were, that smaller states generally resort to purchasing their military equipment from outside sources and seek to mitigate their power imbalance against their larger adversaries by joining alliances. Moreover, that similarly aligned states see and increase in the trade of weapons and armament. By using a qualitative methodology of document analysis, this thesis critically analyzed publicly available strategic documents, government whitepapers, academic journals and news articles. Additionally, this study was conducted by using data provided by the SIPRI arms transfers database.

In conclusion, the data from the period of 1992-2004 indicates a pattern of off-the-shelf purchasing on an ad hoc basis. During this time, Estonia was non-aligned, which, combined with the presence of potential threats, may have compelled the state to conduct its procurement hastily without a comprehensive long-term strategy. However, other factors like limited financial resources, lack of expertise in defense procurement, and the urgent need to replace outdated Soviet equipment with more reliable Western technology also played significant roles in shaping these early procurement patterns. From 2004 onwards, Estonia's NATO membership marked a shift towards more focused capability development. This transition highlights how strategic alignment with NATO provided a stabilizing framework for defense planning, including access to collective resources, standardized training, and established procurement protocols. It was the combination of strategic alignment, increased resources, and institutional support that collectively transformed Estonia's procurement patterns. The post-2004 experience shows that strategic alignment provides stability in arms procurement, allowing for long-term strategies rather than urgent, short-term responses. However, this stability comes with new strategic considerations and obligations that shape procurement decisions, emphasizing the complexity of defense procurement within international alliances.

The variety of sources used for defence procurements remained relatively similar across both period before and after NATO accession. While there was a notable increase in defense procurement from NATO allies after accession, a significant number of procurements still came from non-NATO countries. For example, a large number of acquisitions were conducted from

Finland and Sweden, which remained non-aligned until recently. This suggests that non-aligned states can maintain a high level of interoperability with NATO and produce suitable equipment for alliance members. Estonia's good relations with Finland and Sweden, and their similar strategic orientations, also facilitated these procurements. Additionally, more distant sources like Israel and South Korea remained important due to their alliances with leading NATO countries. Thus, while NATO accession boosts procurement from alliance members, it also encourages maintaining diverse sources, including non-aligned but strategically aligned partners.

Therefore, to answer the main research question of this study - the changes in alignment significantly influenced Estonia's arms procurement patterns, shifting from ad hoc, off-the-shelf purchases pre-NATO to structured, capability-focused acquisitions post-NATO accession. This alignment increased procurements from NATO allies while still maintaining diverse sourcing from non-aligned but strategically aligned partners.

The implications of this research provide valuable insights into how alliance accession influences military cooperation and procurement. For nations like Ukraine, these lessons could highlight the potential shifts in procurement patterns and military cooperation that accompany alliance accession, demonstrating the importance of aligning procurement strategies with long-term strategic objectives and alliance standards. Future research should delve deeper into these dynamics through focused interviews and case studies of contemporary conflicts, providing a richer understanding of how strategic alignment influences defense procurement decisions and military cooperation.

The implications of this work could provide valuable insights into how alliance accession influences military cooperation and arms procurement. In particular, this research highlights how strategic alignment with a powerful military alliance like NATO can transform a country's defense procurement from a reactive, ad hoc process to a more structured and strategic approach. For Ukraine, which is striving to modernize its military and integrate with Western defense systems, these lessons are particularly pertinent.

While this research has provided insight into how changes in alignment status can affect a state's procurement patterns, further research in this area could be greatly enhanced through focused interviews and examining other periods of monumental consequence, such as the ongoing war in Ukraine. These interviews could involve key policymakers, military officials, and defence

procurement specialists who can offer firsthand accounts and deeper understanding of the decision-making processes behind procurement strategies. Additionally, the war in Ukraine presents a contemporary case study that could shed light on how immediate security threats and geopolitical shifts influence procurement decisions in real-time, offering valuable comparisons and contrasts to Estonia's historical experience.

The study of Estonia's procurement patterns before and after NATO accession demonstrates the stabilizing effect of alliance membership, which can provide a clearer framework for defense planning and procurement. Moreover, the research indicates the importance of aligning procurement strategies with long-term strategic objectives and alliance requirements. For Ukraine, aligning its procurement decisions with NATO standards could enhance interoperability, facilitate military cooperation, and strengthen its defense posture. This alignment could also attract more significant security assistance and investments from allied nations, further bolstering Ukraine's defense capabilities. Additionally, the study suggests that alliance accession can mitigate the sense of urgency and existential threat that often drives erratic procurement patterns. For Ukraine, this means that as it moves closer to NATO membership, it can shift from immediate, short-term procurement needs to more comprehensive, strategic planning that ensures sustained military readiness and capability development. Future research could delve deeper into these implications by conducting focused interviews with defense policymakers and military officials in both Estonia and Ukraine

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