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BalticBusiness Quarterly



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Ramping up the Baltic Defence Industry

Read how Estonian, Latvian and Lithuanian companies are building a more resilient and peaceful future together with Germany and other NATO members

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Military heritage in the Baltics

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Do you want to SAVE ENERGY?

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Young Energy Europe enables young professionals in Estonia, Latvia and Lithuania to enhance their education in the fields of energy and resource efficiency.

The future Energy Scouts will learn and get the practical training to analyse and reveal saving potentials for energy and resources in their companies.

Our training program will take place
in September / October 2024

The number of participants is limited!

For more information and local registration please contact



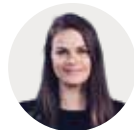
Elo Saari

Project leader in Estonia, AHK
+372 6276 946
elo.saari@ahk-balt.org



Maija Pāvila

Project leader in Latvia, AHK
+371 66117443
maija.pavila@ahk-balt.org



Agne Barkauske

Project leader in Lithuania, AHK
+370 6 6988171
agne.barkauske@ahk-balt.org



The Baltic Countries welcome the defence industry with a green corridor

Just a few years ago, the defence industry in Estonia, Latvia and Lithuania was still in its infancy. Now, the geopolitical situation has completely changed and the defence industry in the Baltics is growing rapidly. NATO plays the key role, but Germany is the most important European partner both militarily and economically. Boosted by the deployment of a full German brigade in Lithuania – it is a historic project for the German Bundeswehr. It will be the largest and deepest engagement of the Bundeswehr in a foreign country ever. Planned investments over the next few years will amount to more than 11 billion euros. As the German Chamber of Commerce we also expect positive spill over effects into the real economy. Additionally, there is the project of German arms manufacturer Rheinmetall to build an ammunition factory in Lithuania, investing more than €180 million and creating at least 150 jobs. Starting already in October 2024 – and thanks to a special national green corridor policy, it will get SUPER FAST BUILDING PERMITS and FULL SUPPORT from the government.

New military-industry synergies are already forming around this investment across the entire Baltic region. The Lithuanian Ministry of the Economy and Innovation has already signed contracts for 14 large-scale investment projects, which will create nearly 4000 jobs and attract more than €1.25 billion in investment.

Latvia has successfully positioned itself in the drone industry. The Latvian-led drone coalition now includes 15 countries. To date, the Drone Coalition member

countries have raised more than €500 million in drone donations for Ukraine. At the beginning of the summer, a special drone training and testing ground was opened in Latvia's Selija polygon, which, for the first time, hosted the "Baltic Zenith 2024" international military exercise.

The Estonian government in Tallinn has decided to create a defence industry fund that will invest directly and via private funds in companies developing defence-related technologies. In addition to this at the end of May, the NATO's Defence Innovation Accelerator for the North Atlantic (DIANA) officially inaugurated its new regional Hub in Tallinn, Estonia. In January, 44 companies began DIANA's first accelerator programme to develop their commercial technologies in response to NATO's security challenges.

These ongoing projects, as well as many other initiatives you can read about in the following pages, show that the Baltic defence industry boom is here to stay. Estonia, Latvia and Lithuania have demonstrated their readiness to bring to bear the full innovation capacity and together with Germany and other NATO members, to build a more resilient and peaceful future!!!
 IGITUR QUI DESIDERAT PACEM, PRAEPARET BELLUM.
 (PUBLIUS FLAVIUS VEGETIUS RENATUS, Writer of the 400-500 a.D.) "...therefore let him, who desires peace, prepare for war"

Yours,
Florian Schröder-CEO

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Executive Board Member: Florian Schröder
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Reporters: Anda Asere, Solveiga Āboliņa, Linas Jegelevičius, Māris Ķirsons, Mari Peegel, Armanda Vilciņa, Alexander Welscher

Photographers: Ritvars Skuja, Alexander Welscher

Art Director: Aleksejs Smirnovs

Advertising Director: Līva Melbārzde

Tech Director: Gints Mucenieks

Advertising Editor: reklama@lilita.lv

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AI DEFENCE FIRM HELSING TO INVEST IN ESTONIA

German defence and artificial intelligence (AI) company Helsing plans to open a branch in Estonia and announced that it will invest 70 million euros in the Baltic defence industry in the coming years. The strategic expansion supports Helsing's goal of providing deterrence and defence along NATO's Eastern Flank, the Munich-based company announced on 11 July 2024. In cooperation with local industrial partners, Helsing aims to strengthen the Baltic's defence infrastructure with advanced AI and software solutions.

"We are establishing Helsing Estonia to bring advanced AI capabilities to the defence forces of the Baltic countries. Drawing on from the lessons we have learned from the conflict in Ukraine, Helsing will be prioritising local production wherever possible to ensure that the Baltic's defence systems are resilient, adaptable, and home-grown", said Helsing co-founder and co-CEO Gundbert Scherf (l.). Estonia's then Prime Minister Kaja Kallas (r.) thanked the company for its decision and underlined that her country focuses on becoming a hub for defence technology and innovation. *AW*





Photo: publicity photo of Helming





Photo: Gatis Rozenfelds, State Chancellery

PATRIA OPENS MILITARY VEHICLE PLANT IN VALMIERA

Finnish defence manufacturer Patria has opened a new production facility for 6x6 armoured personnel carriers in Valmiera.

Full-cycle production started in May this year – with many components such as hulls, windows, doors, hatches, and the main chassis being manufactured locally. “This will be an excellent springboard for the development of our country’s defence industry, for the accumulation of our knowledge and experience, and for further growth in partnership with our Finnish friends,” said Latvian Prime Minister Evika Siliņa (r.) at the inauguration event on 24 May 2024, which she attended together with her Finnish counterpart Petteri Orpo (l.).

Initially, the plant will serve the needs of the Latvian Armed Forces, producing around 30 armoured vehicles each year, but capacity is expected to increase to up to 160 vehicles. In total, around EUR 10 million has been invested in establishing the facility that is managed by Defence Partnership Latvia – a Patria majority-owned joint venture with a local Latvian partner. Read more about Patria on page 40. *AW*



A German Leopard 2 battle tank practices combat firing during the Quadriga exercise in Lithuania

Zeitenwende in action

by ALEXANDER WELSCHER

Germany's military engagement in the Baltics ranges from the soft to the hard end of the defence policy spectrum – and is keeping the Bundeswehr busy in Estonia, Latvia and Lithuania. On land, on water and in the air.

Sending out a signal of strength: Bundeswehr and NATO land forces have shown their defence readiness in the first half of 2024. Some 90,000 soldiers took part in NATO's large-scale exercise Steadfast Defender 2024, which was launched in response to the changed security situation in Europe resulting from Russia's full-scale invasion of Ukraine more than two years ago on 24 February 2022. It was the largest NATO manoeuvre since the end of the Cold War some 35 years ago.



German soldiers line up during the Quadriga exercise in Lithuania

Among the soldiers were 12,000 troops of the Germany Army that participated in a series of four exercises called Quadriga that aimed at training the defence of NATO's eastern flank and kept the soldiers busy over a period of five months – from alerting the first units in January to the final major drill in Lithuania. It was the largest exercise of German land forces for decades involving also Leopard 2 tanks, Puma and Boxer infantry vehicles, the Panzerhaubitze 2000 artillery system and mine clearing systems.

“Quadriga is our part, our collective response to the dramatically growing threat from Russia,” General Carsten Breuer, the Germany army's chief inspector, said on 29 May at the

exercise's closing ceremony at the Pabradė military training area, emphasising that the military drill held with war games only 15 kilometres from the border with Russian ally Belarus sends out a clear message. “A message of deterrence to Russia, a message of German reliability and determination to our allies, particularly here to Lithuania. And a message also into our society in Germany: our Bundeswehr is resolutely pursuing the task of national defence and defence of the alliance.” Together with Baltic military chiefs, lawmakers, diplomats and other dignitaries, Breuer watched a 90-minute live-fire battle and other combats that were staged in Pabradė. There combat troops of

the Bundeswehr's 10th Armoured Division were practicing after being deployed by sea, rail transport and in road convoys to Lithuania. The German soldiers were joined by Lithuanian, Dutch and French troops in the manoeuvre that followed the scenario of an attack on allied territory. This falls under Article 5 of the NATO treaty that states that an attack against one NATO ally should be considered as an attack against all allies.

Military power demonstration

The exercise presentation involved artillery, engineers and medics that demonstrated how modern tank and other weapon systems operate and find their targets, how battlefields

BUNDESWEHR ENHANCES RECONNAISSANCE CAPABILITIES

For the military exercise Quadriga 2024, the German Armed Forces had not only deployed thousands of soldiers to Lithuania, but also their own IT infrastructure. Protected by camouflage nets, mobile IT systems capable of being deployed and networked as well as decentralised servers and systems for establishing satellite connections were set up at the Lithuanian military base in Nemenčinė. The infrastructure was installed and hosted in Lithuania for the exercise within a few days by a unit of the Information Technology Battalion 381 from Storkow in Brandenburg that arrived in Lithuania by sea and land in April.

“Information from, about and on the battlefield is of crucial importance. We are therefore providing the IT services and infrastructure to enable the soldiers to communicate securely with each other in battle and to support the military commander in leading the unit by providing reconnaissance results, for example,” a Bundeswehr spokesman told *Baltic Business Quarterly* during a visit to the army base some 20 kilometres north-east of the capital Vilnius.



German and Lithuanian soldiers stand in front of a Fuchs KWS RMB armored personnel carrier with a radar detection system

Around 120 soldiers spread across Nemenčinė and two more military bases provided systems for communication, information supply and data transmission – decentralised on site and securely connected to the Bundeswehr command and control information systems in Germany. The on-site deployed IT technology also enabled the use of newly introduced 3D situation maps using a system called Augmented Common Operational Picture (ACOP)

during the exercise, which provides realistic, interactive visualisation of the situation on the battlefield with the help of mixed reality glasses.

German and Lithuanian troops were also practising radar reconnaissance together, using a Fuchs armoured transport vehicle with an extendable mast system. Other vehicles deployed during the exercise provided protection against drones by jamming frequencies. “We can see that these reconnaissance and jamming capabilities, are urgently needed,” the Bundeswehr spokesman said, referring to Ukraine's experience in defending itself against a Russian invasion.

Electronic warfare is an “important point,” he said, adding that this is also demonstrated by the fact that the Cyber and Information Space (CIR) force was recently made a separate branch of the German military. Specialising in electronic warfare and cyber operations, reconnaissance and the protection of electronic infrastructure, the CIR is now one of the four branches of the Bundeswehr – alongside the traditional army, navy and air force.