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# Consequences of the discontinuation of the Baltic Security Initiative by the Trump administration

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On 5 September, citing an anonymous White House source, the *Financial Times* reported that the Trump administration's budget proposal for fiscal year 2026 (1 October 2025 – 30 September 2026) does not envisage continued funding for the Baltic Security Initiative (BSI), a programme aimed at supporting the development of defence capabilities in the Baltic states. The Estonian Ministry of Defence confirmed the report. The BSI was established in 2020 under Title 10, Section 333 of the United States Code, which authorises the use of budgetary resources for training and equipping the armed forces of third countries. Between 2021 and 2025, the Baltic states received over one billion dollars through the BSI (see Appendix). Funds from the initiative were primarily used to finance training and joint exercises between US and Baltic armed forces in Lithuania, Latvia, and Estonia, as well as to cover the cost of transferring US armament and equipment to their militaries. The Trump administration intends the discontinuation of BSI funding to encourage European allies to increase their own contributions to defence and deterrence on NATO's eastern flank.

Ending the initiative will not significantly affect the defence capabilities of the Baltic states, which have substantially increased their defence budgets in recent years. However, they want the US to maintain a rotational military presence on their territory. It is therefore far more important for Lithuania, Latvia, Estonia and other NATO members on the eastern flank that the Trump administration continues funding the European Deterrence Initiative (EDI).

**Commentary**

- **Since the Baltic states have significantly increased their defence spending, US assistance through the BSI no longer represents a major contribution to the defence budgets of Lithuania, Latvia, and Estonia.** Between 2014 and 2025, Lithuania's military expenditure rose more than eightfold (from $428 million to $3.6 billion), Latvia's increased more than fivefold (from $293 million to $1.65 billion), and Estonia's tripled (from $514 million to $1.5 billion). As a result, additional US funding no longer carries the same weight as in previous years — a point openly acknowledged by Estonian Defence Minister Hanno Pevkur. Nevertheless, the Baltic states will seek alternative financial support in the United States through dialogue with allies in Congress. In recent years, BSI funding likely supported purchases of Javelin anti-tank guided missiles, HIMARS rocket launchers, and a range of smaller orders from the US defence industry. At the same time, the discontinuation of BSI funding will primarily have a negative effect by reducing the scale, intensity, and frequency of military exercises conducted in the Baltic states with

the participation of US forces.

- **The BSI programme accounted for only part of the US funding aimed at strengthening the defence capabilities of the Baltic states and supporting US military activity there. The European Deterrence Initiative (EDI) remains of key importance.** It finances the enhanced presence of US forces in Europe, their exercises and training, the prepositioning of armament and military equipment, infrastructure investments, and the strengthening of allied defence capabilities. Among other things, the EDI provides funding for the rotational presence of US land forces on NATO's eastern flank, including in the Baltic states. Funding for this programme has declined since fiscal year 2019, when it reached $6.5 billion (see Appendix). For fiscal year 2025, the proposed EDI budget stands at $2.91 billion. Through EDI, air force bases in the Baltic states — Šiauliai, Lielvārde, and Ämari — have been modernised, along with infrastructure for special forces in Estonia. Only a potential discontinuation of the EDI by the Trump administration would have a more serious effect on deterrence in Europe, including in the Baltic states. The defence budget overview of the fiscal year 2026 budget request presented by the Department of Defence does not list the EDI as a separate item, as it has in previous years. However, this does not mean that the programme is being discontinued. Funding for individual infrastructure projects in Europe linked to the EDI appears in the several-hundred-page Senate version of the NDAA bill, which is based on the Trump administration's request. However, it is difficult to determine from this how much will be allocated to the EDI in 2026. In addition to support from the BSI and EDI, the Baltic states also make use of US loans for weapons purchases under the Foreign Military Financing (FMF) programme and grants from the International Military Education and Training (IMET) programme.
- **The Trump administration's budget proposal for fiscal year 2026 does not explicitly indicate the termination of all programmes under Section 333, including the BSI (with the EDI being a separate case). Detailed decisions on the allocation of funds for these programmes will rest with the Department of Defence (the Department of War).** Under Section 333, the Secretary of Defence (the Department of War), in coordination with the Secretary of State, decides on the use of funds for programmes supporting the training and equipping of foreign armed forces. Congress must be notified no later than 15 days before the launch of any specific programme. As such, it is difficult to determine the precise allocation of funds. These resources are managed directly by the Defence Security Cooperation Agency (DSCA), whose budget for fiscal year 2025 amounted to $2.7 billion, of which just under $1.4 billion was earmarked for international security programmes (including those under Section 333). According to the government's fiscal year 2026 proposal, the DSCA budget is set to increase slightly (by approximately $150 million), but the allocation for the above-mentioned programmes is expected to be cut by around $130 million. The proposal put forward by the White House may still be amended during the legislative process in Congress. The bill approving the Pentagon's budget is unlikely to be passed before the end of the current fiscal year (that is, by the end of September), meaning a continuing resolution will need to be adopted.

## APPENDIX

**Table.** Budget of the European Deterrence Initiative and the Baltic Security Initiative (in billions of dollars)

| European Deterrence Initiative (EDI)* | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| 0.985 | 0.789 | 3.420 | 4.777 | 6.531 | 5.911 | 4.500 | 3.681 | 4.177 | 3.630 | 2.912 |

| Baltic Security Initiative (BSI)** | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| x | x | x | x | x | x | 0.169 | 0.180 | 0.225 | 0.228 | 0.231 |

* Between 2015 and 2018, it was known as the European Reassurance Initiative.
** Prior to the establishment of the BSI, a total of $605.5 million was allocated to the Baltic states from Section 333.