

Baltic Employers' Priorities for European Competitiveness, Resilience and Security

Common priorities for national, Baltic and EU-level action in 2026-2028

The Baltic employers' organisations represent businesses in three dynamic, digitally advanced and export-oriented EU economies. Over the past three decades, Estonia, Latvia and Lithuania have achieved a remarkable economic transformation, demonstrating a strong capacity to adapt, innovate and grow and earning their reputation as the Baltic Tigers.

Today, the Baltic States are both a strategically important part of Europe and among the Member States most exposed to geopolitical, security and economic risks. Their location on the EU's eastern flank, limited market scale, shallow capital markets and high dependence on international trade increase their exposure to external shocks, investment risks and disruptions to critical infrastructure and supply chains. Continued growth therefore depends on a secure energy supply at internationally competitive prices, resilient connections to Nordic and European markets, and a predictable investment environment. Strong and competitive Baltic economies contribute directly to Europe's security, industrial capacity and ability to respond to crises. Lithuania's Presidency of the Council of the EU in 2027 and Latvia's Presidency in 2028 provide an opportunity to translate these priorities into concrete action at national, regional and EU levels.

BALTIC FOCUS Our strategy for long-term security and prosperity is to build a competitive, connected and resilient Baltic economy. We call for coordinated national and EU action to improve conditions for investment and growth, accelerate strategic transport, energy, digital and defence projects, and make business a full partner in preparedness. Joint Baltic action should be the default, reinforced through NB8 and other regional partners, including Poland, where this adds scale or resilience. A coordinated investment approach should combine EU support reflecting the region's heightened risks and strategic importance with Baltic governments' commitment to use national and EU resources efficiently, transparently, with clear impact and measurable results.

Baltic employers therefore call on the Governments of Estonia, Latvia and Lithuania and the EU institutions to act jointly on the following six priorities:

01 Strengthen economic security and make business part of preparedness.

A competitive business base is the foundation of economic security. Governments and employers must prepare together for military and hybrid threats, cyberattacks, extreme weather, infrastructure failures and other disruptions affecting essential services and supply chains.

- Establish a permanent Baltic public-private preparedness framework for joint risk assessments, planning, cross-border exercises and implementation, coordinated where useful with NB8 and other regional partners.
- Involve businesses and operators of critical infrastructure from the outset; define clear public-sector responsibilities and match proportionate company obligations with practical cooperation and investment support.
- Use common regional risk scenarios and align continuity requirements for essential services, critical infrastructure and supply chains.

02 Create a strong eastern-flank dimension in the next MFF.

In the 2028–2034 Multiannual Financial Framework, geopolitical exposure must be an explicit criterion in relevant EU funding and investment instruments. Support should strengthen resilience, preparedness, critical infrastructure, connectivity, energy security and business investment across the eastern flank, recognizing that geopolitical risks affect the entire territory and economy of each Baltic State and increase financing and insurance costs. Additional EU support should go hand in hand with Baltic governments' commitment to clear investment priorities and the coordinated, efficient and transparent use of national and EU funds, delivering clear impact and measurable results.

- Ensure that EU funding and State aid rules enable strategic industrial investment throughout the Baltic States, including support for large enterprises where justified, and combine grants, guarantees and risk-sharing instruments to close documented financing gaps and mobilise private capital.
- Earmark sufficient resources to implement the Commission's Strategy for Eastern Border Regions through relevant instruments, including cohesion policy, the Connecting Europe Facility and appropriate funding under Horizon Europe and the European Competitiveness Fund.
- Baltic governments should take a strategic, business-minded approach to public investment, prioritising projects with clear economic and resilience benefits and ensuring cost-effective delivery, measurable results and clear accountability; coordinate Baltic project pipelines and procurement where this improves results.

03 Build a Baltic Defence Zone and scale up defence production.

The Baltic Defence Zone should be the region's concrete contribution to strengthening the EU's eastern flank and a genuine Single European Defence Market. The immediate priority is predictable demand and faster delivery: production, testing, innovation and maintenance capacity must be backed by credible orders and coordinated procurement, with finance mobilised where needed.

- By the end of 2026, the three governments should adopt a joint action plan to establish the Baltic Defence Zone, defining capabilities, financing, timelines and responsibilities, including production, testing, maintenance, military mobility and enabling infrastructure for air defence.
- Create an integrated Baltic defence procurement pipeline: governments should publish credible medium-term procurement plans, place initial orders (reference orders) to support production, agree on common specifications and conduct professionally managed joint tenders to strengthen Baltic industrial participation and security of supply.
- Mobilise financing from the European Investment Bank, EBRD and national development finance institutions to scale up defence production and innovation where funding gaps persist, backed by credible demand and procurement commitments, and, where appropriate, support companies scaling up in other strategic sectors to accelerate their integration into European supply chains.
- Align technical, permitting, construction and safety requirements and simplify intra-EU transfers so companies can operate and scale across borders.
- Ensure fair access for Baltic SMEs, mid-caps and dual-use innovators to European funding, industrial projects and supply chains. Promote joint ventures, co-production and technology partnerships with Baltic, NB8, Polish and other European manufacturers, research organisations and investors.

04 Complete strategic connectivity and make energy secure, competitively priced and investable.

Cross-border transport, energy and digital infrastructure are preconditions for competitiveness, resilience, the Single Market and EU-NATO military mobility. Delivery requires predictable financing, coordinated national decisions and sustained political oversight. Rigorous impact assessments should show clear benefits for system costs, security and investment.

- Put Rail Baltica on a credible delivery path: agree one cross-border implementation plan and use national financing alongside EU support to close gaps and deliver an operational core corridor no later than 2034.
- Strengthen ports, roads and air links, secure digital networks and the resilience of subsea infrastructure connecting the Baltic States with Nordic and European markets.
- Agree on a clear plan for closer coordination among Baltic transmission system operators (TSOs) on grids, interconnections and security and continuity of supply, working with NB8 partners and Poland; launch discussions and assess the business case for a joint Baltic TSO.
- Build a diversified and resilient energy system that lowers total system costs and offers industry a secure energy supply at internationally competitive prices. Ensure technology neutrality and make the transition investable through stable rules and bankable decarbonisation, electrification and energy-efficiency projects.
- Fast-track planning and permitting for infrastructure essential to energy independence and security. Apply environmental requirements proportionately, set clear priorities when policy objectives conflict and ensure timely delivery.

05 Raise productivity and make the Baltics a destination for talent.

Demographic decline makes productivity, participation and talent attraction central to growth. As wage gaps within the EU narrow, the Baltics should market ourselves jointly as an attractive place to work, build a career and raise a family.

- Align skills systems with labour-market needs, expand STEM and AI education, employer-led vocational education, reskilling and lifelong learning, and give employers direct access to skills funding in sectors facing persistent shortages.
- Modernise labour rules for flexibility and lower administrative burdens; bring more inactive people into work, focusing on young people and persons with disabilities, and support longer, healthier working lives.
- Launch a joint Baltic strategy to attract talent from selected labour markets, and ensure clear, swift and well-regulated recruitment from third countries for shortages that cannot be met domestically.

06 Make the Baltics Europe's easiest place to invest, test and scale.

Digital public services and adaptable businesses give the Baltics a strong base to set a European benchmark for simple and efficient government. Each government should remove outdated rules, prevent national gold-plating, assess cumulative impacts and use digital tools, including AI and automation, to speed up routine processes. These reforms should go hand in hand with more efficient public spending and clearer expenditure priorities to finance strategic needs without increasing the tax burden on businesses. Together with stable, proportionate and investment-friendly frameworks and better access to capital, this approach would strengthen growth and tax competitiveness.

- Simplify planning, permitting and construction procedures, set clear processing deadlines and apply once-only reporting through interoperable registers. Involve employers in identifying and removing practical bottlenecks.
- Make the Baltic and wider NB8 region a practical Single Market benchmark: align or mutually recognise technical requirements, permits and digital reporting where practical, and remove remaining barriers to goods, services, capital and data.
- Commercialise research and accelerate the testing, deployment and scaling of new technologies. Establish the Baltics as a common testing area for AI, cybersecurity, dual-use, energy and other innovations, and promote successful Baltic pilots for wider EU use.
- Each Baltic government should set measurable milestones to move its capital market from frontier-market to emerging-market status. The Savings and Investments Union must work for smaller Member States, improve access to equity, venture and growth capital, and help channel more private wealth into regions firms and scale-ups.
- Use EU enlargement, open and rules-based trade and the growth of high-value service clusters in and around major Baltic cities to expand market access, diversify exports and secure critical inputs. Reduce excessive dependencies and avoid unjustified protectionism.
- Ensure that the green transition raises productivity and added value while preserving global competitiveness.

BALTIC EMPLOYERS' ORGANISATIONS

Estonian Employers'
Confederation – ETK

Employers' Confederation of
Latvia – LDDK

Lithuanian Confederation of
Industrialists – LPK