



NORDEFECO Chair
Royal Norwegian Ministry of Defence
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NORDEFECO CONCEPT FOR INDUSTRY DIALOGUE - FOOD FOR THOUGHT

Conditions for armaments and defence industrial cooperation in the Nordic region, in Europe and Trans-Atlantic change profoundly as inter-governmental relations are changing in Europe and globally. The deteriorating security situation in Europe and the emerging defence dimension within the EU, with initiatives such as PADR, EDIDP, EDF, CARD and PESCO, are all drivers that influence the international defence market. In addition, disruptive technologies and digitization transform the environment in which military equipment is being developed and manufactured at an ever-increasing pace.

The rapid changes call for like-minded nations and their industries to come together to create the best possible environment for information exchange and cooperation and to maximize their influence on the drivers that shape the conditions for armaments and defence industrial cooperation.

NORDEFECO is perceived as one of the most successful examples on regional defence cooperation in Europe. However, in the field of armaments and defence industrial cooperation, output has so far been limited. As the framework conditions become ever more dynamic and unpredictable, joining forces between industries and governments is desirable to be able to present positions and proposals with the broadest possible support to influence international policies and legal frameworks that are being developed to govern armaments cooperation and procurement in the years to come.

Against this background, and as discussed at the Nordic CHOD/NAD-meetings with JNDICG in Bergen in August, we believe that the proposed European defence fund will become a key driver for change. The fund is of sufficient size to become a gamechanger for defence industrial and armaments cooperation in Europe. It will provide a long sought-after and absolutely required injection of funds into defence research in Europe. This is extremely important to sustain a viable and competitive European and Nordic defence industry, capable of meeting capability shortfalls in the years to come and Nordic nations' requirements for Security of Supply. The EDF may therefore also become a gamechanger for armaments and defence industrial cooperation within NORDEFECO, giving Nordic defence industries the opportunity to access additional funds for research and development, for which there is presently a considerable shortfall relative to the technological and operational challenges the Nordic armed forces and industry are faced with. We believe that a coordinated and coherent approach by Nordic governments and industry to EDF could significantly increase expected output from the program for both the armed forces and the defence industry of the Nordic nations.

In our view a structured and substantial dialogue between NORDEFECO and Nordic defence industry is needed to foster a common Nordic approach to the challenges ahead of us. Such



a dialogue should focus on influencing framework conditions, and to identify possible areas for bi-, or multilateral, cooperation between NORDEFECO nations and Nordic defence industries, but also, taking a broader view, seek to identify other collaborative opportunities, where also other like-minded nations and their industries could join.

Industry is ready to engage in a dialogue with NORDEFECO to develop a revised framework for a structured dialogue in line with what is stated above. We believe that enhanced government-industry cooperation will be paramount for industry to succeed in the ever more challenging environment we operate in. Consequently, it will also be paramount to safeguard that the Nordic armed forces, also in the future, can rely on the capabilities and knowledge of the Nordic defence industry to deliver cost-effective solutions that meet their requirements and to sustain a Nordic defence industrial base that is vital for security of supply.

As agreed at the meeting between the Nordic National Armaments Directors and the Joint Nordic Defence Industry Cooperation group (JNDICG) on 23 August 2018, attached please find a food for thought paper outlining an updated concept for NORDEFECO dialogue with industry.

Yours Sincerely,

Torbjørn Svensgård
Chairman Joint Nordic Defence Industry Cooperation Group
President & CEO
The Norwegian Defence and Security Industries Association (FSi)

Tuija Karanko
Secretary General
Association of Finnish Defence and Security Industries (AFDA)

Frank Bill
Director
The Danish Defence and Aerospace Industries Association (FAD)



A handwritten signature in black ink, appearing to read 'R. Limmergård', is positioned above the typed name.

Robert Limmergård
Secretary General
The Swedish Security and Defence Industries Association (SOFF)

Attachment:
NORDEFECO concept for industry dialogue - Food for thought



NORDEFECO CONCEPT FOR INDUSTRY DIALOGUE - FOOD FOR THOUGHT

1. Introduction

The defence industry is of great importance with respect to the development and life cycle management of military capabilities and military Security of Supply. Thus, structured involvement of industry is of mutual interest for both the industry and the armed forces.

The main aim and purpose of the Nordic Defence Cooperation (NORDEFECO) is to strengthen the participating nations' national defence, explore common synergies and facilitate efficient common solutions. Furthermore, the NORDEFECO MOU of 2009 states that the objectives of NORDEFECO among others are to achieve technological benefits and to promote the competitiveness of the defence industry.

Furthermore, in light of the changing environment for defence cooperation in Europe and the rapidly evolving role of the EU in the field of defence, it is becoming ever more important to develop joint positions and to take coordinated action to influence the shaping of the European defence market to develop as favorable conditions as possible for NORDEFECO nations and the Nordic defence industry.

If framework conditions are favourable, and a structured strategic partnership between NORDEFECO and the Nordic defence industry can be established, the industry can support the Nordic armed forces with its know-how, technologies and products. This will also contribute to security of supply and more efficient use of limited R&D resources, economies of scale and optimized lifecycle costs.

Whether or not to participate in an industrial dialogue is not meant to treat any nation or company unfairly when it comes to a procurement process. It shall be viewed and interpreted as a tool to enhance and strengthen NORDEFECO's member nations' capabilities in a cost-effective way.

2 Objective

The objective of the dialogue is to contribute to achieve NORDEFECO objectives, to achieve technological benefits and to promote the competitiveness of the defence industry as outlined in the NORDEFECO MoU of 2009.

3 Purpose

The purpose of this document is to lay out a framework for a structured dialogue between NORDEFECO and the Nordic defence industry. The purpose of the dialogue concept is to create an environment that facilitates and encourages dialogue and information exchange between NORDEFECO and the Nordic defence industry.

4 Dialogue Principles

The basic principle for the dialogue is that the NORDEFECO structure aims for an open and transparent dialogue with the Nordic defence industry at all relevant levels. The dialogue may be conducted at the strategic and management levels and at the working/project level. Industry may become involved in policy development, as well as in all phases of projects



being discussed and/or project implementation, including the definition phase. The dialogue shall be fully compliant with national laws and regulations of the NORDEFECO nations, and in line with the principles of the emerging European defence cooperation, particularly the European defence fund.

To achieve the industrial objectives of NORDEFECO, the dialogue shall facilitate:

1. Increased Nordic defence cooperation in the definition and development phases of collaborative projects
2. Increased cooperation in procurement to support a well-functioning Nordic defence home market based on sound market principles
3. Nordic articulated consensus on common positions vis-à-vis the EU and other relevant international institutions.

The Nordic defence industry is encouraged to keep NORDEFECO updated on initiatives and actions relevant to the evolution of armaments and defence industrial cooperation within the NORDEFECO.

5 Dialogue Partners

The dialogue partners relevant to industry are:

- NORDEFECO Defence Ministers
- PSC – Political Steering Committee (including Capability Directors)
- MCC – Military Coordination Committee
- COPA ARMA – Cooperation Area Armaments and its working groups
- COPA CAPA – Cooperation Area Capabilities

Nordic NADs/CHODs forum (Outside of the NORDEFECO structure)

The dialogue partner acting on behalf of the industry is JNDICG – Joint Nordic Defence Industry Cooperation Group. It is comprised of the Nordic nations' Defence Industrial Associations.

Companies' representatives may on a case by case basis communicate and/or cooperate directly with COPA ARMA WGs and COPA CAPA in coordination with the NORDEFECO Secretariat and JNDICG.

6. Structure of the dialogue

JNDICG may meet with NORDEFECO Defence Ministers on a case by case basis when relevant issues of common interest to NORDEFECO and the Nordic defence industry is on the political agenda of NORDEFECO. Participation of industry to ministerial meetings will be coordinated between the chairs of PSC and JNDICG.

The PSC will host the JNDICG for an annual high-level meeting. This meeting will be initiated by the PSC Chairman and supported by any NORDEFECO body deemed necessary. PSC is responsible for administration of the meeting, including securing the necessary venue and resources, as well as issuing the agenda. Discussions will be concentrated on overarching issues concerning both NORDEFECO and the JNDICG. High level meetings will seek to discuss and clarify issues of strategic importance and sensitive value to both parties.



The MCC will host the JNDICG for an annual high-level meeting. This meeting will be initiated by the MCC Chairman and supported by any NORDEFECO body deemed necessary. MCC is responsible for administration of the meeting, including securing the necessary venue and resources, as well as issuing the agenda. Specific cases involving other NORDEFECO levels, for instance Subgroups or Studies will only be on the agenda if both parties deem this necessary. COPA ARMA will be invited to this meeting by default.

COPA CAPA may invite relevant Nordic companies to its working groups through the JNDICG.

The Nordic Defence Industry Seminar (NDIS) is an important meeting venue between industry and NORDEFECO. All relevant NORDEFECO levels should therefore be represented at this seminar. Defining the objective and agenda of NDIS shall be done in close cooperation with the JNDICG.

In addition to what is stated above, NORDEFECO bodies may invite representative of the Nordic defence industry to participate to relevant meetings and seek industrial advice whenever desirable on a case-by-case basis

7. Schedule

Recurrence	NORDEFECO level	Industry	Purpose
When needed	NORDEFECO Defence Ministers	JNDICG	High level political discussions
Annually	PSC	JNDICG	High level discussions
Annually	MCC	JNDICG	High level discussions
Biennial	All levels	JNDICG + companies	Nordic Defence Industry Seminar
When needed	COPA CAPA	JNDICG + companies	Discussion in working groups