

Ramping up European Defence and Security Capability

Recommendations from the North East Flank Group

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Europe faces a multitude of challenges in ensuring a robust defence and security capability and a competitive industrial base. To meet these challenges, it is of utmost importance that we act swiftly and with a common strategy. As NATO leaders gather in The Hague on 24-25 June to address key priorities – ranging from strengthening deterrence and defence to bolstering resilience and partnerships, we, the North East Flank Group, propose the following measures as essential for strengthening the European defence and industrial capability with a view to strengthening the overall security framework. **The broad business community's capability constitutes the prerequisites for the defence industry both as direct subcontractors but also for growth and societal resilience.**

Technology and innovation are a necessity, the cornerstones, to maintain and improve our defence and security capabilities. The war in Ukraine shows that technological capabilities such as in AI are increasingly decisive factor on the modern battlefield. More needs to be done to ensure affordable access to state-of-art technologies. By investing in research and development, we can ensure that our defence and security capabilities are innovative, modern and effective. We must also encourage deeper and more close collaboration between suppliers and customers to drive innovation forward, targeting also the subcontractors in the supply chains.

Simplification of processes and lead times must be adjusted to the reality. To meet today's rapidly changing threat landscape, we must simplify and shorten processes and lead times as well as simplify regulations. For the entire industry. This means that bureaucratic barriers must be reduced, and decisions can be made faster. By reducing the regulatory burden, we can promote a more dynamic and competitive market. This creates conditions for faster innovation and development in all sectors. The ongoing Omnibus processes are most welcome, but we must also swiftly make the necessary changes. A more flexible and responsive process structure is necessary to quickly adapt to changing conditions. As a first important step, we welcome the European Commission's proposed Defence omnibus. We have to ensure that the proposed measures will speed up defence investments and production to make Europe more responsive to today's security challenges, as outlined in the Commission's White Paper for European Defence-Readiness 2030. New regulations must be evaluated for their impact on the defence and its ecosystem.

The importance of investments and cooperation. Daring to invest and sharing the risks between supplier and customer is crucial. By sharing risks and resources, we can create a more sustainable and stronger industrial base. This also requires that we not only focus on new investments and technology but also reclaim and develop existing capabilities.

A joint robust production serves as a powerful deterrent. By having a strong and coordinated production capacity, we can demonstrate our readiness and ability to meet any threats. This requires a long-term strategy and close cooperation across industry sectors as well as between member states. Strong regional alignment and industry cooperation is the guarantee for enhanced preparedness, especially at the north eastern border of the EU. While developing European defence capacities, we must maintain and strengthen collaboration with NATO allies.

The importance of securing skills and competencies. To ensure a strong defence technological and industrial base, extensive investments in skills and competencies are required. We must educate and retain qualified personnel who can meet the challenges of the future. This also means promoting cooperation between academia, industry, and public authorities to create relevant educational programs and research initiatives.

Develop integrated project plans and teams. The concept of integrated project plans and project teams should be developed and applied to several sectors. By working cross-sectorally, we can benefit from different skills and perspectives, leading to more effective and innovative solutions. This requires a culture of cooperation and openness between different actors.

A deepened dialogue and cooperation between academia, industry, and public authorities are crucial to meet the challenges of the future. By working together, we can create synergies and benefit from each other's strengths. This requires open and continuous communication as well as a common goal of strengthening Europe's defence and security capability as well as technological and industrial base.

The balance between quality and speed needs to be fully appreciated. It is important to both aim for the very best in procurement but in some cases accept what is good enough. By finding a balance between long-term quality and the need for quick solutions, we can ensure that our defence and security systems and industrial capability are both reliable and adaptable.

Identify acceptable dependencies. Identifying and agreeing on which dependencies we can accept, and which are unacceptable is crucial. Making priorities by definition means taking certain risks. By having a clear picture of our dependencies, we can reduce vulnerabilities and increase our independence and resilience. Securing broader supply chains is crucial. Defence readiness relies on complex networks spanning railways, transport infrastructure, steel and chemical industries, alongside advanced technologies. Our strategies must consider these extended ecosystems. A close dialogue must be fostered with the business community, beyond the defence industry, in order to stay ahead of the curve when it comes to cybersecurity, protecting critical infrastructure, and safeguarding food, water, medicines, fuel and energy supply.

Long-term and flexible contracts. Balancing long-term contracts with the need to quickly adapt capabilities to rapid technological development is a challenge. We must create contracts that are flexible enough to allow for quick adaptation while ensuring stability and continuity.

In summary, it is of utmost importance that we act quickly and jointly to strengthen the European defence and security capability and industrial base as well as the business community at large. Creating conditions for our companies' competitiveness is the overall key but by focusing on technology and innovation, simplification of processes, regulatory simplifications, investments and cooperation, we can create a strong and sustainable foundation for the future. It is time to take the necessary steps to ensure our common security and prosperity, and this must be done urgently.

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