

NORDEF

**Final report on Military Security of
Supply**





1. Nordic cooperation on military Security of Supply

In 2017 the Agreement on Nordic Defence Materiel Cooperation entered into force between Denmark, Finland, Norway and Sweden. The agreement creates a political and legal framework for expanding and deepening defence materiel cooperation. It is applicable both under normal circumstances and in potential crises. To develop solutions for efficient Security of Supply (SoS) in times of peace, crisis or war, an Annex concerning Security of Supply complemented the Agreement in 2020.

Security of Supply has many different definitions. In the above-mentioned Annex, SoS means Annex Participant's requirements regarding the safeguarding and provision of the supply of materiel and services for defence purposes in times of peace, crisis, or war, including risk reducing activities and provisions to avoid shortages.

In 2018, the Nordic Defence Ministers signed the Vision 2025 for NORDEFECO. The vision states i.a. that by 2025 the Nordic countries will have increased cooperation in military security of supply and civil-military cooperation. To operationalize further the Vision 2025, the effects of the COVID-19 crisis to Nordic countries military SoS have been a focus of the Finnish Chairmanship of NORDEFECO in 2021. In addition to this, we have tried to identify what kind of mitigating activities the Nordic countries' defence forces performed during the COVID-19 crisis in order to secure the essential military SoS.

The findings of this report are based on the work done in the NORDEFECO network during the Finnish Chairmanship, e.g. expert level workshop, report from the military level, and various discussions in NORDEFECO meetings.

2. Impacts of COVID 19 to Nordic Security of Supply

There has been some delays with defence materiel projects due to pandemic. According to the early findings, the delays only applied to a limited number of projects and did not appear to have a major impact on the military Security of Supply. Travel restrictions have been identified as a factor having contributed to delays. Continuation of these restrictions was seen to cause new and/or further delays.



The *just in time* principle, even if often being the most cost-effective and profit promoting measure for industry and businesses, entails challenges for military logistics' ability to ensure Security of Supply and the resilience that we need. COVID-19 has necessitated a closer dialogue between national authorities and/or other actors (e.g. industry) in several of the nations.

In October 2021, the Nordic Armament Directors met with the representatives of Nordic Defence Industry Associations. It was noted that the industry in particular has witnessed a significant turn to worse in the circumstances regarding the Security of Supply. The shortage of components and even some raw materials is starting to affect the supply chains of the Nordic defence industry. This development is not confined to only defence industry but is affecting industry at large. Logistical problems is causing particular problems to countries that are dependent on sea lines of transportation as the Nordic countries are. The longer this situation continues, the more severe the effects will be on the military security of supply.

3. Mitigating activities

All NORDEFECO countries have performed some mitigating activities. However, comprehensive evaluations is yet to be completed. Some preliminary marks can be made though and certain similar mitigating activities have been identified, such as deepening ties between national authorities and suppliers/industry; exemptions from procurement regulations; flexibility in connection with payment schemes, and; a focus on digital communication tools to communicate with suppliers. It was also noted that in crisis new technical innovations may increasingly have to be used, to tackle pressing SoS issues.

If there are travel restrictions in place, access to digital communications tools is important. This might be an area to further explore, as there appears to be a need to develop better tools for sharing classified information in a more efficient way both between national authorities as well as with the suppliers of goods and services (i.e. the industry).

4. Future activities and potential cooperation opportunities

Ensuring fulfilment of the desired objectives set forth in the Nordic Defence Materiel Cooperation Agreement and its Security of Supply Annex is highly important. The Implementing Arrangements (IAs) to be concluded under the SoS Annex and which outline the cooperative activities of the parties may result in improved preparedness for events similar to COVID-19 crisis in the future, including potentially a higher degree of cooperative measures between the Nordic Defence Forces on military SoS, as well as among defence industries with production in the Nordic countries.

Our operability is highly depending on both service and product deliveries, in addition to what is among our ranks and stored in warehouses. Military logistics, if not working well, may have a big impact on the operational ability of a nation. The COVID-19 crisis proved our ability to handle this kind of situation. All the same, it made us more aware of our possible challenges in times of crises and all levels of conflict, and the focus must be directed towards possibilities of improvements.

Building up contingency stocks (if money is allocated to this) would probably be the best measure to undertake, potentially combined with investment in special tools, test equipment,

documentation and on-the-job training in order for defence forces' personnel to learn to carry out that which imported technicians otherwise do.

Alternative sourcing mechanisms, like strategic partnerships and multi- or bilateral agreements, are also considered to be important. Nordic cooperation could be further extended to this area. There appears to be potential need for developing better tools for sharing classified information between NORDEFECO states (at various levels), as well as with industry. This could be to e.g. look into extending NORDEFECO Secure Comms to industry or find a similar solution.

We should also find ways of making border crossing and the use of each other's infrastructure possible in all levels of conflict, both for our military forces as well as for our strategic partners and suppliers of goods and services. Necessary formalities such as a MOU with appropriate Technical Arrangements etc. could be explored in very concrete manner by the countries.

It is important to underline that the Nordic countries can support each other with spare parts and technical personnel when two or several countries have the same material. If we could join forces on all levels and work for relevant simplifications to make cooperation easier, cooperation would be even more relevant.

The formal dialogue between the Nordic defence industry is conducted within the Joint Nordic Defence Industry Cooperation Group (JNDICG), which consists of the Nordic nations' defence industry associations. The potential cooperation opportunities could be explored by this group with a view of outlining areas that might be investigated further in a dialogue with the Nordic countries.



5. The way forward

Although there have not been many cooperative measures taken between the Nordic Defence Forces on military Security of Supply during the pandemic, the Nordic agreement on defence materiel cooperation and its annexes demonstrate that there is true political will for Nordic countries to do more together. This theme should be further elaborated within the NORDEFECO community. There could be a check up point on the effects of COVID 19 crisis at the end of year 2022 where we could see, if there has been any long term effects on Security of Supply, capability development and the defence industrial base of our respective NORDEFECO countries. At the same we could see what kind of progress has been made with the above mentioned activities.