NON PAPER

BULGARIA IN NATO AND IN EUROPEAN DEFENCE 2020

SOFIA
2 September 2014

I. INTRODUCTION

The present **"Vision: Bulgaria in NATO and in European Defence 2020"** is approved by the Security Council of the Council of Ministers in relation to the upcoming NATO Summit in Wales (4-5 September 2014). This document is developed on the basis of the **White Paper on Defence and the Armed Forces** adopted by the Parliament of the Republic of Bulgaria on 28 October, 2010, taking into account changes in the security environment, implementation of the Plan for the Development of the Armed Forces, and its expiration at the end of 2014.

Notwithstanding the short time until the Summit, the development of this Vision began within the framework of the interagency working group under the leadership of the Minister of Foreign Affairs and the Minister of Defence, chaired by the Deputy Minister of Defence for defence policy as organisational secretary, passed through the Defence Council of the Ministry of Defence, an expert public discussion and was finalised following a discussion within the Security Council of the Council of Ministers, which approved it on 1 September, 2014.

The Vision updates the assessment of the external security environment, substantiates the benefits from defence investments, defines the way of reaching higher defence expenditures in accordance with the discussion within NATO, and defines the key capabilities necessary for a contemporary national defence within the framework of the allocated resources.

On the basis of this Vision and the decisions made at the NATO Summit in September 2014, the Council of Ministers will adopt a **National Program: Bulgaria in NATO and in European Defence 2020**, in accordance with the priorities and tasks of the caretaker government.

All state structures with competences within the sphere of security and defence, including financial and economic aspects, will be included in the development and execution of the National Program.

The Program will include specific projects for the development of the Armed Forces, and in compliance with the Law on Defence and the Armed Forces, all projects with value over BGN 100 million will be put forward for adoption by the National Assembly.

All projects will seek to make maximal use of the mechanisms for common, joint and multinational funding in addition to national financing as well as cooperation with NATO and EU agencies in order to achieve interoperability at a minimal price, offering an opportunity for integration of our defence industry and research sector in the Euro-Atlantic community.

II. EXTERNAL SECURITY ENVIRONMENT – RISKS AND THREATS TO BULGARIA'S SECURITY

Contemporary strategic environment is characterised by dynamism, a wide spectrum of challenges and changes, risks and threats hard to predict, including asymmetric ones.

Today the Republic of Bulgaria is in one of the areas with the highest concentration of risks and threats within the Euro-Atlantic community. **The trend in their development is negative in the medium term and often in the long term.** A source of considerable risks for our national security remains the instability of neighbouring regions.

Heterogeneous regional and geostrategic interests suggest a continuation of the trend of conflict and confrontation in the **Black Sea and Caucasus regions.** The illegal annexation of Crimea by the Russian Federation and the conflict in Eastern Ukraine has become one of the most serious threats to peace and security in Europe since The Second World War. This has **led to a serious change in the balance of power in the Black Sea region and has direct implications for Bulgaria's security.**

Increased investments in conventional capabilities in the above-mentioned region and the "hybrid warfare model" highlight the necessity for adequate investments in Bulgaria's defence. This "hybrid warfare" blends conventional methods with guerrilla warfare, secret support to separatist groups, cyber attacks and propaganda, economic pressure and other activities contrary to international law.

Additional risks stem from the activation of existing **"frozen" conflicts near our borders. Entering a spiral of sanctions already has a direct effect on our national economic interests. Meanwhile Bulgaria is exceptionally dependent on one source of energy. Therefore, diversification** of energy sources and intensified cooperation within the EU is a key necessity for Bulgaria in order to mitigate the negative economic consequences of the crisis to the east of our country.

The dynamic development of crises in the **Middle East and North Africa** have a destabilising effect both regionally and on a wider scale, thus seriously affecting Bulgaria's security and interests. Conflicts in Syria, Iraq (with the participation of Al-Qaeda-affiliated and other radical groups such as "Islamic State", al-Nusra Front, and others), the Palestinian Territories, Libya, and the political and security

instability in Egypt (particularly in the Sinai peninsula) and Lebanon are a source of potential and genuine risks and threats for Bulgaria and other NATO and EU Member States. Iran's ambitions to develop a nuclear and missile program will continue to be a risk for stability in both regional and global perspective.

One part of the risks to the Republic of Bulgaria is related to the situation in **Afghanistan**. Stabilisation of the security situation there is unlikely in the medium term, which means it will probably continue to generate risks for our country.

Existing potential risks related to the countries in the **Western Balkans** are political and economic instability, tendencies towards separatism, a delay in their integration in NATO and EU, challenges to what has already been achieved in their democratic development, and the danger of losing a clear Euro-Atlantic perspective. The region continues to generate risks to stability, including for Bulgaria, stemming from ethnic and religious intolerance, as well as from deeply entrenched nationalistic ideologies**.**

Additional interrelated risks for Bulgaria are:

International terrorism as a consequence of the activities conducted by Islamist structures in countries in crisis regions. The return of jihadists who participated in the conflicts in Syria and Iraq to their country of origin in Europe and the Western Balkans creates risks not only for the security of these countries, but also for Bulgaria and the region as a whole.

The migration flow is a challenge to national border protection systems and capabilities related to integrating compact masses of people with a different cultural background. It also necessitates a readjustment of national income in order to assist persons looking for protection, and it also poses health risks. There is a possibility that people of other risk categories, such as terrorism and various other criminal activities, could take advantage of the refugee flow and could enter Bulgaria. Increased immigration also presents a challenge the current legal framework concerning such crises.

Failed states and the lack of capacity of central authorities some MENA countries to carry out their functions create the conditions for the broadening of the positions and activities of the various terrorist groups in the region, for the development of

new extremist formations, the illicit traffic of arms, goods, and drugs, human trafficking, as well as the destabilisation of communication, transport and energy networks.

The constantly growing number and complexity of **cyber-attacks,** their complex nature and highly destructive potential highlight the need for new approaches and formats for intrainstitutional coordination and international cooperation in order to achieve a much higher degree of interoperability and interaction with respect to foreseeing and successfully dealing with this new threat.

The risks and threats identified above are a challenge to national security. Bulgaria is not able to deal with them alone, and the only real way to effectively meet them is to use the opportunities provided by our membership in NATO and the EU. However, Allied solidarity does not mean that we can stop investing in our national security. On the contrary, solidarity requires long-term political, economic and financial commitment on the part of Bulgaria. We have to work on increasing the interoperability of our armed forces and the flexibility and readiness of our whole national security and defence system, in order to act adequately in a coalition environment.

The adaptation and the need for **increased coordination between individual institutions in the security sector** and outside it require reforms, which can lead to a decisive change in current organisational culture. Of particular importance in this respect is the ability of all competent ministries, agencies and state structures to work in a coordinated manner under unified leadership in the respective fields, with the aim to guarantee our national security within NATO and the EU.

NATO and individual Member States are already conducting a review of the definitively changed strategic security environment and are developing specific measures, including adequate investments in the defence sector and a Readiness Action Plan. It is imperative for Bulgaria to do the same. This Vision reflects the position of the caretaker government on this issue. It is developed in the context of the preparation for the forthcoming NATO Summit.

III. DEFENCE INVESTMENTS IN SUPPORT OF ECONOMIC GROWTH AND EMPLOYMENT THROUGH INNOVATIONS AND TECHNOLOGIES

Effective defence provides the security upon which favourable investment environment is built. In parallel, the defence sector has direct positive effects on the economy: annual production of the defence industry exceeds 0.5% of the relative share of industrial output in the national GDP, with revenues exceeding BGN 600 million, of which approximately BGN 500 million worth of exports. A workforce of more than 15 000 is employed by the defence industry and more than 90% of it is highly qualified scientific and technical personnel. Additionally, the defence industry also forms the basis of regional economies in many district centres, especially in Central and Northern Bulgaria.

Investments in the defence sector have macroeconomic effects, which often exceed those of other branches of the industry. According to a recent study conducted by the European Defence Agency[1], at European level a reduction of EUR 100 million in defence expenditure leads to EUR 150 million decrease in GDP, EUR 40 million drop in revenues from taxes, and the loss of 3000 jobs, 800 of which highly qualified.

In the medium term, when properly allocated, investments in defence present a considerable support to research and development. The three main vectors of technologies of the future, with both military and civilian use, are **Biotechnologies** (including nanotechnologies); **Information and communication technologies**, big data, 3D printing; **Provision of food**, **water, and energy resources**.

In order to successfully develop these technologies, it is necessary to strengthen the relationships between the economy, especially the private innovation ecosystem, and the defence industry. Of particular interest are military projects that are also applicable for civilian purposes. Thus, investments in defence will further promote the development of already established clusters in the country, fostering their national and international competitiveness. Technology specialisation in crisis management and recovery, as well as in major technology areas like cyber security and cyber defence, are examples of the role defence investments play in creating innovation clusters. In order to maximise the value added, it is necessary to focus on a limited number of major areas, to achieve a high technological level by building on the existing experience.

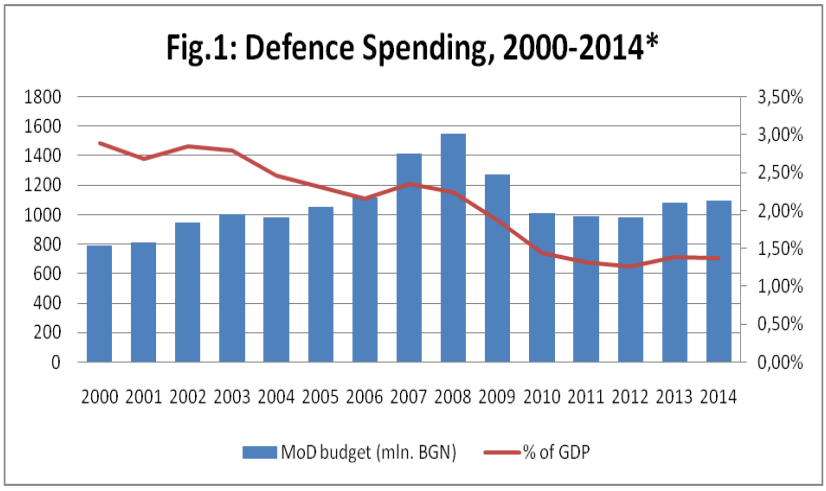
[1] https://www.eda.europa.eu/info-hub/news/2014/07/28/spending-that-matters-the-economic-case-for-investing-in-europe-s-defence-industry

IV. REINVESTING IN MODERN SECURITY AND DEFENCE: PRINCIPLES, POLICIES AND CAPABILITIES

Given the identified risks for our national security, and based on the underlying economic logic calling for investment in sustainable growth and employment, it is necessary to reinvest in defence capabilities, following certain principles, policies and measures. Rapid development of modern and mission-capable Armed Forces requires **raising the level of political ambition, backed by adequate funds that the nation can dedicate to defence. These funds must be distributed in a way allowing for modern equipment and highly motivated and trained units, effectively integrated in both NATO and EU force structure.** This will not only allow for the development and sustenance of operational capabilities that effectively guarantee security, but will also bring positive economic impact to society as a whole.

In today's globalised world no nation can achieve effective defence independently or in isolation. This is why Bulgaria considers its security solely and exclusively in the context of NATO and the EU, with all the ensuing benefits and commitments to shared security. A key element of this is the development of modern Armed Forces under the **"NATO and EU First"** policy approach, which is to be applied to all modernisation and training activities, and implies implementation of solutions found within NATO and the EU through common, joint, and other multinational funding.

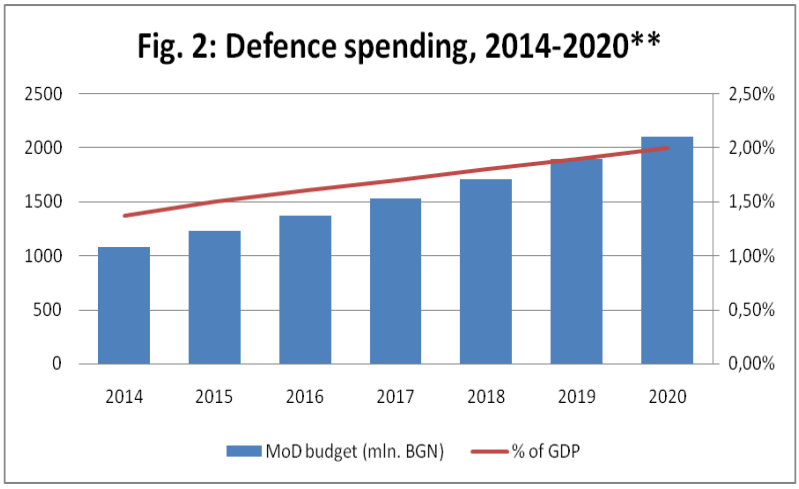
Currently, and **given the rapidly evolving challenges of modern strategic environment, without NATO Bulgaria does not have the necessary military resources to effectively guarantee its security**. This problem was clearly defined in the "White Paper on Defence and the Armed Forces" adopted by the National Assembly in 2010. According to this document, the annual budget of the Ministry of Defence in the 2010 – 2014 period should not have dropped below 1.5% of the GDP. In this same period of financial austerity, however, the defence budget did not reach even this minimum level required, and has fallen to a dangerously low plateau (Fig. 1).



* Data from the White Paper 2010 and MoD Official Budgets 2011-2014

More than BGN 2 billion was spent on defence over the last ten years since joining NATO and seven years of EU membership. This expenditure has only yielded minimal new combat capabilities due to poor planning, management, and control, lack of a National Defence Investment Programme, and a denial to make use in practice of the mechanisms available through NATO and EU membership.

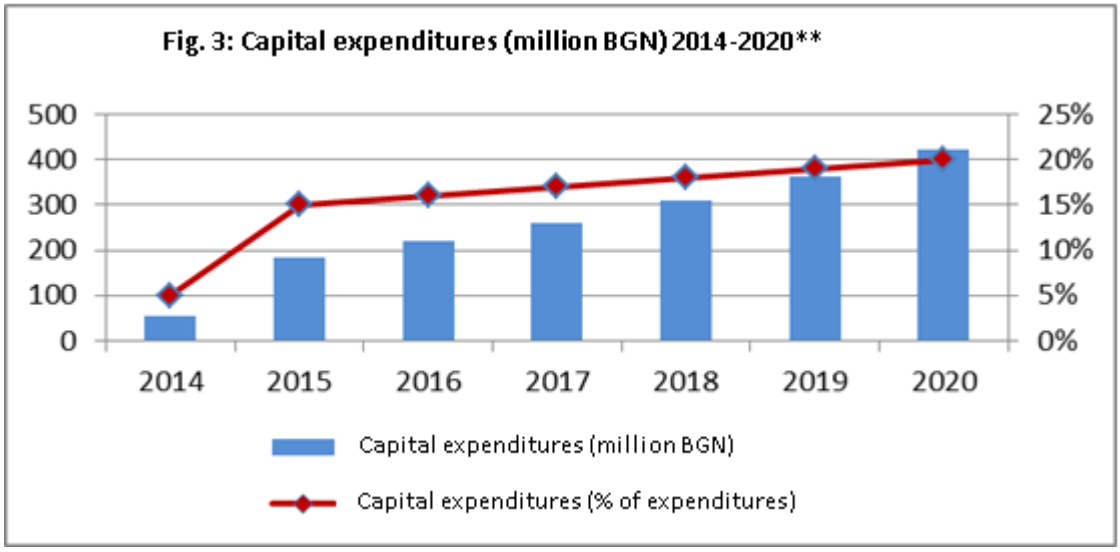
Taking into account the new strategic challenges identified above, the national ambition of Bulgaria is to maintain a level of defence spending that is both financially bearable to society and sufficient to ensure the effective security of Bulgarian citizens. In order to achieve this, it is necessary that, **as early as 2015, defence spending should reach the level of 1.5% of GDP, as set forth in the document adopted by the National Assembly, and should increase each subsequent year by 0.1 % of GDP, in order to reach 2.0% of GDP in 2020** (Fig. 2).



This will have a significant positive twofold effect: on the one hand, it will allow the

Armed Forces to develop into a modern, dynamic and viable organism that is constantly adequate to the current dynamics of its environment. At the same time, it will serve as a robust impetus to development of the defence industry and will promote innovations, investment and economic development as a whole.

To lead however to the desired change, the increase of the defence budget should be directed towards a tangible improvement of defence capabilities, while retaining the basic force structure during this period. Given the broad spectrum of new threats, this requires **investment in modern technologies in order to develop a modern army**, adequate to the challenges of today and tomorrow. Presently, capital expenditures account for a minor part of the defence budget, between 4% and 5%, which is utterly insufficient to achieve this goal. Therefore, as part of the overall increase in defence spending, the share of investments must rise to 15-20% of the overall defence budget, building on the goals set out in the White Paper on Defence 2010 (Fig. 3).



** Nominal GDP growth according to IMF forecasts (WEO, 2014)

In order to keep our Armed Forces technologically adequate and to enhance the positive economic impact, it will be necessary that until 2020 at least 1.5% of the defence budget will be spent research and development.

Reinvestment in defence and its modernisation will result in strategic, economic and political benefits for Bulgaria. Strategically and politically, it will enable us to achieve the defence planning goals agreed upon in NATO, as well as to reduce our dependence on countries outside NATO and the EU. Economically, it will invigorate

our defence industry's cooperation with companies from NATO and EU Member States, as well as the development of innovation capacity in areas of specialisation and the creation of highly qualified jobs. All this will maintain the favourable security environment necessary for the prosperity of every citizen and the nation as a whole.

V. KEY PRINCIPLES FOR DEFENCE INVESTMENT

The new strategic challenges require not only more resources, but also reorganising the way in which these resources are utilised. The **new defence management** laid out in the White Paper and founded on the principles of good governance and capability based planning, needs to be further applied. In order to **concentrate resources**, it is of fundamental importance to integrate national defence planning with NATO's, making use of initiatives such as Smart Defence and the Connected Forces Initiative, while implementing a programme-driven and results-oriented budget.

Capability development needs to be implemented in compliance with NATO's transformation, the NATO Defence Planning Process, NATO Education Training Exercise and Evaluation, and the Concept Development & Experimentation, under the leadership of the Ministry of Defence.

In this framework, the key elements of the vision for the Armed Forces are:

Speed: Modern armed forces need to be capable of rapid and adequate deployment during crises at home, on the territory of an ally, or in another international context. In addition to operational requirements, this entails that defence management structure should become much more flexible and further decentralised, and that more authority should be delegated within the administration.

Interoperability: Being a NATO and EU member, our capabilities can guarantee our security only combined with the capabilities of our allies. If we are to sustain effective capabilities at Alliance level, we must ensure that the Bulgarian Armed Forces have the same high technological level and professional skills as their peers from the Allied forces.

Communication and Transparency: In a world overwhelmed by traditional and new media, the security and normal functioning of society depends increasingly on open and timely communication, both during crises and on a daily basis, with

regard to continuously informing the public of the status of defence. This is why in managing our defence projects we will apply maximum transparency and oversight, together with close cooperation with NATO and the EU, applying these organisations' regulations, relevant to defence procurement.

VI. KEY POLICIES FOR IMPLEMENTING THE VISION

Achieve as soon as possible and maintain the target of at least 15% of the budget for capital investment. To this end, all the additional resources allocated for defence in 2015 must be directed towards raising capital investment to this level. With a favourable economic growth, each subsequent year additional funds are to be allocated for raising the level of capital investment by one percentage point, thus reaching 20% for defence spending in 2020.

Applying the "NATO and EU First" approach to defence policy. Being part of NATO and of the EU, Bulgaria must make full use of the collective defence industry capabilities of these two organisations. To this end, we shall seek the maximum degree of implementation of projects through the EU and NATO Agencies and by existing solutions coming under NATO common funding arrangements.

Linking and ensuring strict compliance of training and exercises with NATO requirements. To this end, as many exercises as possible must be conducted within the framework of NATO and every Bulgarian soldier, sailor and airman must fully meet the qualifying requirements for the respective field training, days at sea or flying hours.

Adapting personnel and maintenance costs in accordance with the increase in the budget and its investment share. The force structure laid out in the White Paper on Defence 2010 will be preserved, striking the necessary balance between the active personnel and the reserve. This is the only way for making possible the allocation of sufficient funds for investment in modern equipment without compromising on the training of our forces.

Rationalising the processes and the organisational structure of the Ministry of Defence in accordance with the successful modern models for defence management and culture: the Ministry of Defence needs to be structured on the basis of processes promoting initiative, guaranteeing responsibility and accountability, and maintaining transparency, which is of key importance for the timely and effective response to quickly emerging modern threats.

Divesting from activities outside the core competences of the Ministry of Defence in the area of resource management. All the activities of the Ministry of Defence in the field of commerce, procurement and property management will be reviewed. The core activities pertaining to logistics and support will be part of a uniform systemic approach to be developed by the competent authorities outside the Ministry of Defence (for example, the Ministry of Economy and Energy).

Developing a strategy for the national defence cluster, based on, and with the support of the existing Industrial Forum. To this end, priority strands need to be identified (e.g. biotechnologies, cyber security, and energy). There is a need for a specific plan, focusing on Bulgarian Defence Industry shift to areas of higher added value and in closer cooperation with NATO and the EU and for an improved competitiveness.

VII. REQUIRED CAPABILITIES FOR MODERN DEFENCE

Given the present and the projected future **strategic security environment** described in this document and a clear understanding of the **importance of defence for the economy** and prosperity of our country, revealed in the **national ambition for adequate defence investments,** the armed forces will work for the improvement of their capabilities through specific, critically necessary projects that cover the areas of NATO's hierarchical capabilities framework (prepare, project, engage, sustain, C3, protect, inform) and the established NATO defence planning framework (NDPP). This will be achieved by applying clear principles and directed change management, while also seeking to maximise the positive effect for the economy.

The choice of projects and the approach to their implementation is related to Bulgaria's active participation in the work of NATO and EU structures. In the first place, the suggested capabilities are interoperable and correspond to the technological level of our allies, which establishes the prerequisites for **effective** collective defence. This will guarantee the provision of much of the Bulgarian Armed Forces with modern equipment, alongside high morale and degree of readiness. As equipping and supporting, a full spectrum of capabilities to these high standards would require resources beyond those at our disposal**, it is key to have clear priorities throughout the process of improving the Armed Forces in accordance with the vision presented here.**

The integration in NATO and EU structures, including through conforming to Allied standards of project management and making optimal use of their agencies for joint procurement and delivery, allows for active participation in projects by attracting additional financial resources through NATO and EU mechanisms, and regional and bilateral initiatives. Within this framework, Bulgaria will broaden its participation in initiatives such as Smart Defence and Pooling and Sharing.

Priority capability areas include: Allied interoperability of key fighting equipment; Command and control of deployed armed forces participating in missions/operations abroad; mobility of land forces formations; anti-sea mines operations; self-defence of fighter jets; intelligence, surveillance, and targeting; nuclear, chemical, and biological protection.

In order to adequately and effectively meet the requirements of the strategic environment, experts and servicemen have identified the need to invest in new capabilities in all basic structures of the Bulgarian Army:

AIR SOVEREIGNTY, OPERATIONS AND USE OF SPACE ENVIRONMENT

An urgent necessity for the Bulgarian Air Force is ***the acquisition of a new type of core multirole fighter aircraft and the required integrated logistic support***. This acquisition will diminish the technological gap with our allies and neighbouring NATO-member countries, as well as our dependence on Russia. The new fighter jet will have the necessary capabilities for highly precise strikes and the neutralisation of air, land, and maritime threats from military and field airports in the country in the most complicated meteorological, operational, and cyber environment. We will considerably improve the protection of military aircraft in accordance with key allied standards, as well as our projection capabilities and the level of interoperability with our allies in order to actively increase our contribution to collective defence.

These goals can be achieved through national capabilities for more significant investment, alongside a reduction in expenditures for out-of-date equipment and its realisation in order to raise additional funds for modernisation. For the modernisation of the surveillance systems (4-6 radars), we will seek funds through the NATO Security Investment Program. Land-based air-defence structures will be replaced within multinational NATO and EU projects and in accordance to available funds.

MARITIME SECURITY AND OPERATIONS

In this area, the main resources will be directed towards the modernisation of the available class E-71frigates, including their equipment. This will improve the capabilities of the Navy to participate in sea traffic surveillance and control operations, detention of violators, detection and identification of nuclear, chemical and biological agents and interchange of information in real time.

Modernisation of weapon systems of class E-71 frigates includes anti-ship complex, anti-aircraft system and torpedo weapon system, 3-D radar, unmanned helicopter and a combat information system.

Anti-mine capabilities will be considerably improved including through the establishment of a database centre, which will enhance the effectiveness and exchange of information with analogous centres of other Allied nations. Cooperation with the maritime forces of the Ministry of the Interior will significantly improve our maritime security.

In case of successful financing through NATO, the EU and allied countries' instruments, and provided favourable economic growth, we will initiate joint projects for rapid development of the surveillance and reconnaissance capabilities of our maritime forces while seeking close cooperation with the Ministry of the Interior and the Ministry of Transport, IT and Communications for the integration of surveillance systems and development of further patrolling capabilities. As out-of-date battleships are decommissioned, we will begin to acquire a modular patrol ship.

LAND OPERATIONS

Main priority for the Land Forces is the acquisition of new armoured fighting vehicle with the associated assets, equipment and training for the build-up of the declared Battalion Battle Groups. This will allow for missions in the full spectrum of operations including night time operations and operations under extreme weather conditions. At the same time, both mission readiness of the individual soldier and the manoeuvrability, firepower and mobility of units in the operation zone must be improved.

Establishment of Battalion Battle Groups within mechanised brigades. Equipment with 100-120 new combat vehicles and initial support for three Battalion Battle Groups.

At the same time, these forces will acquire capabilities for communication, reconnaissance, surveillance, targeting, coordination of movement and air support through battlefield data and picture exchange. The acquisition of a terminal under NATO's Allied Ground Surveillance programme within a collaborative project with fourteen other NATO Member States will be sped up and will be in initial operational readiness in 2017.

COMMAND AND CONTROL OF ARMED FORCES AND CYBER SECURITY

The earlier acquisition of capabilities guaranteeing information security and reliable cyber defence will allow for effective protection of the troops' command and control systems and of key infrastructure facilities in modern operations.

Development of a centre for surveillance, analysis, reaction and recovery of communication and information systems. Acquisition of a module for communication and information support as part of a common project with NATO.

We will rapidly finalise a national cyber security strategy, which will serve as a basis for a national organisational framework, the distribution of responsibilities, and the coordination of interaction between operational, expert, and technical functions. Within this, a key priority for the defence system is the development of a centre for surveillance, analysis, reaction and recovery of communication and information systems within the project "Cyber Defence", along with the development of an automated information system and the adaptation of field control systems within the framework of NATO federated mission networking (FMN).

SPECIAL OPERATIONS, JOINT OPERATIONS, AND COMPREHENSIVE APPROACH FOR CRISIS MANAGEMENT

The Special Forces must be capable to act rapidly under the full spectrum of critical conditions, which we are seeing ever more often in contemporary crises. They need to be fully trained and equipped and, as is the case in most of our NATO Allies, to be organised as an independent structure with its own headquarters and with a mobile capability for command and control. In this area, we will prioritise intelligence, early warning, and monitoring systems, including the acquisition of a land terminal under NATO's program for Allied Ground Surveillance (AGS).

Completion of the transformation of the Special Operations Forces in accordance to strict NATO criteria and standards; Modernisation of the Joint Operations Centre as a contemporary operations management centre; Acquisition of reconnaissance, early warning, and monitoring systems.

Completion and establishment of the Centre of Excellence on crisis management and recovery as a valuable part of the network of centres of excellence within NATO and the first Alliance infrastructure of this kind on Bulgarian territory.

At the level of joint operations, there is need for capabilities for neutralising IEDs, which will significantly improve force protection in modern operations. Protection from nuclear, chemical, and biological weapons is of vital importance for successful operations of the armed forces in the contemporary security environment.

It is necessary to continue the development and harmonisation of comprehensive approach capabilities in operations and joint actions with other state institutions and agencies, particularly in providing support to the authorities and the civilian population following natural and man-made disasters.

Developing these capabilities will enable the force structure of the Bulgarian Armed Forces to be affiliated to the elements of NATO's force structure and EU's Battlegroups based on our experience in the NATO Rapid Deployment Corps in Thessaloniki and the EU HELBROC Battlegroup. A priority in this area is joining the group of countries with framework nation Germany for the development of capabilities, as well as the Szczecin command (Poland) as the main command in Eastern Europe.